

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

**High Bridge School District  
High Bridge, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual  
Financial Report**

**of the**

**High Bridge School District**

**High Bridge, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**Prepared by**

**High Bridge School District  
Board of Education**

HIGH BRIDGE SCHOOL DISTRICT  
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INTRODUCTORY SECTION

# ***HIGH BRIDGE SCHOOL DISTRICT***

High Bridge, New Jersey 08829

**Gregory A. Hobough, Ed.D.**  
 Superintendent / Elementary School Principal  
**Richard J. Kolton**  
 Elementary School Principal  
**Lisa M. Fallon**  
 Supervisor of Special Education  
**Heather Goguen**  
 School Business Administrator/Board Secretary



**High Bridge Elementary School**  
 40 Fairview Avenue  
 Ph: 908-638-4105  
 Fx: 908-638-5260

**High Bridge Middle School**  
 50 Thomas Street  
 Ph: 908-638-4101  
 Fx: 908-638-4211

November 14, 2016

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

Dear Board Members:

The comprehensive annual financial report of the High Bridge School District (the "District") for the fiscal year ended June 30, 2016, 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, 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 Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The High Bridge School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 8. These include regular as well as special education for classified children. The District completed the 2015-16 fiscal year with an average daily enrollment of 378 students, which is an increase of 1 student from the previous year's enrollment.

**2) ECONOMIC CONDITION AND OUTLOOK:**

The Borough of High Bridge has a population of about 5,000. It extends 5.94 square miles, and is a small suburban community. It 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 Honorable President and Members  
of the Board of Education  
High Bridge School District  
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### 3) MAJOR INITIATIVES:

The Borough of High Bridge, a Preschool - 8, two-school district, takes great pride in the provision of a rigorous, high quality and inclusive educational program.

Major district initiatives include the following:

- Provide training and implement new K-5 Reading and Handwriting series for 2016-2017 school year.
- Introduce coding in both the middle and elementary schools with G& T imbedded support.
- Continue to analyze results from our new (15-16) reading intervention series to support our at-risk elementary students.
- Use creative scheduling to maximize instructional time for all students.
- Infuse additional technology resources into our middle school program to better serve our digital learners.

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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 a vote of the Board of Education. 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 projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2016.

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



The Honorable President and Members  
of the Board of Education  
High Bridge School District  
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November 14, 2016

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

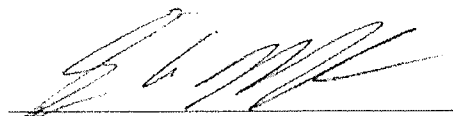
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). SAIF is a risk-sharing entity risk management pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. A schedule of insurance coverage is found on J-20.

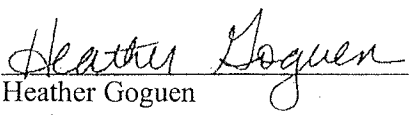
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

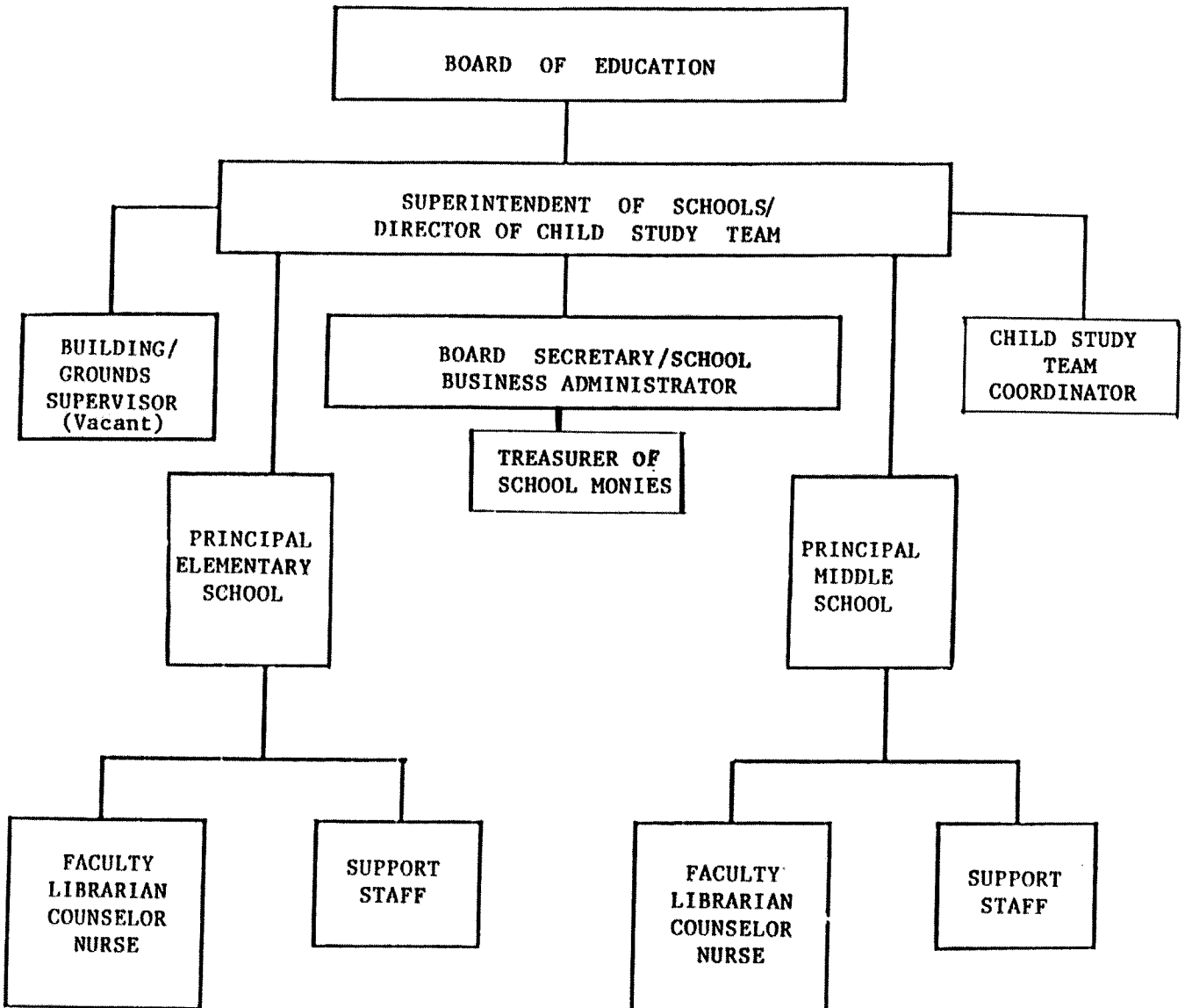
Respectfully submitted,

  
\_\_\_\_\_  
Gregory A. Hobaugh, Ed.D.  
Superintendent of Schools

  
\_\_\_\_\_  
Heather Goguen  
Business Administrator/Board Secretary

# HIGH BRIDGE SCHOOL DISTRICT

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



HIGH BRIDGE SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2016

Members of the Board of Education

Term Expires

Robert Imhoff, President	2017
Todd Honeycutt, Vice President	2016
Stephen Johnson	2018
Karyn Gove	2016
Cindy Sharkey	2017
Michael Estrada	2018
Alan Schwartz	2018

Other Officials

Title

Gregory Hobaugh, Ed. D	Superintendent
Heather Goguen	Business Administrator/Board Secretary
Patti Fischer	Treasurer of School Monies
Schwartz, Simon, Edelstein, Celso & Kessler, LLP	Attorneys

HIGH BRIDGE SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS  
JUNE 30, 2016

**Architects**

Settembrino Architects  
25 Bridge Avenue, Suite 101  
Red Bank, NJ 07701

**Audit Firm**

Nisivoccia LLP  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856

**Attorneys**

Schwartz, Simon, Edelstein, Celso & Kessler, LLP  
100 South Jefferson Road, Suite 200  
Whippany, NJ 07981

Schneck, Price, Smith & King, LLP  
220 Park Avenue  
Florham Park, NJ 07932

**Official Depository**

Peapack-Gladstone Bank  
PO Box 700  
Bedminster, NJ 07921

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the High Bridge School District (the "District") in the County of Hunterdon, as of and for the fiscal year ended June 30, 2016, 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.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable President and Members  
of the Board of Education  
High Bridge School District  
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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

The financial statements of the District as of June 30, 2015 were audited by other auditors whose report dated November 16, 2015 expressed an unmodified opinion on those statements.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 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 District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members  
of the Board of Education  
High Bridge School District  
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The accompanying other information such as the introductory and statistical sections has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 14, 2016  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP



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Francis J. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant



REQUIRED SUPPLEMENTARY INFORMATION - PART I  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

**High Bridge School District**  
**Management's Discussion and Analysis**  
**(Unaudited)**

This section of High Bridge School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- Overall revenue was \$9.87 million.
- Overall expenses were \$ 9.11 million.
- The net position of the business-type activity – food services – increased by \$5,958 due to a net gain from operations in the District's business-type activity – food services.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**High Bridge School District  
Management's Discussion and Analysis  
(Unaudited)**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Mendham Borough School District's Financial Report**

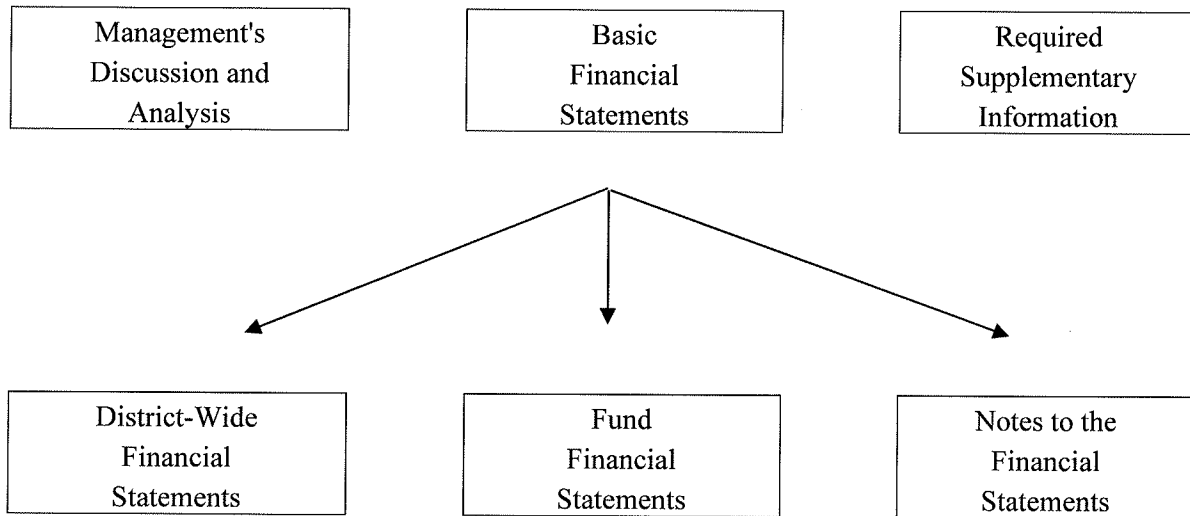


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**High Bridge School District  
Management's Discussion and Analysis  
(Unaudited)**

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**High Bridge School District  
Management's Discussion and Analysis  
(Unaudited)**

***District-wide Statements***

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's

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*enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

*Notes to the Basic Financial Statements*: Provide additional information essential to a full understanding of District-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position*. The District's combined net position increased \$760,502. Net position from governmental activities increased \$754,544 and net position from business-type activities increased \$5,958. Net position investment in capital assets decreased \$14,056, restricted net position decreased \$105,398, and unrestricted net position increased by \$851,844.

**Figure A-3**  
**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Current and							
Other Assets	\$ 1,820,531	\$ 1,897,725	\$ 32,267	\$ 36,276	\$ 1,852,798	\$ 1,934,001	-4.20%
Capital Assets, Net	11,020,733	11,306,677			11,020,733	11,306,677	-2.53%
Total Assets	12,841,264	13,204,402	32,267	36,276	12,873,531	13,240,678	-2.77%
Deferred Outflows of Resources	511,930	313,786			511,930	313,786	63.15%
Long-Term Liabilities							
Outstanding	6,318,080	6,791,968			6,318,080	6,791,968	-6.98%
Other Liabilities	143,942	522,160	2,324	12,291	146,266	534,451	-72.63%
Total Liabilities	6,462,022	7,314,128	2,324	12,291	6,464,346	7,326,419	-11.77%
Deferred Inflows of Resources	33,291	100,723			33,291	100,723	-66.95%
Net Position:							
Net Investment in							
Capital Assets	6,910,733	6,896,677			6,910,733	6,896,677	0.20%
Restricted	1,002,111	1,107,509			1,002,111	1,107,509	-9.52%
Unrestricted/(Deficit)	(1,054,963)	(1,900,849)	29,943	23,985	(1,025,020)	(1,876,864)	45.39%
Total Net Position	\$ 6,857,881	\$ 6,103,337	\$ 29,943	\$ 23,985	\$ 6,887,824	\$ 6,127,322	12.41%

**High Bridge School District**  
**Management's Discussion and Analysis**  
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*Changes in Net Position.* The District's *combined* net position was \$6,887,824 on June 30, 2016, \$760,502 or 12.41% higher than it was the year before. (See Figure A-3). Net position invested in capital assets increased by \$14,056 or 0.20% as a result of \$300,000 of long-term debt maturities offset by depreciation of \$285,944 in its governmental activities. Restricted net position decreased by \$105,398 or 9.52% due to an increase of \$80,931 in Capital Reserve offset by a decrease of \$186,329 in Maintenance Reserve. Unrestricted net position increased by \$851,844 due to normal operations. (See Figure A-3).

