

**SOUTH AMBOY SCHOOL DISTRICT**

South Amboy, New Jersey  
County of Middlesex

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**SOUTH AMBOY SCHOOL DISTRICT**

**SOUTH AMBOY, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by**

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



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**INTRODUCTORY SECTION**

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# South Amboy Board of Education

**Board President**  
**Janet Kern**

**Vice President**  
**Kevin Riley**

**Superintendent**  
**Frank Alfano**

**Business Administrator**  
**Peter Frascella**

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

**Board Members**

**John Dragotta**  
**Stanley Jankowski**  
**Lynn Kasics**  
**Michael J. Gross, Jr.**  
**Tyler Simko**  
**Philip Smith**  
**Paula Taggart**

November 25, 2016

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

Dear Board Members/Citizens:

We are pleased to present to you the Comprehensive Annual Financial Report (“CAFR”) of the South Amboy School District (“District”) for the fiscal year ended June 30, 2016. This CAFR includes the District’s Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

**The Comprehensive Annual Financial Report is presented in four sections as follows:**

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors’ Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District’s financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and 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 OMB’s Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

## School District Organization

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

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

### 1. REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular and vocational, as well as special education for handicapped children. The District completed the 2015-2016 fiscal year with an enrollment of 1,077 students, which is 11 less than the previous year's enrollment. The student enrollment for the District over the last 7 years:

#### AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	1,077	(0.37%)
2014-2015	1,088	(5.39%)
2013-2014	1,150	(4.43%)
2012-2013	1,175	(0.68%)
2011-2012	1,183	2.51%
2010-2011	1,154	(3.38%)
2009-2010	1,193	7.88%

### 2. ECONOMIC CONDITION AND OUTLOOK

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

### 3. INTERNAL ACCOUNTING CONTROLS

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

(2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

#### 4. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Funds, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

#### 5. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in the "Notes to the Basic Financial Statements," Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

#### 6. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A Schedule of Insurance Coverage is found in Schedule J-20.

#### 7. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison P.C., was selected by the Board to perform the audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet requirements of the Single Audit Act of 1984 and the Single Audit Act of 1996, as amended and the related 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 OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

8. ACKNOWLEDGMENTS:

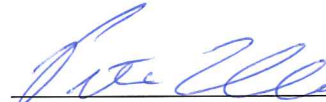
We would like to express our appreciation to the members of the South Amboy Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



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Dr. Frank Alfano  
Interim Superintendent