**Figure A-4**  
**Changes in Net Position from Operating Results**

	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District	Total Percentage Change
	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15	2015/16
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 150,729	\$ 38,862	\$ 189,591	125,491	\$ 82,167	\$ 207,658	-8.70%
Operating Grants and Contributions	3,661,977	33,041	3,695,018	\$ 3,362,228	34,679	3,396,907	8.78%
<b>General Revenue:</b>							
Property Taxes	5,829,372		5,829,372	5,736,139		5,736,139	1.63%
Other	138,024	14,069	152,093	16,712	1,375	18,087	740.90%
<b>Total Revenue</b>	<b>9,780,102</b>	<b>85,972</b>	<b>9,866,074</b>	<b>9,240,570</b>	<b>118,221</b>	<b>9,358,791</b>	<b>5.42%</b>
<b>Expenses:</b>							
Instruction	5,718,943		5,718,943	5,203,723		5,203,723	9.90%
Pupil and Instruction Services	1,501,105		1,501,105	1,953,829		1,953,829	-23.17%
Administrative and Business	677,757		677,757	771,523		771,523	-12.15%
Maintenance and Operations	782,789		782,789	783,523		783,523	-0.09%
Pupil Transportation	97,142		97,142	107,887		107,887	-9.96%
Other	247,822	80,014	327,836	252,826	108,505	361,331	-9.27%
<b>Total Expenses</b>	<b>9,025,558</b>	<b>80,014</b>	<b>9,105,572</b>	<b>9,073,311</b>	<b>108,505</b>	<b>9,181,816</b>	<b>-0.83%</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 754,544</b>	<b>\$ 5,958</b>	<b>\$ 760,502</b>	<b>\$ 167,259</b>	<b>\$ 9,716</b>	<b>\$ 176,975</b>	<b>329.72%</b>

*Revenue Sources.* The District's total revenue for the 2015/16 school year was \$9,866,074. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$5,829,372 of the total, or 59.09 percent. (See Figure A-5). Another 37.45 percent came from state and federal aid and the remainder from charges for services and miscellaneous sources. The High Bridge School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

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**Figure A-5****Sources of Revenue for Fiscal Year 2016**

	Amount	Percentage
Sources of Income:		
Property Taxes	\$ 5,829,372	59.09%
Federal and State Categorical Grants	3,695,018	37.45%
Charges for Services	189,591	1.92%
Other	152,093	1.54%
	\$ 9,866,074	100.00%

The total cost of all programs and services was \$9,105,572. The District's expenses are predominantly related to instructing, caring for and transporting pupil services (80.36 percent instruction). The administrative and business activities of the schools were 7.44 percent. (See Figure A-6.) The District's maintenance and operations accounted for 8.60 percent of total costs. It is important to note that depreciation is included in expenses for the year under this accounting reporting model; expenses therefore include \$285,944 in depreciation of which a large portion was charged to Maintenance and Operations.

**Figure A-6****Expenses for Fiscal Year 2016**

	Amount	Percentage
Expense Category:		
Instruction	\$ 5,718,943	62.80%
Pupil and Instruction Services	1,501,105	16.49%
Administrative and Business	677,757	7.44%
Maintenance and Operations	782,789	8.60%
Transportation	97,142	1.07%
Other	327,836	3.60%
	\$ 9,105,572	100.00%

***Governmental Activities***

As discussed elsewhere in this commentary, the financial position of the District increased significantly. The District will continue sound fiscal management in order to maintain its existing programs, provide programs and services for students with special needs and meet the rising costs of fixed obligations.

Careful management of expenses remains essential for the District to maintain its financial health. State aid increased this year while costs continue to escalate.



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Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other miscellaneous expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions.

**Figure A-7**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2015/16</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2014/15</u>
Instruction	\$ 5,718,943	\$ 2,039,627	\$ 5,203,723	\$ 3,200,252
Pupil and Instruction Services	1,501,105	1,376,864	1,953,829	1,636,025
Administrative and Business	677,757	685,848	771,523	(8,341)
Maintenance and Operations	782,789	785,444	783,523	502,926
Transportation	97,142	94,735	107,887	69,250
Other	247,822	247,822	252,826	177,139
	<u>\$ 9,025,558</u>	<u>\$ 5,230,340</u>	<u>\$ 9,073,311</u>	<u>\$ 5,577,251</u>

***The cost of all governmental activities this year was \$9.03 million.***

- The federal and state governments subsidized certain programs with grants and aid (\$3.66 million).
- Most of the District's costs, however, were financed by District taxpayers (\$5.83 million).
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

***Business-Type Activities***

Net position from the District's business-type activity increased \$5,958 (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$5,958 which accounted for the overall increase in the net position of the business-type activities.

**Financial Analysis of the District's Funds**

The District's financial position improved during the year mostly due to a focus on conservative spending. Programs were reduced in order to balance the budget, and an increase in the amounts received from grants. The Board of Education meets monthly to review any items that may have a significant financial impact on the District, and address each item accordingly.

**High Bridge School District  
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**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were made up of changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**Capital Asset and Long Term Liabilities**

**Figure A-8**

	<b>Capital Assets (Net of Depreciation)</b>				Percentage
	Government Activities		Total School District		Change
	2015/16	2014/15	2015/16	2014/15	2015/16
Land	\$ 4,826,600	\$ 4,826,600	\$ 4,826,600	\$ 4,826,600	0.00%
Site Improvements	102,089	138,346	102,089	138,346	-26.21%
Buildings and Building Improvements	6,092,044	6,341,731	6,092,044	6,341,731	-3.94%
<b>Total Capital Assets (Net of Depreciation)</b>	<b><u>\$ 11,020,733</u></b>	<b><u>\$ 11,306,677</u></b>	<b><u>\$ 11,020,733</u></b>	<b><u>\$ 11,306,677</u></b>	<b>-2.53%</b>

During the fiscal year, total depreciation expense was \$285,944 for governmental activities and \$-0- for business-type activities. There were no additions or deletions recorded by the governmental or the business-type activities during the fiscal year.

**Long-term Liabilities**

At year-end, the District had \$4,110,000 in general obligation bonds outstanding – a decrease of \$300,000 in bonds from last year as well as a decrease of \$554,334 in compensated absences liability from last year mostly due to a change in accounting estimate used by the District – as shown in Figure A-9 and a net increase of \$380,446 in the net pension liability. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-9**

	<b>Outstanding Long-Term Liabilities</b>		Percentage
	2015/16	2014/15	Change
Bonds Payable	\$ 4,110,000	\$ 4,410,000	-6.80%
Net Pension Liability	2,070,586	1,690,140	
Compensated Absences Payable	137,494	691,828	-80.13%
	<b><u>\$ 6,318,080</u></b>	<b><u>\$ 6,791,968</u></b>	<b>-6.98%</b>

**High Bridge School District  
Management's Discussion and Analysis  
(Unaudited)**

**Factors Bearing on the District's Future Revenue/Expense Changes**

It has proven to be a challenging year as we explored different avenues of saving money and reducing expenses. A major concern is the continued reliance on local property taxes in light of possible state funding decreases. It has become increasingly difficult for the District to maintain their level of service with the increases in property tax rates. This problem appears to be statewide, and is not exclusive to High Bridge School District.

The District must allocate funds for "fixed" obligations, which increase from year to year. The State mandates that two-tenths of one percent of the buildings' value be set aside in the annual budget for "required" building maintenance. A maintenance reserve account was established a few years ago to provide for unexpected building repairs. In addition, the budget includes funds for repair and maintenance of the District's equipment. Special education programs and related services, including out of district placements and transportation, cannot be predicted with certainty; however, the District maintains its commitment to meet the needs of these students. A large cost savings is continued to be recognized from the District's integrated preschool program which provide services in district rather than paying the higher cost of out-of-district tuition.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 50 Thomas Street, High Bridge, NJ 08829.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 387,047	\$ 9,208	\$ 396,255
Receivables from Other Governments:			
Federal	16,391	4,116	20,507
State	146,112	156	146,268
Other	36,763		36,763
Other Accounts Receivable	5,345		5,345
Internal Balances	(14,867)	14,867	
Inventory		3,920	3,920
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	799,743		799,743
Maintenance Reserve Account - Cash and Cash Equivalents	443,997		443,997
Capital Assets, Net			
Sites (Land)	4,826,600		4,826,600
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	6,194,133		6,194,133
Total Assets	<u>12,841,264</u>	<u>32,267</u>	<u>12,873,531</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Changes in Assumptions - Pensions	222,364		222,364
Difference Between Expected and Actual Experience - Pensions	49,397		49,397
Changes in Proportions - Pensions	183,238		183,238
District Contribution Subsequent to Measurement Date - Pensions	56,931		56,931
Total Deferred Outflows of Resources	<u>511,930</u>		<u>511,930</u>
<b>LIABILITIES</b>			
Accrued Interest Payable	75,873		75,873
Accounts Payable - Vendors	56,931		56,931
Unearned Revenue	11,138	2,324	13,462
Noncurrent Liabilities:			
Due Within One Year	315,000		315,000
Due Beyond One Year	6,003,080		6,003,080
Total Liabilities	<u>6,462,022</u>	<u>2,324</u>	<u>6,464,346</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Investment Gains - Pensions	33,291		33,291
Total Deferred Inflow of Resources	<u>33,291</u>		<u>33,291</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,910,733		6,910,733
Restricted for:			
Capital Projects	690,598		690,598
Maintenance Reserve	311,513		311,513
Unrestricted/(Deficit)	(1,054,963)	29,943	(1,025,020)
Total Net Position	<u>\$ 6,857,881</u>	<u>\$ 29,943</u>	<u>\$ 6,887,824</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,634,495	\$ 150,729	\$ 2,508,983	\$ (974,783)		\$ (974,783)
Special Education	1,840,147		1,022,604	(817,543)		(817,543)
Other Instruction	244,301			(244,301)		(244,301)
Support Services:						
Tuition	14,833			(14,833)		(14,833)
Student & Instruction Related Services	1,486,272		127,983	(1,358,289)		(1,358,289)
General Administrative Services	332,965			(332,965)		(332,965)
School Administrative Services	171,763			(171,763)		(171,763)
Plant Operations and Maintenance	782,789			(782,789)		(782,789)
Pupil Transportation	97,142		2,407	(94,735)		(94,735)
Central Services	173,029			(173,029)		(173,029)
Interest on Long-Term Debt	211,703			(211,703)		(211,703)
Capital Outlay	36,119			(36,119)		(36,119)
Total Governmental Activities	9,025,558	150,729	3,661,977	(5,212,852)		(5,212,852)

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 80,014	\$ 52,908	\$ 33,041		\$ 5,935	\$ 5,935
Total Business-Type Activities	80,014	52,908	33,041		5,935	5,935
Total Primary Government	\$ 9,105,572	\$ 203,637	\$ 3,695,018	\$ (5,212,852)	5,935	(5,206,917)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net						
				5,388,481		5,388,481
Taxes Levied for Debt Service						
				440,891		440,891
Investment Earnings						
				2,351	23	2,374
Miscellaneous Income						
				135,673		135,673
Total General Revenues				5,967,396	23	5,967,419
Change in Net Position				754,544	5,958	760,502
Net Position - Beginning				6,103,337	23,985	6,127,322
Net Position - Ending				\$ 6,857,881	\$ 29,943	\$ 6,887,824

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



FUND FINANCIAL STATEMENTS

Exhibit B-1

HIGH BRIDGE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<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>ASSETS:</b>					
Cash and Cash Equivalents	\$ 332,129	\$ 53,673	\$ 1,245		\$ 387,047
Interfund Receivable:					
Special Revenue Fund	59,586				59,586
Receivables From Other Governments:					
Federal		16,391			16,391
State	146,112				146,112
Other	36,763				36,763
Other Accounts Receivable	5,345				5,345
Restricted Assets:					
Capital Reserve Account - Cash and Cash Equivalents	799,743				799,743
Maintenance Reserve Account - Cash and Cash Equivalents	443,997				443,997
<b>Total Assets</b>	<u>\$ 1,823,675</u>	<u>\$ 70,064</u>	<u>\$ 1,245</u>		<u>\$ 1,894,984</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interfund Payable:					
General Fund		\$ 59,586			\$ 59,586
Food Service Fund	\$ 14,867				14,867
Unearned Revenue		11,138			11,138
<b>Total Liabilities</b>	<u>14,867</u>	<u>70,724</u>		<u>\$ -0-</u>	<u>85,591</u>
<b>Fund Balances:</b>					
Restricted for:					
Capital Reserve Account	690,598				690,598
Maintenance Reserve Account	311,513				311,513
Assigned to:					
Year End Encumbrances	399,349				399,349
Capital Projects			1,245		1,245
Designated for Subsequent Year's Expenditures	250,000				250,000
Unassigned:					
General Fund	157,348				157,348
Special Revenue Fund/(Deficit)		(660)			(660)
<b>Total Fund Balances</b>	<u>1,808,808</u>	<u>(660)</u>	<u>1,245</u>		<u>1,809,393</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,823,675</u>	<u>\$ 70,064</u>	<u>\$ 1,245</u>	<u>\$ -0-</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) is 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 \$5,659,914.	11,020,733
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.	(4,247,494)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(75,873)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,070,586)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	222,364
Difference between Expected and Actual Experience - Pensions	49,397
Changes in Proportions - Pensions	183,238
Investment Gains - Pensions	(33,291)
<b>Net Position of Governmental Activities</b>	<u>\$ 6,857,881</u>

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 5,388,481			\$ 440,891	\$ 5,829,372
Tuition Charges	150,729				150,729
Interest Earned on Capital Reserve Funds	355				355
Interest Earned on Maintenance Reserve Funds	597				597
Interest Earned	1,399				1,399
Miscellaneous	57,571	\$ 2,115		75,987	135,673
<b>Total - Local Sources</b>	<b>5,599,132</b>	<b>2,115</b>		<b>516,878</b>	<b>6,118,125</b>
State Sources	2,461,977	3,935			2,465,912
Federal Sources		146,546			146,546
<b>Total Revenue</b>	<b>8,061,109</b>	<b>152,596</b>		<b>516,878</b>	<b>8,730,583</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	2,170,032	46,247			2,216,279
Special Education Instruction	832,101	106,349			938,450
Other Instruction	187,850				187,850
<b>Support Services and Undistributed Costs:</b>					
Tuition	14,833				14,833
Student & Instruction Related Services	1,109,566				1,109,566
General Administrative Services	278,400				278,400
School Administrative Services	116,444				116,444
Central Services	154,422				154,422
Pupil Transportation	97,142				97,142

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES					
Plant Operations and Maintenance	\$ 677,398				\$ 677,398
Benefits - Allocated and Unallocated	2,108,441				2,108,441
Debt Service:					
Principal				\$ 300,000	300,000
Interest and Other Charges				216,878	216,878
Capital Outlay	36,119				36,119
Total Expenditures	<u>7,782,748</u>	<u>\$ 152,596</u>		<u>516,878</u>	<u>8,452,222</u>
Net Change in Fund Balances	278,361				278,361
Fund Balance/(Deficit)—July 1	<u>1,530,447</u>	<u>(660)</u>	<u>\$ 1,245</u>		<u>1,531,032</u>
Fund Balance/(Deficit)—June 30	<u>\$ 1,808,808</u>	<u>\$ (660)</u>	<u>\$ 1,245</u>	<u>\$ - 0 -</u>	<u>\$ 1,809,393</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-3

HIGH BRIDGE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 278,361
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 depreciation differs from capital outlays in the period.	
Depreciation expense	(285,944)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	
	554,334
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)	
	300,000
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. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	
	5,175
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(380,446)
Deferred Outflows:	
Changes in Assumptions	169,217
Changes in Proportion	(2,982)
Difference between Expected and Actual Experience	49,397
Deferred Inflows:	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	67,432
The governmental funds report the effect of bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (-)	
Change in Net Position - Governmental Funds (Exhibit A-2)	\$ 754,544

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 9,208
Intergovernmental Accounts Receivable:	
State	156
Federal	4,116
Interfund Receivable	14,867
Inventories	3,920
Total Current Assets	<u>32,267</u>
Non-Current Assets:	
Capital Assets:	
Equipment	139,368
Accumulated Depreciation	<u>(139,368)</u>
Total Non-Current Assets	<u>-0-</u>
Total Assets	<u>32,267</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Unearned Revenue	1,648
Unearned Revenue - Prepaid Sales	<u>676</u>
Total Liabilities	<u>2,324</u>
<b>NET POSITION:</b>	
Unrestricted	<u>29,943</u>
Total Net Position	<u>\$ 29,943</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>
Operating revenue	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 38,862
Daily Sales - Non-Reimbursable Sales	14,046
	52,908
Total Operating Revenue	52,908
Operating Expenses:	
Cost of Sales - Reimbursable Programs	20,600
Cost of Sales - Non-Reimbursable Programs	14,586
Salaries, Benefits & Payroll Taxes	30,955
Supplies, Insurance & Other Costs	4,000
Management Fee	7,064
Miscellaneous Expenses	2,809
	80,014
Total Operating Expenses	80,014
Operating (Loss)	(27,106)
Non-Operating Revenue	
Local Sources:	
Interest Income	23
State Sources:	
State School Lunch Program	926
Federal Sources:	
National School Lunch Program	25,911
Food Distribution Program	6,204
	33,064
Total Non-Operating Revenue	33,064
Change in Net Position	5,958
Net Position - Beginning of Year	23,985
Net Position - End of Year	\$ 29,943

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 52,908
Payments to Food Service Vendor	<u>(76,462)</u>
Net Cash Used for Operating Activities	<u>(23,554)</u>
Cash Flows From Investing Activities:	
State Sources	342
Federal Sources	2,892
Interest Income	<u>28</u>
Net Cash Provided by Investing Activities	<u>3,262</u>
Net Decrease in Cash and Cash Equivalents	(20,292)
Cash and Cash Equivalents, July 1	<u>29,500</u>
Cash and Cash Equivalents, June 30	<u>\$ 9,208</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (27,106)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Food Distribution Program	6,204
Changes in Assets and Liabilities:	
Decrease in Inventory	563
(Decrease) in Accounts Payable	(2,874)
(Decrease) in Unearned Revenue	(987)
Increase in Unearned Revenue - Prepaid Sales	<u>646</u>
Net Cash Used for Operating Activities	<u>\$ (23,554)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$5,217 and \$6,204, respectively, the fiscal year ended June 30, 2016.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



Exhibit B-7

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 123,059	\$ 6,649	\$ 4,408
Total Assets	<u>123,059</u>	<u>6,649</u>	<u>4,408</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	106,914		
Due to Student Groups	<u>16,145</u>		
Total Liabilities	<u>123,059</u>		
<u>NET POSITION:</u>			
Held in Trust for Flexible Spending Claims		6,649	
Restricted for Unemployment Claims			<u>4,408</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 6,649</u>	<u>\$ 4,408</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the High Bridge School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary and a middle school located in the Borough of High Bridge. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

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.

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 not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and 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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue 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 cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

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 the Unemployment Compensation Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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. 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.

It is the District's policy that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budget amendments/transfers must be made by School Board resolution. All budgetary 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 budget during the year).

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 8,062,969	\$ 151,882
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not.		714
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	144,393	660
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(146,253)	(660)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 8,061,109	\$ 152,596
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,782,748	\$ 151,882
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		714
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,782,748	\$ 152,596

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection 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.

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

F. Interfund Transactions:

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances: (Cont'd)

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

The District has established a formal system of accounting for its capital assets. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Furniture, Machinery, and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2016.

N. 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 varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for accumulated sick days and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Position*, 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.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,808,808 General Fund fund balance at June 30, 2016, \$799,743 is restricted in the capital reserve account; \$443,997 is restricted in the maintenance reserve account; \$250,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017, \$157,720 is assigned for year end encumbrances, and \$157,348 is unassigned which is \$146,253 less than the Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ending June 30, 2017.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2016 is \$ (660) and is unassigned.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2016 is \$1,245 and is assigned.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2016 is \$ -0-.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation. New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$146,253 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 state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2016 of \$1,054,963. This deficit resulted from compensated absence liabilities of \$137,494, accrual of interest on long-term debt of \$75,873, investment gains in pensions of \$33,291, and net pension liability of \$2,070,586; net of \$222,364 for changes in pension assumptions, \$49,397 for the difference between expected and actual experience in pensions, \$183,238 for changes in proportions in pensions, and \$324,024 of unassigned fund balance. These deficits do not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for the changes in assumptions in pensions, the District contribution subsequent to the measurement date in pensions, difference between expected and actual experiences in pensions, and changes in proportions in pension.

The District had deferred inflows of resources at June 30, 2016 for the difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2016.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund for year-end encumbrances and amounts designated for subsequent year's expenditures at June 30, 2016.

T. Revenue - 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, 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 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, interest and tuition.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

Operating revenue 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.

V. Management Estimates:

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

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

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 and

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.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>		<u>Total</u>
		<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	
Checking & Savings Accounts	\$ 530,371	\$ 799,743	\$ 443,997	\$ 1,774,111
	<u>\$ 530,371</u>	<u>\$ 799,743</u>	<u>\$ 443,997</u>	<u>\$ 1,774,111</u>

During the period ended June 30, 2016 the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,774,111 and the bank balance was \$2,091,432.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the High Bridge 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 State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, 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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 609,667
Increased by:	
Interest Earnings	597
Board Resolution	<u>80,334</u>
Ending Balance, June 30, 2016	<u>\$ 690,598</u>

The June 30, 2016 Capital Reserve balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP").

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$1 was established by the High Bridge Board of Education on June 30, 2003. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 497,842
Increased by:	
Interest Earnings	355
Amount Returned	117,516
Decreased by:	
Budgeted Withdrawal	<u>(304,200)</u>
Ending Balance, June 30, 2016	<u>\$ 311,513</u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District made transfers to the capital outlay accounts in the amount of \$20,000 for equipment which did not require the approval of the County Superintendent.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 4,826,600			\$ 4,826,600
Total Capital Assets Not Being Depreciated	<u>4,826,600</u>			<u>4,826,600</u>
Capital Assets Being Depreciated:				
Site Improvements	725,140			725,140
Buildings and Building Improvements	10,845,801			10,845,801
Machinery and Equipment	283,106			283,106
Total Capital Assets Being Depreciated	<u>11,854,047</u>			<u>11,854,047</u>
Governmental Activities Capital Assets	<u>16,680,647</u>			<u>16,680,647</u>
Less Accumulated Depreciation for:				
Site Improvements	(586,794)	\$ (36,257)		(623,051)
Buildings and Building Improvements	(4,504,070)	(249,687)		(4,753,757)
Machinery and Equipment	(283,106)			(283,106)
	<u>(5,373,970)</u>	<u>(285,944)</u>		<u>(5,659,914)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,306,677</u>	<u>\$ (285,944)</u>	<u>\$ - 0 -</u>	<u>\$ 11,020,733</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 139,368			\$ 139,368
Less Accumulated Depreciation	<u>(139,368)</u>			<u>(139,368)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 257,350
Operations and Maintenance of Plant	<u>28,594</u>
	<u>\$ 285,944</u>



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Bonds Payable	\$ 4,410,000		\$ 300,000	\$ 4,110,000
Compensated Absences Payable	691,828	\$ 54,265	608,599	137,494
Net Pension Liability	<u>1,690,140</u>	<u>380,446</u>		<u>2,070,586</u>
	<u>\$ 6,791,968</u>	<u>\$ 434,711</u>	<u>\$ 908,599</u>	<u>\$ 6,318,080</u>

A. Bonds Payable:

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.

The District had bonds outstanding as of June 30, 2016 as follows:

<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Serial Bonds</u>  <u>Interest</u> <u>Rate</u>	<u>Amount</u>
2/15/2026	4.0-5.0%	\$ 4,110,000

Principal and interest due on serial bonds outstanding are as follows:

<u>Fiscal</u> <u>Year Ending</u> <u>June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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
2021	395,000	136,500	531,500
2022-2026	<u>2,335,000</u>	<u>363,502</u>	<u>2,698,502</u>
	<u>\$ 4,110,000</u>	<u>\$ 1,217,194</u>	<u>\$ 5,327,194</u>

The bond payments will be liquidated by the Debt Service Fund.

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds and business type activities in the current year. The long-term liability balance of compensated absences is \$137,494 for Governmental Activities and \$ - 0 - for Business-type Activities.

Compensated absences will be liquidated by the General Fund.

D. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$2,070,586. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

Benefits Provided

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. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$79,301 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$2,070,586 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.009%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2014.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$177,152. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 44,323	
	2015	5.72	178,041	
Difference Between Expected and Actual Experience	2015	5.72	49,397	
Changes in Proportion	2014	6.44	151,988	
	2015	5.72	31,250	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		\$ 77,189
	2015	5.00		(43,898)
District Contribution Subsequent to the Measurement Date	2015	1.00	56,931	
			<u>\$ 511,930</u>	<u>\$ 33,291</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 43,413
2017	43,414
2018	43,414
2019	69,143
2020	39,086
	<u>\$ 238,470</u>

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	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) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015 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 upon the average of the last five years of contributions made in relation to the last five years of actuarially determined 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 collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, 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 or 1-percentage-point higher than the current rate:

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 2,573,485	\$ 2,070,586	\$ 1,648,959

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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. The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are 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 local participating employers do 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 local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$287,078 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,336,598.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$21,890,274. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.0346%, which was an decrease of 0.0008% from its proportion measured as of June 30, 2014.



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>21,890,274</u>
Total	<u>\$ 21,890,274</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$1,336,598 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	8.5	\$ 1,999,074,013	
Changes in Assumptions	8.5	5,201,079,373	
Difference Between Expected and Actual Experience	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience	8.5	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	5		1,305,927,430
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	5		<u>(770,568,242)</u>
		<u>\$ 7,521,378,257</u>	<u>\$ 1,324,967,247</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables 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, 2014 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 pension plan investments (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 upon the average of the last five years. Based on those assumptions, the pension 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 pension 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 determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	Fiscal Year Ended June 30, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 26,015,773	\$ 21,890,274	\$ 18,335,911
<u>Pension Plan Fiduciary Net Position</u>			

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$3,170 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$5,811 for the year ended June 30, 2016.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District were \$287,078, \$297,251, and \$245,845 for 2016, 2015, and 2014, respectively.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2016 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2015 is as follows:

Total Assets	\$ 35,565,090
Net Position	\$ 7,171,390
Total Revenue	\$ 38,445,836
Total Expenses	\$ 36,388,715
Change in Net Position	\$ 2,057,121
Members Dividends	\$ -0-

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services  
 51 Everett Drive  
 Suite B-10  
 West Windsor, NJ 08550

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 the District's contributions, employee contributions and interest earned and reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016		\$ 9,815	\$ 20,022	\$ 4,408
2014-2015	\$ 18	8,059	19,807	14,615
2013-2014	21	8,181	6,996	26,345

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 59,586	\$ 14,867
Special Revenue Fund		59,586
Enterprise Fund	14,867	
	<u>\$ 74,453</u>	<u>\$ 74,453</u>

The interfund payable in the Special Revenue Fund and the interfund receivable in the General Fund as of June 30, 2016 represents the cash deficit in the Special Revenue Fund due to the delay between the request and receipt of reimbursement on federal grants. The interfund payable in the General Fund and the interfund receivable in the Enterprise Fund as of June 30, 2016 represents reimbursements for federal and state grants received in the General Fund and not turned over to the Enterprise Fund as of June 30, 2016.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 14. 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, permit 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:

AXA Equitable  
Lincoln National Life

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to 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 District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2016, encumbrances in the governmental funds were:

General Fund	Special Revenue Fund	Total Governmental Activities
\$ 399,349	\$ 714	\$ 400,063

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$ -0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$714 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.



SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

L-1

HIGH BRIDGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0090272079%	0.0092239230%
District's proportionate share of the net pension liability	\$ 1,690,140	\$ 2,070,586
District's covered employee payroll	\$ 624,463	\$ 520,502
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	270.65%	397.81%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HIGH BRIDGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 74,419	\$ 79,301
Contributions in relation to the contractually required contribution	<u>(68,220)</u>	<u>(79,301)</u>
Contribution deficiency/(excess)	<u>\$ 6,199</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 520,502	\$ 441,398
Contributions as a percentage of covered employee payroll	14.30%	17.97%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HIGH BRIDGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.0354432720%	0.0346341701%
State's proportionate share of the net pension liability attributable to the District	\$ 18,943,275	\$ 21,890,275
District's covered employee payroll	\$ 3,555,755	\$ 3,591,847
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	532.75%	609.44%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-4

HIGH BRIDGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 1,019,326	\$ 1,336,598
Contributions in relation to the contractually required contribution	<u>(187,245)</u>	<u>(287,078)</u>
Contribution deficiency/(excess)	<u>\$ 832,081</u>	<u>\$ 1,049,520</u>
District's covered employee payroll	\$ 3,591,847	\$ 3,335,586
Contributions as a percentage of covered employee payroll	5.21%	8.61%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
General Fund					
Revenues:					
Local Sources:					
Local Tax Levy	\$ 5,388,481		\$ 5,388,481	\$ 5,388,481	
Tuition from Other LEA's	151,035		151,035	120,904	\$ (30,131)
Tuition from Individuals				29,825	29,825
Interest Revenue				1,399	1,399
Interest Earned on Capital Reserve Funds	200		200	355	155
Interest Earned on Maintenance Reserve Funds	200		200	597	397
Miscellaneous	8,500		8,500	57,571	49,071
Total - Local Sources	<u>5,548,416</u>		<u>5,548,416</u>	<u>5,599,132</u>	<u>50,716</u>
State Sources:					
Equalization Aid	1,041,918		1,041,918	1,041,918	
School Choice Aid	20,232		20,232	20,232	
Categorical Transportation Aid	14,219		14,219	14,219	
Categorical Special Education Aid	207,062		207,062	207,062	
Categorical Security Aid	29,645		29,645	29,645	
Adjustment Aid	122,223		122,223	122,223	
Additional Adjustment Aid	23,486		23,486	23,486	
PARCC Readiness Aid	3,330		3,330	3,330	
Per Pupil Growth Aid	3,330		3,330	3,330	
Nonpublic Transportation Aid				2,407	2,407
Extraordinary Aid	80,500		80,500	131,694	51,194
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				287,078	287,078
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				341,829	341,829
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				235,384	235,384
Total State Sources	<u>1,545,945</u>		<u>1,545,945</u>	<u>2,463,837</u>	<u>917,892</u>
Total Revenues	<u>7,094,361</u>		<u>7,094,361</u>	<u>8,062,969</u>	<u>968,608</u>



HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 160,820	\$ (2,360)	\$ 158,460	\$ 148,028	\$ 10,432
Grades 1-5 - Salaries of Teachers	1,036,777	(43,936)	992,841	962,201	30,640
Grades 6-8 - Salaries of Teachers	617,463	4,615	622,078	603,566	18,512
Regular Programs - Home Instruction:					
Salaries of Teachers	3,605	319	3,924	762	3,162
Purchased Professional-Educational Services	1,500	(319)	1,181	55	1,126
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	30,285	(14,445)	15,840	14,598	1,242
Purchased Professional-Educational Services		219,029	219,029	219,029	
Purchased Professional-Technical Services	103,869	(48,105)	55,764	55,763	1
Other Purchased Services	6,300	8,471	14,771	14,770	1
General Supplies	171,140	(67,230)	103,910	101,651	2,259
Textbooks	35,000	22,635	57,635	48,054	9,581
Other Objects	47,565	(42,190)	5,375	1,555	3,820
Total Regular Programs - Instruction	<u>2,214,324</u>	<u>36,484</u>	<u>2,250,808</u>	<u>2,170,032</u>	<u>80,776</u>
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	77,824	2,000	79,824	56,995	22,829
Other Salaries for Instruction	2,000	(2,000)			
General Supplies	8,000		8,000	3,183	4,817
Total Multiple Disabilities	<u>87,824</u>		<u>87,824</u>	<u>60,178</u>	<u>27,646</u>
Resource Room/Resource Center:					
Salaries of Teachers	647,326	(92,482)	554,844	508,091	46,753
Other Salaries for Instruction	8,940	(8,940)			
General Supplies	11,419		11,419	640	10,779
Total Resource Room/Resource Center	<u>667,685</u>	<u>(101,422)</u>	<u>566,263</u>	<u>508,731</u>	<u>57,532</u>

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Autism:					
Salaries of Teachers	\$ 148,973	\$ 10,734	\$ 159,707	\$ 141,144	\$ 18,563
Other Salaries for Instruction	53,380	(8,691)	44,689	40,129	4,560
Other Purchased Services	1,400		1,400	801	599
General Supplies	4,900		4,900	998	3,902
Total Autism	<u>208,653</u>	<u>2,043</u>	<u>210,696</u>	<u>183,072</u>	<u>27,624</u>
Preschool Disabilities - Full Time:					
Salaries of Teachers	49,509	28,977	78,486	76,660	1,826
Other Salaries for Instruction	18,769		18,769	3,460	15,309
General Supplies	100		100		100
Total Preschool Disabilities - Full Time	<u>68,378</u>	<u>28,977</u>	<u>97,355</u>	<u>80,120</u>	<u>17,235</u>
Home Instruction:					
Salaries of Teachers - Home Instruction	1,500		1,500		1,500
Total Home Instruction	<u>1,500</u>		<u>1,500</u>		<u>1,500</u>
Total Special Education - Instruction	<u>1,034,040</u>	<u>(70,402)</u>	<u>963,638</u>	<u>832,101</u>	<u>131,537</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	185,713	(32,182)	153,531	148,649	4,882
General Supplies	1,143	(480)	663	181	482
Total Basic Skills/Remedial - Instruction	<u>186,856</u>	<u>(32,662)</u>	<u>154,194</u>	<u>148,830</u>	<u>5,364</u>
School-Sponsored Cocurricular Activities:					
Salaries	36,565		36,565	34,500	2,065
Purchased Services	4,800	(100)	4,700	4,420	280
Supplies and Materials	1,000		1,000		1,000
Other Objects		100	100	100	
Total School-Sponsored Cocurricular Activities	<u>42,365</u>		<u>42,365</u>	<u>39,020</u>	<u>3,345</u>
Total Instruction	<u>3,477,585</u>	<u>(66,580)</u>	<u>3,411,005</u>	<u>3,189,983</u>	<u>221,022</u>

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		\$ 344	\$ 344		\$ 344
Tuition to Other LEAs Within the State - Special	\$ 100,573	(10,300)	90,273	\$ 14,833	75,440
Total Undistributed Expenditures - Instruction	100,573	(9,956)	90,617	14,833	75,784
Undistributed Expend. - Attend. & Social Work:					
Salaries	48,316		48,316	45,573	2,743
Total Undistributed Expend. - Attend. & Social Work	48,316		48,316	45,573	2,743
Health Services:					
Salaries	128,821	(57)	128,764	116,760	12,004
Purchased Professional and Technical Services	3,000		3,000	1,750	1,250
Other Purchased Services	1,500		1,500	398	1,102
Supplies and Materials	4,935		4,935	3,291	1,644
Total Health Services	138,256	(57)	138,199	122,199	16,000
Speech, OT, PT and Related Services:					
Salaries	85,483	(3,000)	82,483	76,631	5,852
Purchased Professional - Educational Services	13,291	(9,352)	3,939		3,939
Supplies and Materials	1,000		1,000		1,000
Total Speech, OT, PT and Related Services	99,774	(12,352)	87,422	76,631	10,791
Students - Extraordinary Services:					
Salaries	265,145	(13,464)	251,681	242,250	9,431
Purchased Professional - Educational Services	13,955	15,897	29,852	29,852	
Total Students - Extraordinary Services	279,100	2,433	281,533	272,102	9,431
Guidance Services:					
Salaries of Other Professional Staff	115,997	(52)	115,945	111,769	4,176
Salaries of Secretarial & Clerical Assistants	37,079	32,198	69,277	67,597	1,680
Other Purchased Professional and Educational Services	2,580	(1,680)	900	320	580
Supplies and Materials	700	(58)	642	274	368
Total Guidance Services	156,356	30,408	186,764	179,960	6,804

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Child Study Team:					
Salaries of Other Professional Staff	\$ 234,441	\$ 169	\$ 234,610	\$ 214,847	\$ 19,763
Salaries of Secretarial and Clerical Assistants	29,091	6,074	35,165	34,303	862
Other Salaries	13,000	(13,000)			
Purchased Professional - Educational Services	23,738	9,892	33,630	29,777	3,853
Purchased Professional - Technical Services	2,900	922	3,822		3,822
Other Purchased Services	6,025	(6,025)			
Supplies and Materials	13,205	(2,500)	10,705	9,931	774
Other Objects	1,750		1,750	1,414	336
<b>Total Child Study Team</b>	<b>324,150</b>	<b>(4,468)</b>	<b>319,682</b>	<b>290,272</b>	<b>29,410</b>
Improvement of Instructional Staff:					
Salaries of Supervisor of Instruction	47,925	7,661	55,586	55,586	
Salaries of Secretarial and Clerical Assistants		10,500	10,500	10,199	301
Purchased Professional and Educational Services		175	175	175	
Other Purchased Services	5,000	(1,445)	3,555	3,137	418
Supplies and Materials	4,560	(1,217)	3,343	726	2,617
<b>Total Improvement of Instructional Staff</b>	<b>57,485</b>	<b>15,674</b>	<b>73,159</b>	<b>69,823</b>	<b>3,336</b>
Educational Media Services/School Library:					
Salaries	66,885	(16,209)	50,676	47,022	3,654
Purchased Professional and Technical Services	3,480	(2,680)	800	800	
Supplies and Materials	4,850	(3,710)	1,140	816	324
<b>Total Educational Media Services/School Library</b>	<b>75,215</b>	<b>(22,599)</b>	<b>52,616</b>	<b>48,638</b>	<b>3,978</b>
Instructional Staff Training Services:					
Purchased Professional and Educational Services	5,000		5,000	762	4,238
Supplies and Materials	3,606		3,606	3,606	
<b>Total Instructional Staff Training Services</b>	<b>8,606</b>		<b>8,606</b>	<b>4,368</b>	<b>4,238</b>

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Support Services - General Administration:					
Salaries	\$ 122,261	\$ (11,648)	\$ 110,613	\$ 98,304	\$ 12,309
Legal Services	14,758	90,030	104,788	99,748	5,040
Audit Fees	20,000	(796)	19,204	19,204	
Architectural/Engineering Services	1,450	(1,450)			
Other Purchased Professional Services	4,300	(260)	4,040	4,040	
Purchased Professional and Technical Services	4,000	(2,282)	1,718	1,718	
Communications/Telephone	42,000	(2,553)	39,447	36,703	2,744
Other Purchased Services (400-500 series)	8,185	(4,040)	4,145	3,954	191
General Supplies	7,600	(4,200)	3,400	2,699	701
Miscellaneous Expenditures	8,162	(2,766)	5,396	5,396	
BOE Membership Dues and Fees	5,630	1,004	6,634	6,634	
Total Support Services - General Administration	<u>238,346</u>	<u>61,039</u>	<u>299,385</u>	<u>278,400</u>	<u>20,985</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	146,972	(12,008)	134,964	110,598	24,366
Salaries of Secretarial and Clerical Assistants	39,924		39,924	3,650	36,274
Supplies and Materials	2,500	(840)	1,660	695	965
Other Objects	1,875	(150)	1,725	1,501	224
Total Support Services - School Administration	<u>191,271</u>	<u>(12,998)</u>	<u>178,273</u>	<u>116,444</u>	<u>61,829</u>

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Support Services - Central Services:					
Salaries	\$ 116,732	\$ 682	\$ 117,414	\$ 117,317	\$ 97
Purchased Professional Services		9,565	9,565	9,565	
Purchased Technical Services	22,304	3,534	25,838	21,873	3,965
Miscellaneous Purchased Services	1,000	(75)	925	855	70
Supplies and Materials	1,582		1,582	1,561	21
Miscellaneous Expenditures	4,700	(1,409)	3,291	3,251	40
Total Support Services - Central Services	146,318	12,297	158,615	154,422	4,193
Custodial Services:					
Salaries	56,996	71,188	128,184	113,651	14,533
Salaries of Non-Instructional Aides	4,033	5,256	9,289	7,428	1,861
Purchased Professional - Technical Services	3,986	15,339	19,325	17,556	1,769
Cleaning, Repair and Maintenance Services	5,537	(4,343)	1,194	1,194	
Other Purchased Property Services	10,000	(4,281)	5,719	5,719	
Insurance	84,920	(22,410)	62,510	62,480	30
Miscellaneous Purchased Services	60,000	(17,045)	42,955	30,840	12,115
General Supplies	37,573	(5,567)	32,006	24,834	7,172
Energy (Gasoline)	4,500	(4,500)			
Energy (Electricity)	90,000	(22,593)	67,407	67,407	
Energy (Natural Gas)	60,000	(22,003)	37,997	33,112	4,885
Other Objects	1,000	38	1,038	879	159
Total Custodial Services	418,545	(10,921)	407,624	365,100	42,524
Required Maintenance of School Facilities:					
Salaries	180,751	(40,588)	140,163	116,667	23,496
Cleaning, Repair and Maintenance Services	127,371	84,515	211,886	185,170	26,716
General Supplies		10,461	10,461	10,461	
Total Required Maintenance of School Facilities	308,122	54,388	362,510	312,298	50,212