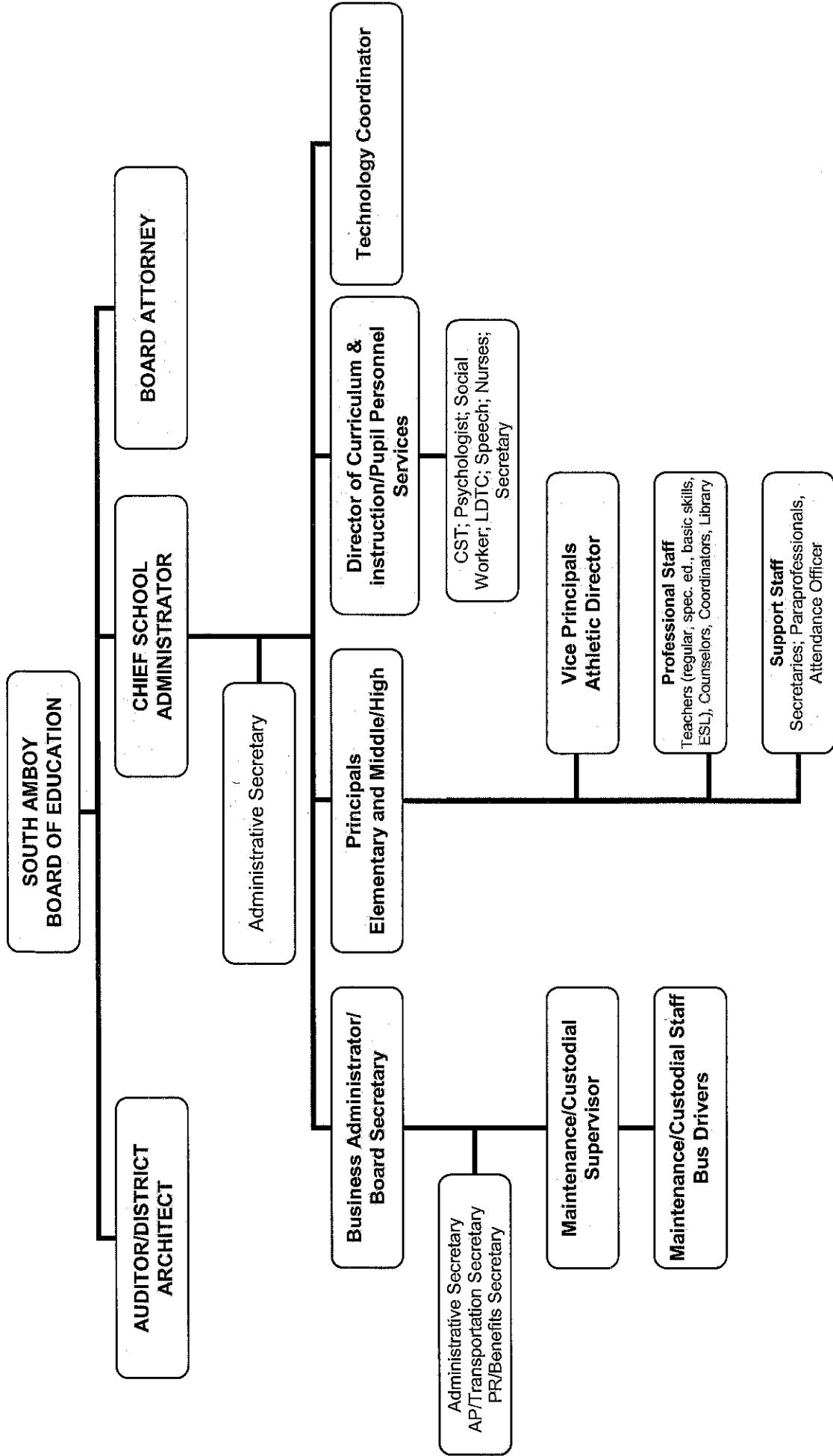


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Peter Frascella  
Business Administrator/  
Board Secretary

**Exhibit**

ORGANIZATIONAL CHART



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**SOUTH AMBOY SCHOOL DISTRICT**

**SOUTH AMBOY, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Janet Kern, President	2017
Kevin Riley, Vice President	2016
John Dragotta	2017
Samantha Seaman	2017
Lynn Kasics	2017
Jessica Colacci	2017
Tyler Simko	2016
Philip Smith	2017
Paula Taggert	2017

**OTHER OFFICIALS**

Robert N. Sheedy, Superintendent (7/1/15 - 10/1/15)  
Frank Alfano, Superintendent (10/1/15 - 6/30/16)  
Peter Frascella, Business Administrator/Board Secretary

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**SOUTH AMBOY SCHOOL DISTRICT**

**SOUTH AMBOY, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

Douglas M. Silvestro, Esq.  
The Busch Law Group, LLC  
450 Main Street  
Metuchen, New Jersey 08840

**AUDIT FIRM**

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

**OFFICIAL DEPOSITORY**

Amboy National Bank  
120 Broadway  
South Amboy, New Jersey 08879

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
South Amboy School District  
County of Middlesex  
South Amboy, New Jersey 08879

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Amboy School District, County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 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.

### Auditor's Responsibility

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the schedules relating to accounting and reporting for pensions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Amboy School District Board of Education's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying



combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of the South Amboy School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Amboy School District Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey  
November 30, 2016

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The discussion and analysis of South Amboy Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- ◆ General revenues accounted for \$16,550,630.91 in revenue or 75.75 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$5,298,857.13 or 24.25 percent of total revenues of \$21,849,467.90.
- ◆ Total net position of governmental activities decreased by \$262,457.54.
- ◆ The School District governmental activities had \$21,644,073.29 in expenses; only \$4,830,984.84 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$16,550,630.91 were adequate to provide for these programs.
- ◆ The General Fund had \$17,660,617.10 in revenues and transfers and \$17,817,534.40 in expenditures and transfers. The General Fund's balance decreased \$156,917.30 from 2015.