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 4,763		\$ 4,763		\$ 4,763
Salaries for Pupil Transportation Between Home and School - Special Education	7,336	\$ (7,200)	136		136
Contracted Services:					
Between Home and School - Vendors	2,000	335	2,335	\$ 2,335	
Other than Between Home and School - Vendors	22,655	(3,973)	18,682	9,544	9,138
Special Education Students - Vendors	8,500	11,933	20,433	16,965	3,468
Special Education Students - Joint Agreements	36,000	(21,933)	14,067	13,472	595
Special Education Students - ESCs and CTAs	35,000	13,638	48,638	48,638	
Aid in Lieu Payments - Non-Public School	9,200		9,200	5,304	3,896
Aid in Lieu Payments - School Choice	4,400		4,400	884	3,516
Miscellaneous Purchased Services	150		150		150
<b>Total Student Transportation Services</b>	<b>130,004</b>	<b>(7,200)</b>	<b>122,804</b>	<b>97,142</b>	<b>25,662</b>
Allocated Benefits:					
Regular Programs - Instruction:					
Workmen's Compensation	42,500	1,198	43,698	42,500	1,198
Health Benefits	399,046	(2,167)	396,879	333,903	62,976
Tuition Reimbursement	28,500	(5,608)	22,892	22,895	(3)
<b>Total Regular Programs - Instruction</b>	<b>470,046</b>	<b>(6,577)</b>	<b>463,469</b>	<b>399,298</b>	<b>64,171</b>
Special Programs - Instruction:					
Health Benefits	212,898	64,961	277,859	238,888	38,971
<b>Total Special Programs - Instruction</b>	<b>212,898</b>	<b>64,961</b>	<b>277,859</b>	<b>238,888</b>	<b>38,971</b>
Health Services:					
Workmen's Compensation	1,916	57	1,973	1,912	61
Health Benefits	52,371	2,168	54,539	54,539	
<b>Total Health Services</b>	<b>54,287</b>	<b>2,225</b>	<b>56,512</b>	<b>56,451</b>	<b>61</b>

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Allocated Benefits:					
Other Support Services - Students - Extraordinary Services:					
Workmen's Compensation	\$ 6,147	\$ 236	\$ 6,383	\$ 6,000	\$ 383
Health Benefits	192,052		192,052	143,669	48,383
Total Other Support Services - Students - Extraordinary Services:	198,199	236	198,435	149,669	48,766
Guidance Services:					
Workmen's Compensation	1,725	52	1,777	1,725	52
Health Benefits	27,175		27,175	27,175	
Total Guidance Services	28,900	52	28,952	28,900	52
Child Study Team:					
Workmen's Compensation	2,300	69	2,369	2,300	69
Health Benefits	34,154		34,154	28,316	5,838
Total Child Study Team	36,454	69	36,523	30,616	5,907
Educational Media Services/School Library:					
Workmen's Compensation	1,750		1,750	1,750	
Health Benefits	15,770		15,770	14,136	1,634
Total Educational Media Services/School Library	17,520		17,520	15,886	1,634
Support Services - General Administration:					
Workmen's Compensation	1,575	(1,174)	401		401
Health Benefits	18,800		18,800	17,807	993
Total General Administration	20,375	(1,174)	19,201	17,807	1,394
Support Services - School Administration:					
Workmen's Compensation	2,300		2,300	2,300	
Health Benefits	28,800	3,527	32,327	31,694	633
Total School Administration	31,100	3,527	34,627	33,994	633



HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Allocated Benefits:					
Support Services - Central Services:					
Workmen's Compensation	\$ 2,300		\$ 2,300	\$ 2,300	
Health Benefits	52,567	\$ (41,559)	11,008	8,941	\$ 2,067
Total Central Services	<u>54,867</u>	<u>(41,559)</u>	<u>13,308</u>	<u>11,241</u>	<u>2,067</u>
Operation and Maintenance of Plant Services:					
Workmen's Compensation	1,725	52	1,777	1,725	52
Health Benefits	64,629	2,500	67,129	60,284	6,845
Total Operation and Maintenance of Plant Services	<u>66,354</u>	<u>2,552</u>	<u>68,906</u>	<u>62,009</u>	<u>6,897</u>
Unallocated Benefits:					
Social Security Contributions	102,958	(1,101)	101,857	78,258	23,599
Other Retirement Contributions- PERS	78,755	546	79,301	79,301	
Other Retirement Contributions- Regular	16,571	(14,199)	2,372	921	1,451
Unemployment Contributions	38,000	(36,000)	2,000	1,989	11
Health Benefits	20,400		20,400	18,404	1,996
Other Employee Benefits	36,718	(2,666)	34,052	20,518	13,534
Total Unallocated Benefits	<u>293,402</u>	<u>(53,420)</u>	<u>239,982</u>	<u>199,391</u>	<u>40,591</u>
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				287,078	(287,078)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				341,829	(341,829)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				235,384	(235,384)
Total On-Behalf Contributions				<u>864,291</u>	<u>(864,291)</u>
Total Personal Services - Employee Benefits	<u>1,484,402</u>	<u>(29,108)</u>	<u>1,455,294</u>	<u>2,108,441</u>	<u>(653,147)</u>
Total Undistributed Expenditures	<u>4,204,839</u>	<u>66,580</u>	<u>4,271,419</u>	<u>4,556,646</u>	<u>(285,227)</u>
Total Current Expense	<u>7,682,424</u>		<u>7,682,424</u>	<u>7,746,629</u>	<u>(64,205)</u>

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Equipment:					
Non-Instructional Equipment	\$ 1,900	\$ 20,000	\$ 21,900	\$ 14,141	\$ 7,759
Total Equipment	1,900	20,000	21,900	14,141	7,759
Facilities Acquisition and Construction Services:					
Other Objects- Debt Service Assessment	8		8		8
Construction Services	52,383	(20,000)	32,383	21,978	10,405
Total Facilities Acquisition and Construction Services	52,391	(20,000)	32,391	21,978	10,413
Total Capital Outlay	54,291		54,291	36,119	18,172
Total Expenditures	7,736,715		7,736,715	7,782,748	(46,033)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(642,354)		(642,354)	280,221	922,575
Fund Balance, July 1	1,674,840		1,674,840	1,674,840	
Fund Balance, June 30	\$ 1,032,486	\$ -0-	\$ 1,032,486	\$ 1,955,061	\$ 922,575
Recapitulation:					
Restricted for:					
Maintenance Reserve Account				\$ 311,513	
Capital Reserve Account				690,598	
Assigned Fund Balance:					
For Subsequent Year's Expenditures				250,000	
Year End Encumbrances				399,349	
Unassigned				303,601	
				1,955,061	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on a GAAP Basis				(146,253)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,808,808	

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 4,000	\$ 4,000	\$ 2,115	\$ (1,885)
State Sources	\$ 6,600		6,600	3,935	(2,665)
Federal Sources	86,121	68,149	154,270	145,832	(8,438)
Total Revenue	92,721	72,149	164,870	151,882	(12,988)
Expenditures:					
Instruction:					
Salaries of Teachers	6,600	1,000	7,600	3,935	3,665
Tuition		1,400	1,400	732	668
Supplies and Materials		33,293	33,293	33,257	36
Total Instruction	6,600	35,693	42,293	37,924	4,369
Support Services:					
Salaries of Other Professional Staff	6,525	1,623	8,148	7,569	579
Purchased Professional/Educational Services	79,596	34,574	114,170	106,389	7,781
Supplies and Materials		259	259		259
Total Support Services	86,121	36,456	122,577	113,958	8,619
Total Expenditures	92,721	72,149	164,870	151,882	12,988
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

HIGH BRIDGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 8,062,969	\$ 151,882
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary basis recognizes Encumbrances and Revenue whereas the GAAP Basis does not.		714
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	144,393	660
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(146,253)</u>	<u>(660)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,061,109</u>	<u>\$ 152,596</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,782,748	\$ 151,882
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>714</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,782,748</u>	<u>\$ 152,596</u>

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest of (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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HIGH BRIDGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Title II A</u>	<u>No Child Left Behind Title I</u>	<u>Title III</u>	<u>Preschool Education Aid</u>	<u>Sustainable Energy Grant</u>
REVENUE:					
Local Sources					\$ 2,115
State Sources				\$ 3,935	
Federal Sources	\$ 10,500	\$ 30,905	\$ 237		
Total Revenue	<u>10,500</u>	<u>30,905</u>	<u>237</u>	<u>3,935</u>	<u>2,115</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers				3,935	
Tuition					
General Supplies		30,905	237		2,115
Total Instruction		<u>30,905</u>	<u>237</u>	<u>3,935</u>	<u>2,115</u>
Support Services:					
Salaries of Other Professional Staff	7,569				
Purchased Professional/Educational Services	2,931				
Total Support Services	<u>10,500</u>				
Total Expenditures	<u>\$ 10,500</u>	<u>\$ 30,905</u>	<u>\$ 237</u>	<u>\$ 3,935</u>	<u>\$ 2,115</u>



HIGH BRIDGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>IDEA Part B</u> <u>Preschool</u>	<u>IDEA</u> <u>Part B Basic</u>	<u>Totals</u> <u>June 30, 2016</u>
REVENUE:			
Local Sources			\$ 2,115
State Sources			3,935
Federal Sources	\$ 732	\$ 103,458	145,832
Total Revenue	<u>732</u>	<u>103,458</u>	<u>151,882</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			3,935
Tuition	732		732
General Supplies			33,257
Total Instruction	<u>732</u>		<u>37,924</u>
Support Services:			
Salaries of Other Professional Staff			7,569
Purchased Professional/Educational Services		103,458	106,389
Total Support Services		<u>103,458</u>	<u>113,958</u>
Total Expenditures	<u>\$ 732</u>	<u>\$ 103,458</u>	<u>\$ 151,882</u>

Exhibit E-2

HIGH BRIDGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 6,600	\$ 3,935	\$ 2,665
Total Instruction	<u>6,600</u>	<u>3,935</u>	<u>2,665</u>
Total Expenditures	<u>\$ 6,600</u>	<u>\$ 3,935</u>	<u>\$ 2,665</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2015-2016 Preschool Education Aid Allocation	\$ 6,600
Total Preschool Education Aid Funds Available for 2015-2016 Budget	6,600
Less: 2015-2016 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(6,600)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-0-
Add: June 30, 2016 Unexpended Preschool Education Aid	2,665
2015-2016 Carryover - Preschool Education Aid	<u>\$ 2,665</u>
2015-2016 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2016-2017	<u>\$ 2,665</u>

CAPITAL PROJECTS FUND

F-1

MENDHAM BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE- BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Fund Balance - Beginning of Year	<u>\$ 1,245</u>
Fund Balance - End of Year	<u><u>\$ 1,245</u></u>

HIGH BRIDGE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ROOF REPLACEMENT PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:			
Transfer from Capital Outlay	\$ 82,000	\$ 82,000	\$ 82,000
Total Revenue and Other Financing Sources	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>
Expenditures			
Purchased Professional and Technical Services	14,695	14,695	15,000
Construction Services	<u>66,060</u>	<u>66,060</u>	<u>67,000</u>
Total Expenditures	<u>80,755</u>	<u>80,755</u>	<u>82,000</u>
Excess/(deficit) of Revenue and Other Financing Sources Over/(Under)Expenditures	<u>\$ 1,245</u>	<u>\$ 1,245</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	Not Applicable
Original Authorized Cost	\$ 82,000
Percentage Completion	98.00%
Original Target Completion Date	6/30/2013
Revised Target Completion Date	9/30/2015

PROPRIETARY FUNDS

Exhibit G-1

HIGH BRIDGE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2016

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$	9,208
Intergovernmental Accounts Receivable:		
State		156
Federal		4,116
Interfund Receivable		14,867
Inventories		3,920

Total Current Assets		32,267
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## Non-Current Assets:

## Capital Assets:

Equipment		139,368
Accumulated Depreciation		(139,368)

Total Non-Current Assets		-0-
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Total Assets		32,267
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## LIABILITIES:

## Current Liabilities:

Unearned Revenue		1,648
Unearned Revenue - Prepaid Sales		676

Total Liabilities		2,324
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## NET POSITION:

Unrestricted		29,943
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Total Net Position		\$ 29,943
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

## Exhibit G-2

HIGH BRIDGE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>
Operating revenue	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 38,862
Daily Sales - Non-Reimbursable Sales	14,046
Total Operating Revenue	<u>52,908</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	20,600
Cost of Sales - Non-Reimbursable Programs	14,586
Salaries, Benefits & Payroll Taxes	30,955
Supplies, Insurance & Other Costs	4,000
Management Fee	7,064
Miscellaneous Expenses	2,809
Total Operating Expenses	<u>80,014</u>
Operating (Loss)	<u>(27,106)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	23
State Sources:	
State School Lunch Program	926
Federal Sources:	
National School Lunch Program	25,911
Food Distribution Program	6,204
Total Non-Operating Revenue	<u>33,064</u>
Change in Net Position	5,958
Net Position - Beginning of Year	<u>23,985</u>
Net Position - End of Year	<u><u>\$ 29,943</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



Exhibit G-3

HIGH BRIDGE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 52,908
Payments to Food Service Vendor	(76,462)
Net Cash Used for Operating Activities	<u>(23,554)</u>
Cash Flows From Investing Activities:	
State Sources	342
Federal Sources	2,892
Interest Income	28
Net Cash Provided by Investing Activities	<u>3,262</u>
Cash Flows Used for Capital Financing Activities:	
Acquisition of Capital Assets	
Net Cash Used for Capital Financing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	(20,292)
Cash and Cash Equivalents, July 1	<u>29,500</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 9,208</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (27,106)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Food Distribution Program	6,204
Changes in Assets and Liabilities:	
Decrease in Inventory	563
(Decrease) in Accounts Payable	(2,874)
(Decrease) in Unearned Revenue	(987)
Increase in Unearned Revenue - Prepaid Sales	646
Net Cash Used for Operating Activities	<u><u>\$ (23,554)</u></u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$5,217 and \$6,204, respectively, the fiscal year ended June 30, 2016.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

FIDUCIARY FUNDS

HIGH BRIDGE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Payroll</u>	<u>Agency Student Activities</u>	<u>Total Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 106,914	\$ 16,145	\$ 123,059	\$ 6,649	\$ 4,408
Total Assets	<u>106,914</u>	<u>16,145</u>	<u>123,059</u>	<u>6,649</u>	<u>4,408</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings	106,914		106,914		
Due to Student Groups		16,145	16,145		
Total Liabilities	<u>106,914</u>	<u>16,145</u>	<u>123,059</u>		
<u>NET POSITION:</u>					
Held in Trust for Flexible Spending Claims				6,649	
Restricted for Unemployment Claims					4,408
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,649</u>	<u>\$ 4,408</u>

Exhibit H-2

HIGH BRIDGE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGE IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Flexible Spending Trust	Unemployment Compensation Trust
	<hr/>	<hr/>
Additions:		
Contributions:		
Plan Contributions	\$ 33,741	
Employee Deductions		\$ 9,807
Total Contributions	<hr/> 33,741	<hr/> 9,807
Investment Earnings:		
Interest	<hr/> 2	<hr/> 8
Net Investment Earnings	<hr/> 2	<hr/> 8
Total Additions	<hr/> 33,743	<hr/> 9,815
Deductions:		
Flexible Spending Claims	27,094	
Unemployment Compensation Claims		20,022
Total Deductions	<hr/> 27,094	<hr/> 20,022
Change in Net Position	6,649	(10,207)
Net Position - Beginning of the Year		<hr/> 14,615
Net Position - End of the Year	<hr/> <u>\$ 6,649</u>	<hr/> <u>\$ 4,408</u>

Exhibit H-3

HIGH BRIDGE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 11,546	\$ 64,094	\$ 59,495	\$ 16,145
Total Assets	<u>\$ 11,546</u>	<u>\$ 64,094</u>	<u>\$ 59,495</u>	<u>\$ 16,145</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 11,546	\$ 64,094	\$ 59,495	\$ 16,145
Total Liabilities	<u>\$ 11,546</u>	<u>\$ 64,094</u>	<u>\$ 59,495</u>	<u>\$ 16,145</u>

Exhibit H-4

HIGH BRIDGE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Student Activity Fund	\$ 11,546	\$ 64,094	\$ 59,495	\$ 16,145
	<u>\$ 11,546</u>	<u>\$ 64,094</u>	<u>\$ 59,495</u>	<u>\$ 16,145</u>

Exhibit H-5

HIGH BRIDGE SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 53,359	\$ 4,804,736	\$ 4,751,181	\$ 106,914
Total Assets	<u>\$ 53,359</u>	<u>\$ 4,804,736</u>	<u>\$ 4,751,181</u>	<u>\$ 106,914</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 53,359	\$ 4,804,736	\$ 4,751,181	\$ 106,914
Total Liabilities	<u>\$ 53,359</u>	<u>\$ 4,804,736</u>	<u>\$ 4,751,181</u>	<u>\$ 106,914</u>

LONG-TERM DEBT



HIGH BRIDGE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2016		Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016
			Date	Amount				
1999 Series Refunding Bonds	05/01/1999	\$ 6,405,000	2/15/2017	\$ 315,000	4.650%	\$ 4,410,000	\$ 300,000	\$ 4,110,000
			2/15/2018	335,000	4.700%			
			2/15/2019	355,000	4.700%			
			2/15/2020	375,000	4.875%			
			2/15/2021	395,000	4.875%			
			2/15/2022	415,000	4.875%			
			2/15/2023	440,000	4.875%			
			2/15/2024	465,000	4.900%			
			2/15/2025	495,000	4.900%			
			2/15/2026	520,000	4.900%			
						<u>\$ 4,410,000</u>	<u>\$ 300,000</u>	<u>\$ 4,110,000</u>

HIGH BRIDGE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 440,891	\$ 440,891	\$ 440,891	
State Sources:				
Debt Service Aid Type II	<u>75,987</u>	<u>75,987</u>	<u>75,987</u>	
Total Revenue	<u>516,878</u>	<u>516,878</u>	<u>516,878</u>	
EXPENDITURES:				
Regular Debt Service:				
Interest	216,878	216,878	216,878	
Redemption of Principal	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	
Total Regular Debt Service	<u>516,878</u>	<u>516,878</u>	<u>516,878</u>	
Total Expenditures	<u>516,878</u>	<u>516,878</u>	<u>516,878</u>	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
Fund Balance, July 1	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	\$ -0-
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

**Contents**

	<b><u>Exhibit</u></b>
<p><b>Financial Trends</b></p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p><b>Revenue Capacity</b></p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p><b>Debt Capacity</b></p> <p>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.</p>	J-10 thru J-13
<p><b>Demographic and Economic Information</b></p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p><b>Operating Information</b></p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

HIGH BRIDGE SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital Assets	\$ 6,684,755	\$ 6,666,492	\$ 6,687,114	\$ 6,757,656	\$ 6,804,279	\$ 6,716,877	\$ 6,716,877	\$ 7,150,892	\$ 6,896,677	\$ 6,910,733
Restricted	4,920	4,920	3,630	117,592	263,935	701,557	852,280	1,027,239	1,107,509	1,002,111
Unrestricted (Deficit)	57,549	282,244	307,922	296,335	472,727	(501,691)	(435,228)	(737,264)	(1,826,430)	(1,054,963)
Total Governmental Activities Net Position	<u>\$ 6,747,224</u>	<u>\$ 6,953,656</u>	<u>\$ 6,998,666</u>	<u>\$ 7,171,583</u>	<u>\$ 7,540,941</u>	<u>\$ 6,916,743</u>	<u>\$ 7,133,929</u>	<u>\$ 7,440,867</u>	<u>\$ 6,177,756</u>	<u>\$ 6,857,881</u>
Business-Type Activities:										
Investment in Capital Assets	\$ 13,887									
Unrestricted/(Deficit)	12,203	\$ 7,830	\$ 7,182	\$ 9,474	\$ 11,343	\$ 12,489	\$ 12,012	\$ 19,519	\$ 23,985	\$ 29,943
Total Business-Type Activities Net Position	<u>\$ 26,090</u>	<u>\$ 7,830</u>	<u>\$ 7,182</u>	<u>\$ 9,474</u>	<u>\$ 11,343</u>	<u>\$ 12,489</u>	<u>\$ 12,012</u>	<u>\$ 19,519</u>	<u>\$ 23,985</u>	<u>\$ 29,943</u>
District-Wide:										
Net Investment in Capital Assets	\$ 6,698,642	\$ 6,666,492	\$ 6,687,114	\$ 6,757,656	\$ 6,804,279	\$ 6,716,877	\$ 6,716,877	\$ 7,150,892	\$ 6,896,677	\$ 6,910,733
Restricted	4,920	4,920	3,630	117,592	263,935	701,557	852,280	1,027,239	1,107,509	1,002,111
Unrestricted (Deficit)	69,752	290,074	315,104	305,809	484,070	(489,202)	(423,216)	(717,745)	(1,802,445)	(1,025,020)
Total District Net Position	<u>\$ 6,773,314</u>	<u>\$ 6,961,486</u>	<u>\$ 7,005,848</u>	<u>\$ 7,181,057</u>	<u>\$ 7,552,284</u>	<u>\$ 6,929,232</u>	<u>\$ 7,145,941</u>	<u>\$ 7,460,386</u>	<u>\$ 6,201,741</u>	<u>\$ 6,887,824</u>

Source: School District Financial Reports

HIGH BRIDGE SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 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	\$ 3,634,495
Special Education	972,540	703,337	715,699	759,047	863,925	1,141,845	1,138,708	1,011,013	1,121,448	1,840,147
Other Special Instruction	291,732	324,770	323,061	264,619	275,505	294,072	286,591	202,430	206,774	244,301
School-Sponsored/Other Instruction	38,324	39,902	38,845	42,935	47,383	47,808	51,967	46,725	51,714	
Support Services:										
Tuition			86,190	12,204	3,060	76,900	79,600	62,163	110,371	14,833
Student & Instruction Related Services	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	1,486,272
General Administrative Services	478,670	473,288	481,427	452,161	433,154	458,793	456,093	374,440	481,293	332,965
School Administrative Services	220,893	231,517	199,551	197,712	232,046	263,053	318,968	257,812	290,230	171,763
Plant Operations and Maintenance	734,743	715,273	789,653	675,263	704,512	675,216	696,800	638,963	783,523	782,789
Pupil Transportation	44,080	51,163	53,349	50,055	37,784	72,022	78,740	100,735	107,887	97,142
Central Services										173,029
Capital Outlay										36,119
Interest on Long- Term Debt	333,931	322,481	310,346	297,342	283,265	280,618	251,583	236,416	224,232	211,703
Unallocated depreciation	32,798	33,320	30,960	30,960	30,960	27,779	29,699	28,253	28,594	
<b>Total Governmental Activities Expenses</b>	<b>7,464,960</b>	<b>7,575,713</b>	<b>7,630,074</b>	<b>7,662,873</b>	<b>7,588,345</b>	<b>8,346,588</b>	<b>7,990,142</b>	<b>7,783,750</b>	<b>9,073,311</b>	<b>9,025,558</b>
Business-Type Activities:										
Food Service	128,592	126,344	105,765	103,428	86,913	90,284	85,920	96,055	87,505	80,014
Preschool Program									21,000	
<b>Total Business-type Activities Expense</b>	<b>128,592</b>	<b>126,344</b>	<b>105,765</b>	<b>103,428</b>	<b>86,913</b>	<b>90,284</b>	<b>85,920</b>	<b>96,055</b>	<b>108,505</b>	<b>80,014</b>
<b>Total District Expenses</b>	<b>\$ 7,593,552</b>	<b>\$ 7,702,057</b>	<b>\$ 7,735,839</b>	<b>\$ 7,766,301</b>	<b>\$ 7,675,258</b>	<b>\$ 8,436,872</b>	<b>\$ 8,076,062</b>	<b>\$ 7,879,805</b>	<b>\$ 9,181,816</b>	<b>\$ 9,105,572</b>

HIGH BRIDGE SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction - Regular	\$ 117,964	\$ 103,854	\$ 118,857	\$ 94,129	\$ 143,788	\$ 139,017	\$ 142,770	\$ 111,371	\$ 125,491	\$ 150,729
Business and other support services										
Operating Grants and Contributions	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	3,661,977
Total Governmental Activities Program Revenues	2,723,740	2,794,749	2,463,961	2,592,065	2,548,085	2,618,022	2,706,348	2,581,617	3,487,719	3,812,706
Business-Type Activities:										
Charges for Services:										
Food Service	87,616	79,644	73,537	66,259	58,112	63,391	52,426	64,688	55,917	38,862
Preschool Program									26,250	
Operating Grants and Contributions	24,446	23,932	25,506	31,111	24,336	27,031	27,616	36,602	34,679	33,041
Total Business-type Activities Program Revenues	112,062	103,576	99,043	97,370	82,448	90,422	80,042	101,290	116,846	71,903
Total District Program Revenues	\$ 2,835,802	\$ 2,898,325	\$ 2,563,004	\$ 2,689,435	\$ 2,630,533	\$ 2,708,444	\$ 2,786,390	\$ 2,682,907	\$ 3,604,565	\$ 3,884,609
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (5,212,852)
Business-type Activities	(16,530)	(22,768)	(6,722)	(6,058)	(4,465)	138	(5,878)	5,235	8,341	(8,111)
Total District-wide Net Expense	\$ (4,757,750)	\$ (4,803,732)	\$ (5,172,835)	\$ (5,076,866)	\$ (5,044,725)	\$ (5,728,428)	\$ (5,289,672)	\$ (5,196,898)	\$ (5,577,251)	\$ (5,220,963)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 5,388,481
Taxes Levied for Debt Service	492,701	493,937	495,135	502,755	523,926	532,656	540,344	412,224	454,250	440,891
Federal and State Aid not Restricted						(150,255)	11,823			
Investment Earnings	25,598	9,413	3,877	4,087	4,187	3,305	1,351	1,548	2,047	2,351
Miscellaneous Income	150	150	75,859	8,691	59,348	81,216	96,241	39,525	14,665	135,673
Total Governmental Activities	\$ 4,830,287	\$ 4,987,396	\$ 5,211,123	\$ 5,243,725	\$ 5,409,618	\$ 5,277,993	\$ 5,500,980	\$ 5,509,071	\$ 5,752,851	\$ 5,967,396