## **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand South Amboy School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of South Amboy School District, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ◆ Governmental Activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

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

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

### **Governmental Funds**

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

### **Enterprise Fund**

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

## The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2016 and 2015.

Table 1  
Net Position

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and Cash Equivalents	\$ 1,481,622.34	\$ 1,395,398.66
Receivables, Net	413,895.41	732,584.80
Inventory	22,111.07	19,236.63
Restricted Assets:		
Cash and Cash Equivalents	618,202.00	618,202.00
Capital Assets, Net	15,870,733.93	16,203,941.01
Total Assets	<u>18,406,564.75</u>	<u>18,969,363.10</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<u>689,180.00</u>	<u>423,795.00</u>
Total Deferred Outflows of Resources	<u>689,180.00</u>	<u>423,795.00</u>
Total Liabilities and Deferred Outflows of Resources	<u>19,095,744.75</u>	<u>19,393,158.10</u>
Liabilities:		
Accounts Payable	63,926.27	94,568.62
Accrued Interest Payable	97,905.00	101,988.33
Unearned Revenue	6,620.04	26,687.04
Noncurrent Liabilities:		
Due Within One Year	384,572.87	587,760.48
Due Beyond One Year	12,778,439.22	12,513,744.71
Total Liabilities	<u>13,331,463.40</u>	<u>13,324,749.18</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>176,233.00</u>	<u>226,548.00</u>
Total Deferred Inflows of Resources	<u>176,233.00</u>	<u>226,548.00</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,507,696.40</u>	<u>13,551,297.18</u>
Net Position:		
Net Investment in Capital Assets	7,610,903.22	7,525,206.82
Restricted for:		
Capital Projects	1,998,016.07	2,009,017.99
Debt Service	(97,905.00)	(79,087.38)
Other Purposes	471,281.00	627,001.00
Unrestricted	<u>(4,394,246.94)</u>	<u>(4,240,277.51)</u>
Total Net Position	<u>\$ 5,588,048.35</u>	<u>\$ 5,841,860.92</u>



Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2015 and 2016.

Table 2  
Change in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 178,811.61	\$ 181,374.46
Operating Grants and Contributions	5,120,025.38	4,552,949.67
General Revenues:		
Property Taxes	9,610,838.00	9,272,818.00
Grants and Entitlements	6,870,830.40	6,810,334.12
Other	68,962.51	61,663.95
	<hr/>	<hr/>
Total Revenues	\$ 21,849,467.90	\$ 20,879,140.20
	<hr/>	<hr/>
<u>Program Expenses</u>		
Instruction	7,400,727.63	7,283,469.61
Support Services		
Pupils and Instructional Staff	3,678,492.30	3,491,387.65
General Administration, School Administration		
Administration, Business	1,507,284.87	1,463,124.69
Operations and Maintenance of		
Facilities	1,037,493.37	1,076,923.72
Pupil Transportation	672,146.52	575,709.05
Interest on Debt	297,611.67	291,463.97
Unallocated Benefits	6,584,433.55	5,841,251.11
Amortization and Other	465,883.38	430,638.45
Food Service	459,207.18	438,407.65
	<hr/>	<hr/>
Total Expenses	22,103,280.47	20,892,375.90
	<hr/>	<hr/>
Increase in Net Position	\$ (253,812.57)	\$ (13,235.70)
	<hr/>	<hr/>

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 49.54 percent of revenues for governmental activities for the South Amboy School District for fiscal year 2016. The School District's total governmental revenues were \$19,228,273.75 for the fiscal year ended June 30, 2016. Federal, state and local grants accounted for another 49.66 percent.

The total cost of all governmental program and services was \$21,644,073.29 Instruction comprises 33.81 percent of School District expenses.

## Business-Type Activities

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

- ◆ Food service revenues exceeded expenses by \$8,644.97.
- ◆ Charges for services represent \$178,811.61 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$289,040.54.

## Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3  
Governmental Activities

	<u>2016</u>		<u>2015</u>	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 7,400,727.63	\$ 6,705,262.04	\$ 7,283,469.61	\$ 6,589,436.02
Support Services:				
Pupils and Instructional Staff	3,678,492.30	3,473,652.17	3,491,387.65	3,134,835.98
General Administration, School Administration, Business	1,507,284.87	1,507,284.87	1,463,124.69	1,463,124.69
Operations and Maintenance of Facilities	1,037,493.37	1,037,493.37	1,076,923.72	1,076,923.72
Pupil Transportation	672,146.52	672,146.52	575,709.05	532,246.05
Unallocated Benefits	6,584,433.55	2,653,754.43	5,841,251.11	2,647,846.01
Unallocated Depreciation Expenses & Prior Year Fixed Asset Adjustments	465,883.38	465,883.38	430,638.45	430,638.45
Interest and Fiscal Charges	297,611.67	297,611.67	291,463.97	291,463.97
Total Expenses	<u>\$ 21,644,073.29</u>	<u>\$ 16,813,088.45</u>	<u>\$ 20,453,968.25</u>	<u>\$ 16,166,514.89</u>