HIGH BRIDGE SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Investment Earnings										\$ 23
Miscellaneous Income	\$ 3,039	\$ 4,508	\$ 6,074	\$ 8,350	\$ 6,334	\$ 1,008	\$ 5,401	\$ 2,272	\$ 1,375	14,046
Total Business-Type Activities	3,039	4,508	6,074	8,350	6,334	1,008	5,401	2,272	1,375	14,069
Total District-Wide General Revenue	4,833,326	4,991,904	5,217,197	5,252,075	5,415,952	5,279,001	5,506,381	5,511,343	5,754,226	5,981,465
Change in Net Position:										
Governmental Activities	89,067	206,432	45,010	172,917	369,358	(450,573)	217,186	306,938	167,259	754,544
Business-type Activities	(13,491)	(18,260)	(648)	2,292	1,869	1,146	(477)	7,507	9,716	5,958
Total District	\$ 75,576	\$ 188,172	\$ 44,362	\$ 175,209	\$ 371,227	\$ (449,427)	\$ 216,709	\$ 314,445	\$ 176,975	\$ 760,502

Source: School District Financial Reports

HIGH BRIDGE SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved/ Restricted	\$ 117,887	\$ 178,247	\$ 109,694	\$ 147,872	\$ 389,179	\$ 707,058	\$ 852,399	\$ 1,113,880	\$ 1,446,063	\$ 1,002,111
Assigned										649,349
Unassigned	(28,477)	84,729	169,874	266,700	317,418	199,214	129,959	135,390	84,384	157,348
Total General Fund	<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>	<u>\$ 1,808,808</u>
All Other Governmental Funds:										
Unassigned/(Deficit), Reported in:										
Special Revenue Fund			\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)
Capital Projects Fund	\$ 202,996	\$ 202,996	202,996	202,996	202,996		1,245	1,245	1,245	1,245
Debt Service Fund	1,500	1,500						(15,342)		
Total All Other Governmental Funds	<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>	<u>\$ 585</u>
Governmental Funds:										
Reserved/ Restricted	\$ 117,887	\$ 178,247	\$ 109,694	\$ 147,872	\$ 389,179	\$ 707,058	\$ 852,399	\$ 1,113,880	\$ 1,446,063	\$ 1,002,111
Assigned										649,349
Committed										
Unassigned	204,496	204,496	202,336	202,336	519,754	198,554	130,544	(14,757)	84,969	157,933
Total Governmental Funds	<u>\$ 322,383</u>	<u>\$ 382,743</u>	<u>\$ 312,030</u>	<u>\$ 350,208</u>	<u>\$ 908,933</u>	<u>\$ 905,612</u>	<u>\$ 982,943</u>	<u>\$ 1,099,123</u>	<u>\$ 1,531,032</u>	<u>\$ 1,809,393</u>

Source: School District Financial Reports

HIGH BRIDGE SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 5,829,372
Tuition Charges	117,964	103,854	118,857	94,129	143,788	139,017	142,770	111,371	125,491	150,729
Interest Earnings										2,351
Miscellaneous	25,748	9,563	79,736	12,778	63,535	84,521	97,592	41,073	16,712	135,673
State Sources	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	2,465,912
Federal Sources	122,828	131,953	122,229	291,869	277,379	188,643	126,312	127,810	121,133	146,546
<b>Total Revenue</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>8,730,583</b>
<b>Expenditures:</b>										
<b>Instruction</b>										
Regular Instruction	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	2,216,279
Special Education Instruction	860,055	624,808	666,524	700,605	786,763	1,034,608	998,682	883,640	886,081	938,450
Other Special Instruction	257,990	288,509	300,864	244,245	250,898	266,454	251,349	176,927	163,377	187,850
School-Sponsored/Other Instruction	33,891	35,447	36,176	39,629	43,151	43,318	45,577	40,838	40,860	
<b>Support Services:</b>										
Tuition			86,190	12,204	3,060	76,900	79,600	62,163	110,371	14,833
Student & Instruction Related Services	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	1,109,566
General Administrative Services	423,306	420,444	448,349	417,347	394,467	408,406	390,770	327,266	380,280	278,400
School Administrative Services	195,344	205,668	185,840	182,489	211,321	238,348	279,745	225,331	229,317	116,444
Plant Operations and Maintenance	649,762	631,806	710,397	623,272	641,588	611,803	611,115	558,463	619,079	677,398
Pupil Transportation	44,080	51,163	53,349	50,055	37,784	72,022	78,740	100,735	107,887	97,142
Central Services										154,422
Allocated and Unallocated Benefits	806,938	800,406	491,217	559,925	646,044	740,927	928,482	926,773	926,628	2,108,441
Charter Schools	8,954									
Capital Outlay	133,932	81,017	70,219	37,379	56,405	46,481	105,252	8	44,716	36,119
<b>Debt Service:</b>										
Principal	255,000	270,000	285,000	305,000	325,000	350,000	375,000	260,000	285,000	300,000
Interest and Other Charges	338,133	326,928	315,070	302,473	288,790	274,028	258,043	240,795	229,095	216,878
<b>Total Expenditures</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>8,452,222</b>
<b>Excess/(Deficiency) of Revenues</b>										
Over/(Under) Expenditures	33,721	173,566	14,432	135,004	292,025	(3,321)	77,331	251,570	296,519	278,361
<b>Net Change in Fund Balances</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>\$ 278,361</b>
<b>Debt Service as a Percentage</b>										
of Noncapital Expenditures	8.0%	7.9%	7.9%	7.9%	8.1%	7.9%	7.9%	6.4%	6.4%	6.1%

Source: School District Financial Reports

Exhibit J-5

HIGH BRIDGE SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund Prior</u> <u>Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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	139,017	17,787	223,538
2013	1,351	11,505	142,770	84,736	240,362
2014	1,548	19,683	142,770	19,842	183,843
2015	2,047		125,491	14,665	142,203
2016	2,351		150,729	57,571	210,651

Source: High Bridge School District records

HIGH BRIDGE SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2006	\$ 4,372,900	\$ 348,097,300	\$ 1,084,200	\$ 19,100	\$ 10,813,500	\$ 10,554,700	\$ 3,870,900	\$ 378,812,600	\$ 28,233,900	\$ 1,317,005	\$ 378,812,600	\$ 1.27	\$ 399,979,755
2007	4,188,800	350,188,600	1,084,200	14,200	10,530,400	10,728,706	3,782,200	380,517,106	28,891,200	1,045,806	380,517,106	1.31	447,196,154
2008	7,594,000	355,408,106	1,084,200	14,200	11,947,400	8,024,000	509,600	384,581,506	28,891,200	1,045,806	384,581,506	1.33	446,007,901
2009	2,203,100	354,311,900	1,084,200	14,200	11,947,400	8,024,000	509,600	378,094,400	34,077,900	904,211	378,998,611	1.38	429,523,246
2010	2,183,000	354,003,700	1,084,200	14,200	11,947,800	7,338,600	509,600	377,081,100	34,077,900	934,634	378,015,734	1.42	425,978,607
2011	2,000,900	353,222,800	1,084,200	14,200	11,947,800	7,338,600	509,600	376,118,100	33,990,900	925,117	377,043,217	1.42	410,415,386
2012	1,961,400	348,613,800	1,478,600	9,254	11,964,200	7,338,600	509,600	371,875,454	34,119,500	921,445	372,796,899	1.45	387,670,007
2013	1,478,400	339,991,100	1,478,600	9,254	11,767,400	7,906,400	509,600	363,140,754	30,292,700	951,120	364,091,874	1.51	359,381,771
2014	1,635,700	337,046,400	1,478,600	9,254	11,767,400	7,221,000	509,600	359,667,954	30,292,700		359,667,954	1.60	349,430,504
2015	1,392,500	305,140,100	1,353,700	9,254	12,732,800	8,751,500	1,087,000	330,466,854	25,575,667		330,466,854	1.76	360,146,317

Source: 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 SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
(RATE PER \$100 OF ASSESSED VALUE)  
UNAUDITED

Year Ended December 31,	High Bridge Borough School District Direct Rate			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	\$ 1.14	\$ 0.13	\$ 1.27	\$ 0.56	\$ 0.39	\$ 0.03	\$ 0.35	\$ 2.59
2007	1.18	0.13	1.31	0.54	0.75	0.03	0.36	2.99
2008	1.20	0.13	1.33	0.52	0.79	0.03	0.36	3.03
2009	1.25	0.13	1.38	0.51	0.78	0.03	0.36	3.06
2010	1.28	0.14	1.42	0.57	0.78	0.03	0.36	3.16
2011	1.28	0.14	1.42	0.58	0.79	0.03	0.35	3.16
2012	1.30	0.15	1.45	0.54	0.82	0.03	0.34	3.17
2013	1.36	0.15	1.51	0.62	0.84	0.03	0.33	3.33
2014	1.47	0.13	1.60	0.60	0.88	0.03	0.33	3.43
2015	1.63	0.13	1.76	0.58	0.93	0.03	0.40	3.71

Source: Municipal Tax Collector and School Business Administrator

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 calculation.

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 SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2015	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value

N/A - INFORMATION NOT AVAILABLE

	2006	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value

N/A - INFORMATION NOT AVAILABLE

Exhibit J-9

HIGH BRIDGE SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 4,804,539	\$ 4,804,539	100.00%	-0-
2008	4,977,833	4,977,833	100.00%	-0-
2009	5,131,387	5,131,387	100.00%	-0-
2010	5,230,947	5,230,947	100.00%	-0-
2011	5,346,083	5,346,083	100.00%	-0-
2012	5,343,727	5,343,727	100.00%	-0-
2013	5,391,565	5,391,565	100.00%	-0-
2014	5,467,998	5,467,998	100.00%	-0-
2015	5,736,139	5,736,139	100.00%	-0-
2016	5,829,372	5,829,372	100.00%	-0-

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

- a. 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 the amount voted upon or certified prior to the end of the school year.



Exhibit J-10

HIGH BRIDGE SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases			
2007	\$ 6,865,000	\$ 113,282	\$ 6,978,282	2.75%	\$ 1,875
2008	6,595,000	88,108	6,683,108	2.62%	1,800
2009	6,310,000	62,934	6,372,934	2.62%	1,722
2010	6,005,000	37,760	6,042,760	2.49%	1,635
2011	5,680,000	12,586	5,692,586	2.24%	1,561
2012	5,330,000		5,330,000	1.97%	1,468
2013	4,955,000		4,955,000	1.82%	1,373
2014	4,695,000		4,695,000	1.73%	1,305
2015	4,410,000		4,410,000	1.63%	1,229
2016	4,110,000		4,110,000	1.52%	1,145

Source: School District Financial Reports

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

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-11

HIGH BRIDGE SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Net Valuation</u> <u>Taxable <sup>a</sup> of</u> <u>Property</u>	<u>Per Capita <sup>b</sup></u>
2007	\$ 6,865,000	-0-	\$ 6,865,000	1.812%	\$ 1,845
2008	6,595,000	-0-	6,595,000	1.741%	1,777
2009	6,310,000	-0-	6,310,000	1.658%	1,705
2010	6,005,000	-0-	6,005,000	1.561%	1,624
2011	5,680,000	-0-	5,680,000	1.499%	1,557
2012	5,330,000	-0-	5,330,000	1.410%	1,468
2013	4,955,000	-0-	4,955,000	1.314%	1,373
2014	4,695,000	-0-	4,695,000	1.259%	1,305
2015	4,410,000	-0-	4,410,000	1.211%	1,229
2016	4,110,000	-0-	4,110,000	1.143%	1,145

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Exhibit J-12

HIGH BRIDGE SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
High Bridge Borough	\$ 12,237,577	100.00%	\$ 12,237,577
North Hunterdon-Voorhees Regional High School District Debt	1,475,000	4.42%	65,143
Hunterdon County General Obligation Debt	62,494,492	1.68%	<u>1,049,907</u>
Subtotal, Overlapping Debt			13,352,628
High Bridge School District Direct Debt			<u>4,110,000</u>
Total Direct and Overlapping Debt			<u>\$ 17,462,628</u>

Source: Assessed value data used to estimate applicable percentages provided by the Hunterdon County Board of Taxation; debt outstanding data provided by each governmental unit.

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 High Bridge. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

HIGH BRIDGE SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis
	2015      \$    358,735,187
	2014      \$    356,742,664
	2013      \$    350,285,284
	\$    1,065,763,135
Average Equalized Valuation of Taxable Property	\$    355,254,378
Debt Limit (a) (3% of Average Equalization Value)	\$    10,657,631
Net Bonded School Debt	4,110,000
Legal Debt Margin	\$    6,547,631

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 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	\$ 10,657,631
Total Net Debt Applicable to Limit	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	4,110,000
Legal Debt Margin	\$ 4,384,693	\$ 5,702,014	\$ 6,523,652	\$ 6,912,489	\$ 6,968,955	\$ 6,508,203	\$ 6,644,807	\$ 6,332,429	\$ 6,302,546	\$ 6,547,631
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	61.02%	53.63%	49.17%	46.49%	44.90%	46.60%	42.72%	42.58%	41.17%	38.56%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

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

Exhibit J-14

HIGH BRIDGE SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Hunterdon County Per Capita Personal Income <sup>b</sup></u>	<u>Total County Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2007	3,721	\$ 68,291	\$ 254,110,811	3.10%
2008	3,712	68,747	255,188,864	4.00%
2009	3,700	65,699	243,086,300	7.20%
2010	3,697	65,691	242,859,627	7.40%
2011	3,647	69,717	254,257,899	7.30%
2012	3,631	74,534	270,632,954	7.50%
2013	3,608	75,523	272,486,984	8.40%
2014	3,599	75,523	271,807,277	5.50%
2015	3,588	75,523 *	270,976,524 ***	N/A
2016	3,588 **	75,523 *	270,976,524 ***	N/A

\* - Latest Hunterdon County per capita personal income available (2014) was used for calculation purposes.