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

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

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

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

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

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

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

### The School District’s Funds

Information about the School District’s major funds is included in the 2015-2016 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$19,228,273.75 and expenditures of \$19,417,512.64. The net positive/(negative) change in fund balance for the year was most significant in the General Fund, an decrease of \$189,238.89.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase/ (Decrease) From 2014/2015</u>	<u>Percentage of Increase/ Decrease)</u>
Local Sources	\$ 9,679,800.51	50.34%	\$ 345,551.20	3.70%
State Sources	8,848,436.27	46.02%	237,573.52	2.76%
Federal Sources	700,036.97	3.64%	(106,634.40)	-13.22%
	<u>\$ 19,228,273.75</u>	<u>100.00%</u>	<u>\$ 476,490.32</u>	<u>2.54%</u>

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase/ (Decrease) From 2014/2015</u>	<u>Percentage of Increase/ Decrease</u>
Current:				
Instruction	\$ 7,400,727.63	38.11%	\$ 117,258.02	1.61%
Undistributed Expenditures	11,271,385.09	58.05%	528,093.59	4.92%
Capital Outlay	54,934.92	0.28%	(5,210,062.78)	-98.96%
Debt Service				
Principal	390,000.00	2.01%	355,000.00	1014.29%
Interest	300,465.00	1.55%	(148,293.99)	-33.05%
Total	<u>\$ 19,417,512.64</u>	<u>100.00%</u>	<u>\$ (4,358,005.16)</u>	<u>-18.33%</u>

### General Fund Budgeting Highlights

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

During the course of the fiscal year 2016, the School District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

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

While the School District’s final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$(156,917.30) decrease in surplus funds for a total unassigned free balance (“GAAP”) of \$(119,688.76) at June 30, 2016.

## Capital Assets

At the end of the fiscal year 2016, the School District had \$15,857,961.93 invested in land, building and building improvements, and machinery and equipment.

### Capital Assets (Net of Depreciation) at June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Land	\$ 1,816,660.00	\$ 1,816,660.00
Construction in Progress	7,017,435.93	7,006,434.01
Site Improvements	-	20,735.00
Buildings	6,726,885.00	6,990,332.00
Machinery and Equipment	296,981.00	355,296.00
	<hr/>	<hr/>
Total	\$ 15,857,961.93	\$ 16,189,457.01
	<hr/> <hr/>	<hr/> <hr/>

## Debt Administration

At June 30, 2016, the School District had \$13,163,012.09 as outstanding debt. Of this amount, \$494,194.38 is for compensated absences, \$8,200,000.00 for bonds for school construction, and \$59,830.71 for capital leases. The remaining noncurrent liability on the District's statement of net position is the net pension liability of \$4,408,987.00.

## For the Future

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

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

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Mr. Peter Frascella, Business Administration/Board Secretary at South Amboy Board of Education, Administration Building, 240 John Street, South Amboy, New Jersey 08879. Please visit our website at <http://www.saboe.k12.nj.us>

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**SOUTH AMBOY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 1,389,575.37	\$ 92,046.97	\$ 1,481,622.34
Receivables, Net	399,873.38	14,022.03	413,895.41
Inventory	-	22,111.07	22,111.07
Restricted Cash & Cash Equivalents	618,202.00	-	618,202.00
Capital Assets, Net (Note 5)	15,857,961.93	12,772.00	15,870,733.93
<b>Total Assets</b>	<b>18,265,612.68</b>	<b>140,952.07</b>	<b>18,406,564.75</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	689,180.00	-	689,180.00
<b>Total Deferred Outflows of Resources</b>	<b>689,180.00</b>	<b>-</b>	<b>689,180.00</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>18,954,792.68</b>	<b>140,952.07</b>	<b>19,095,744.75</b>
<b>LIABILITIES</b>			
Accounts Payable	40,269.72	23,656.55	63,926.27
Accrued Interest Payable	97,905.00	-	97,905.00
Unearned Revenue	6,620.04	-	6,620.04
Noncurrent Liabilities (Note 7):			
Due Within One Year	384,572.87	-	384,572.87
Due Beyond One Year	12,778,439.22	-	12,778,439.22
<b>Total Liabilities</b>	<b>13,307,806.85</b>	<b>23,656.55</b>	<b>13,331,463.40</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	176,233.00	-	176,233.00
<b>Total Deferred Inflows of Resources</b>	<b>176,233.00</b>	<b>-</b>	<b>176,233.00</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>13,484,039.85</b>	<b>23,656.55</b>	<b>13,507,696.40</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,598,131.22	12,772.00	7,610,903.22
Restricted For:			
Debt Service	(97,905.00)	-	(97,905.00)
Capital Projects	1,998,016.07	-	1,998,016.07
Other Purposes	471,281.00	-	471,281.00
Unrestricted	(4,498,770.46)	104,523.52	(4,394,246.94)
<b>Total Net Position</b>	<b>\$ 5,470,752.83</b>	<b>\$ 117,295.52</b>	<b>\$ 5,588,048.35</b>

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

**SOUTH AMBOY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 5,005,106.65	\$ -	\$ -	\$ (5,005,106.65)	\$ -	\$ (5,005,106.65)
Special School Instruction	2,088,616.81	-	695,465.59	(1,393,151.22)	-	(1,393,151.22)
Other Special Instruction	66,296.13	-	-	(66,296.13)	-	(66,296.13)
Other Instruction	240,708.04	-	-	(240,708.04)	-	(240,708.04)
Support Services & Undistributed Costs:						
Tuition	2,057,635.67	-	-	(2,057,635.67)	-	(2,057,635.67)
Student & Instruction Related Services	1,620,856.63	-	204,840.13	(1,416,016.50)	-	(1,416,016.50)
General Administrative Services	417,142.94	-	-	(417,142.94)	-	(417,142.94)
School Administrative Services	779,040.31	-	-	(779,040.31)	-	(779,040.31)
Central Services	280,068.98	-	-	(280,068.98)	-	(280,068.98)
Administrative Information Technology	31,032.64	-	-	(31,032.64)	-	(31,032.64)
Plant Operations & Maintenance	1,037,493.37	-	-	(1,037,493.37)	-	(1,037,493.37)
Pupil Transportation	672,146.52	-	-	(672,146.52)	-	(672,146.52)
Unallocated Benefits	6,584,433.55	-	3,930,679.12	(2,653,754.43)	-	(2,653,754.43)
Unallocated Change in Compensated Absence	41,764.38	-	-	(41,764.38)	-	(41,764.38)
Transfer to Charter Schools	17,890.00	-	-	(17,890.00)	-	(17,890.00)
Unallocated Depreciation	406,229.00	-	-	(406,229.00)	-	(406,229.00)
Interest & Other Charges on Long-Term Debt	297,611.67	-	-	(297,611.67)	-	(297,611.67)
Total Governmental Activities	21,644,073.29	-	4,830,984.84	(16,813,088.45)	-	(16,813,088.45)
Business-Type Activities:						
Food Service	459,207.18	178,811.61	289,040.54	-	8,644.97	8,644.97
Total Business-Type Activities	459,207.18	178,811.61	289,040.54	-	8,644.97	8,644.97

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

**SOUTH AMBOY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Total Primary Government	\$ 22,103,280.47	\$ 178,811.61	\$ 5,120,025.38	(16,813,088.45)	8,644.97	(16,804,443.48)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				8,946,094.00	-	8,946,094.00
Taxes Levied for Debt Service				664,744.00	-	664,744.00
Federal & State Aid Not Restricted				6,870,830.40	-	6,870,830.40
Miscellaneous Income				68,962.51	-	68,962.51
Total General Revenues				16,550,630.91	-	16,550,630.91
Change In Net Position				(262,457.54)	8,644.97	(253,812.57)
Net Position - Beginning				5,733,210.37	108,650.55	5,841,860.92
Net Position - Ending				\$ 5,470,752.83	\$ 117,295.52	\$ 5,588,048.35

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## B. Fund Financial Statements