\*\* - Latest population data available (2015) was used for calculation purposes.

\*\*\* - Latest County Personal Income data available (2014) was used for calculation purposes.

N/A - Information unavailable.

Source:

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

<sup>b</sup> Per Capita Personal Income provided by the NJ Dept of Labor and Workforce Development

<sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

HIGH BRIDGE SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - BOROUGH OF HIGH BRIDGE  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2015			2006		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
N/A - INFORMATION NOT AVAILABLE					

Source: Hunterdon County Economic Development Corporation

HIGH BRIDGE SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</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>2016</u>
Instruction										
Regular	39.90	43.74	43.88	40.48	34.19	34.78	31.60	31.80	31.80	31.80
Special Education	33.40	30.93	30.78	28.70	30.96	33.53	33.00	34.70	34.70	34.70
Support Services:										
School Administrative Services	2.85	2.85	2.85	3.10	3.10	3.10	3.10	3.10	3.10	3.10
General and Business Administrative Services	4.05	3.95	3.45	4.98	4.50	4.70	4.70	4.70	4.70	4.70
Plant Operations and Maintenance	5.74	5.50	5.68	4.90		5.30	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>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>	<u>79.70</u>

Source: District Personnel Records

HIGH BRIDGE SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil<sup>d</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	436	\$ 6,784,287	\$ 15,560	9.92%	57.0	1:7.6	420	411	-5.30%	97.86%
2008	402	6,930,634	17,240	10.80%	51.0	1:7.9	394	381	-6.14%	96.65%
2009	409	6,990,363	17,091	-0.86%	50.0	1:8.2	402	387	1.95%	96.29%
2010	406	7,055,934	17,379	1.68%	49.0	1:8.4	399	382	-0.70%	95.72%
2011	392	6,995,483	17,846	2.68%	49.0	1:8.0	390	372	-2.18%	95.29%
2012	394	7,228,827	18,347	2.81%	51.0	1:7.7	389	375	-0.41%	96.45%
2013	367	7,391,702	20,141	9.78%	47.0	1:7.8	348	337	-10.49%	96.84%
2014	375	7,391,702	19,711	-2.13%	45.0	1:8.3	368	353	5.75%	95.92%
2015	380	7,553,159	19,877	0.84%	45.0	1:8.4	377	360	2.42%	95.52%
2016	380	7,899,225	20,787	4.58%	45.0	1:8.4	378	361	0.29%	95.50%

Sources: High Bridge School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.



HIGH BRIDGE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	<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>2016</u>
<u>District Building</u>										
Elementary										
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	277	260	269	259	226	253	258	270	265	263
Mountain View School										
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	134	142	140	147	145	136	109	107	115	115

Number of Schools at June 30, 2016:

Elementary = 1

Middle School = 1

Source: High Bridge School District Facilities Office

Note: Enrollment is based on the annual October district count.

Exhibit J-19

HIGH BRIDGE SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>High Bridge Elementary</u> <u>School</u>	<u>High Bridge Middle</u> <u>School</u>	<u>Total</u>
2007	\$ 32,474	\$ 36,620	\$ 69,094
2008	35,688	40,244	75,932
2009	44,040	49,662	93,702
2010	44,040	49,662	93,702
2011	77,892	87,836	165,728
2012	100,956	113,845	214,801
2013	149,600	168,698	318,298
2014	60,045	67,710	127,755
2015	57,806	65,185	122,991
2016	143,593	168,705	312,298

Source: High Bridge School District records

HIGH BRIDGE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016  
UNAUDITED

	Coverage	Deductible
School Alliance Insurance Fund (SAIF):		
School Package Policy:		
Building & Personal Property	\$ 250,000,000	Fund Aggregate \$ 2,500
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits:		
Per Occurance	5,000,000	
General Aggregate	100,000,000	Fund Aggregate
Product/Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses (excluding students taking part in athletics)	10,000	
Automobile Coverage		
Combined Single Limit		
Hired/Non-Owned		
Environmental Impairment Liability	1,000,000	10,000
	25,000,000	Fund Aggregate
Crime Coverage	50,000	Inside/Outside
Blanket Dishonesty Bond	500,000	
Boiler and Machinery	100,000,000	2,500
Excess Liability	5,000,000	
Cyber Liability Coverage	2,000,000	10,000
School Board Legal Liability	5,000,000	5,000
Comprehensive Crime Coverage:		
Employee Dishonesty and Faithful Performance	100,000	per loss 1,000
Workers' Compensation:	Statutory	
Employer's Liability	1,000,000	
Supplemental Indemnity	Statutory	
Public Officials' Bonds - Selective Insurance Company of America:		
School Business Administrator/Board Secretary	270,000	
Treasurer of School Monies	300,000	

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the High Bridge School District, in the County of Hunterdon (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2016.

**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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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.

The Honorable President and Members  
of the Board of Education  
High Bridge School District  
Page 2

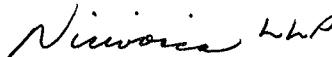
**Compliance and Other Matters**

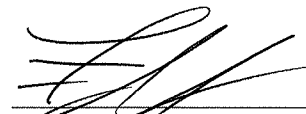
As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

**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 result of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 14, 2016  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
\_\_\_\_\_  
Francis J. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major State Program:  
Report on Internal Control Over Compliance

Independent Auditors' Report

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

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

We have audited the High Bridge School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2016. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 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 federal or 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.

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 Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

The Honorable President and Members  
of the Board of Education  
High Bridge School District  
Page 2

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 the Uniform Guidance and NJOMB 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 District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 14, 2016  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP




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Francis J. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant



HIGH BRIDGE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title:	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015			Budgetary Expenditures	Adjustment	Balance at June 30, 2016			Amount Provided to Subrecipients
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Unearned Revenue	(Accounts Receivable)	Due to Grantor	
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 4,642	\$ 2,635		\$ (2,635)						
Federal School Lunch Program	10.555	N/A	7/1/14-6/30/15	29,952	(1,619)	\$ 1,619							
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	6,204		5,217	(3,569)			\$ 1,648			
Federal School Lunch Program	10.555	N/A	7/1/15-6/30/16	25,911		21,795	(25,911)				\$ (4,116)		
Total U.S. Department of Agriculture Child Nutrition Cluster					1,016	28,631	(32,115)			1,648	(4,116)		
Total Enterprise Funds					1,016	28,631	(32,115)			1,648	(4,116)		
U.S. Department of Education													
Passed-through State Department of Education:													
NCLB Consolidated:													
Title II - Part A	84.278A	NCLB-2140-15	7/1/14-6/30/15	10,444	(1,475)	1,475							
Title II - Part A	84.278A	NCLB-2140-16	7/1/15-6/30/16	10,973		7,693	(10,500)				(2,807)		
Title I	84.010A	NCLB-2140-15	7/1/14-6/30/15	16,104	(3,406)	3,378		\$ 28					
Title I	84.010A	NCLB-2140-16	7/1/15-6/30/16	30,945		21,876	(30,905)				(9,029)		
Title III	84.031A	NCLB-2140-15	7/1/14-6/30/15	237		237	(237)						
Total NCLB Consolidated					(4,881)	34,659	(41,642)	28			(11,836)		
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027	IDEA-2140-15	7/1/14-6/30/15	92,823	(7,172)	2,797		4,375					
I.D.E.A. Part B, Basic	84.027	IDEA-2140-16	7/1/15-6/30/16	103,458		98,903	(103,458)				(4,555)		
I.D.E.A. Part B, Preschool	84.173	IDEA-2140-15	7/1/14-6/30/15	3,744	(3,354)	2,701		653					
I.D.E.A. Part B, Preschool	84.173	IDEA-2140-16	7/1/15-6/30/16	4,019		4,019	(732)			3,287			
Total Special Education Cluster					(10,526)	108,420	(104,190)	5,028		3,287	(4,555)		
Total U.S. Department of Education					(15,407)	143,079	(145,832)	5,056		3,287	(16,391)		
Total Special Revenue Fund					(15,407)	143,079	(145,832)	5,056		3,287	(16,391)		
Total Federal Financial Awards					\$ (14,391)	\$ -0-	\$ 171,710	\$ (177,947)	\$ 5,056	\$ 4,935	\$ (20,507)	\$ -0-	\$ -0-

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**HIGH BRIDGE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015			Balance June 30, 2016			Memo		
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	GAAP Unearned Revenue (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Unearned Revenue (Accounts Receivable)	Cumulative Total Expenditures
General Fund:												
State Department of Education:												
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 1,041,918	\$ (103,375)		\$ 103,375					\$ 1,041,918	
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	10,116	(1,004)		1,004					10,116	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	14,219	(1,411)		1,411					14,219	
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	207,062	(20,544)		20,544					207,062	
Security Aid	15-100-034-5120-084	7/1/14-6/30/15	29,645	(2,941)		2,941					29,645	
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	145,709	(14,458)		14,458					145,709	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	3,330	(330)		330					3,330	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	3,330	(330)		330					3,330	
Nonpublic Transportation Aid	15-495-034-5120-068	7/1/14-6/30/15	1,566	(1,566)		1,566					1,566	
Extraordinary Aid	15-495-034-5120-057	7/1/14-6/30/15	129,540	(129,540)		129,540					129,540	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/15-6/30/16	256,358	(1,289)		1,289					256,358	
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	1,041,918			937,744	\$ (1,041,918)			\$ (104,174)	1,041,918	
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	20,232			18,222	(20,232)			(2,010)	20,232	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	14,219			12,806	(14,219)			(1,413)	14,219	
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	207,062			186,490	(207,062)			(20,572)	207,062	
Security Aid	16-100-034-5120-084	7/1/15-6/30/16	29,645			26,700	(29,645)			(2,945)	29,645	
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	122,223			110,080	(122,223)			(12,143)	122,223	
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	23,486			21,152	(23,486)			(2,334)	23,486	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	3,330			2,999	(3,330)			(331)	3,330	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	3,330			2,999	(3,330)			(331)	3,330	
Nonpublic Transportation Aid	16-495-034-5120-068	7/1/15-6/30/16	2,407				(2,407)	\$ (2,407)		(2,407)	2,407	
Extraordinary Aid	16-495-034-5120-057	7/1/15-6/30/16	131,694				(131,694)	(131,694)		(131,694)	131,694	
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15-6/30/16	235,384			223,373	(235,384)	(12,011)		(12,011)	235,384	
<b>Total General Fund</b>				<b>(276,788)</b>		<b>1,819,353</b>	<b>(1,834,930)</b>	<b>(146,112)</b>			<b>(292,365)</b>	<b>3,677,723</b>
Special Revenue Fund:												
State Department of Education:												
Preschool Education Aid	15-495-034-5120-086	7/1/14-6/30/15	6,600	(660)		660					6,600	
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	6,600			5,940	(3,935)	2,665			660	
<b>Total Special Revenue Fund</b>				<b>(660)</b>		<b>6,600</b>	<b>(3,935)</b>	<b>2,665</b>			<b>660</b>	<b>10,595</b>
Debt Service Fund:												
Debt Service Type II Aid	16-100-034-5120-124	7/1/15-6/30/16	75,987			75,987	(75,987)					
<b>Total Debt Service Fund</b>						<b>75,987</b>	<b>(75,987)</b>					
Enterprise Fund:												
State Department of Agriculture:												
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,026	(58)		58						
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	926			770	(926)	(156)			(156)	
<b>Total Enterprise Fund</b>						<b>828</b>	<b>(926)</b>	<b>(156)</b>			<b>(156)</b>	<b>926</b>
<b>Total State Financial Awards</b>				<b>\$ (277,448)</b>	<b>\$ -0-</b>	<b>\$ 1,902,768</b>	<b>\$ (1,915,778)</b>	<b>\$ (143,603)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ (291,861)</b>	<b>\$ 3,689,244</b>

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, High Bridge School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,860) for the general fund and \$714 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions revenue of \$287,078 and \$341,829, respectively.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS (Cont'd)

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,461,977	\$ 2,461,977
Special Revenue Fund	\$ 3,935	146,546	150,481
Debt Service Fund		75,987	75,987
Enterprise Fund	32,115	926	33,041
Total	<u>\$ 36,050</u>	<u>\$ 2,685,436</u>	<u>\$ 2,721,486</u>

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

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

HIGH BRIDGE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's state programs tested as major programs for the current fiscal year were the following:

<u>State Programs:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	\$ 1,041,918	\$1,041,918
School Choice Aid	16-495-034-5120-068	7/1/15 - 6/30/16	20,232	20,232
Special Education Aid	16-495-034-5120-089	7/1/15 - 6/30/16	207,062	207,062
Security Aid	16-495-034-5094-084	7/1/15 - 6/30/16	29,645	29,645
Adjustment Aid	16-495-034-5120-085	7/1/15 - 6/30/16	122,223	122,223
Additional Adjustment Aid	16-495-034-5120-085	7/1/15 - 6/30/16	23,486	23,486
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	3,330	3,330
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	3,330	3,330

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

HIGH BRIDGE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Findings and Questioned Costs for Federal Awards:

- Not applicable since expenditures of Federal awards were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

HIGH BRIDGE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The prior year recommendation regarding the District maintain a payroll agency analysis of balance has been resolved, and the prior year recommendation regarding the final grant appropriation budget equal the current year grant allocation, plus prior year unspent balances, and prior year encumbrances has been resolved.