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## Governmental Funds

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**SOUTH AMBOY BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ -	\$ 63,901.46	\$ 1,565,855.71	\$ 9,348.24	\$ 1,639,105.41
Interfund Receivable	183,125.42	-	103,848.00	16,159.64	303,133.06
Intergovernmental Receivables:					
State	242,323.68	-	-	-	242,323.68
Federal	5,891.18	151,658.52	-	-	157,549.70
Restricted Cash & Cash Equivalents	618,202.00	-	-	-	618,202.00
<b>Total Assets</b>	<b>\$ 1,049,542.28</b>	<b>\$ 215,559.98</b>	<b>\$ 1,669,703.71</b>	<b>\$ 25,507.88</b>	<b>\$ 2,960,313.85</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash Deficit	\$ 249,530.04	\$ -	\$ -	\$ -	\$ 249,530.04
Accounts Payable	-	-	-	-	-
Interfund Payable	103,848.00	183,025.42	16,259.64	-	303,133.06
Payable - Due to State	-	40,269.72	-	-	40,269.72
Unearned Revenue	-	6,620.04	-	-	6,620.04
<b>Total Liabilities</b>	<b>353,378.04</b>	<b>229,915.18</b>	<b>16,259.64</b>	<b>-</b>	<b>599,552.86</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	344,572.00	-	-	-	344,572.00
Maintenance Reserve Account	248,630.00	-	-	-	248,630.00
Emergency Reserve Account	25,000.00	-	-	-	25,000.00
Excess Surplus	10,333.00	-	-	-	10,333.00
Excess Surplus Designated for Subsequent Year's Expenditures	187,318.00	-	-	-	187,318.00
Capital Projects	-	-	1,653,444.07	-	1,653,444.07
<b>Assigned for:</b>					
Designated for Subsequent Year's Expenditures	-	-	-	25,507.88	25,507.88
Other Purposes	-	-	-	-	-
Unassigned	(119,688.76)	(14,355.20)	-	-	(134,043.96)
<b>Total Fund Balances</b>	<b>696,164.24</b>	<b>(14,355.20)</b>	<b>1,653,444.07</b>	<b>25,507.88</b>	<b>2,360,760.99</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 1,049,542.28</b>	<b>\$ 215,559.98</b>	<b>\$ 1,669,703.71</b>	<b>\$ 25,507.88</b>	

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,229,317.93 and the accumulated depreciation is \$11,371,356.00 (Note 5).	15,857,961.93
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	512,947.00
Accrual of bond and lease interest are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(97,905.00)
Long-term liabilities, including bonds payable and net pension obligation, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Illustrative Note 7)	(13,163,012.09)
<b>Net Position of Governmental Activities</b>	<b>\$ 5,470,752.83</b>

**SOUTH AMBOY BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Tax Levy	\$ 8,946,094.00	\$ -	\$ -	\$ 664,744.00	\$ 9,610,838.00
Miscellaneous	66,355.58	-	-	2,606.93	68,962.51
Total Local Sources	<u>9,012,449.58</u>	<u>-</u>	<u>-</u>	<u>667,350.93</u>	<u>9,679,800.51</u>
State Sources	8,592,811.72	255,624.55	-	-	8,848,436.27
Federal Sources	55,355.80	644,681.17	-	-	700,036.97
Total Revenues	<u>17,660,617.10</u>	<u>900,305.72</u>	<u>-</u>	<u>667,350.93</u>	<u>19,228,273.75</u>
Expenditures:					
Current:					
Regular Instruction	5,005,106.65	-	-	-	5,005,106.65
Special Education Instruction	1,400,050.62	688,566.19	-	-	2,088,616.81
Other Special Instruction	66,296.13	-	-	-	66,296.13
Other Instructional Programs	240,708.04	-	-	-	240,708.04
Support Services & Undistributed Costs - Current:					
Tuition	2,057,635.67	-	-	-	2,057,635.67
Student & Instruction Related Services	1,416,016.50	204,840.13	-	-	1,620,856.63
General Administrative Services	417,142.94	-	-	-	417,142.94
School Administrative Services	779,040.31	-	-	-	779,040.31
Central Services	280,068.98	-	-	-	280,068.98
Administrative Information Technology	31,032.64	-	-	-	31,032.64
Plant Operations & Maintenance	1,087,423.85	-	-	-	1,087,423.85
Pupil Transportation	672,146.52	-	-	-	672,146.52
Unallocated Benefits	4,308,147.55	-	-	-	4,308,147.55
Debt Service:					
Principal	-	-	-	390,000.00	390,000.00
Interest	-	-	-	300,465.00	300,465.00
Capital Outlay	38,828.00	5,105.00	11,001.92	-	54,934.92
Total Expenditures	<u>17,799,644.40</u>	<u>898,511.32</u>	<u>11,001.92</u>	<u>690,465.00</u>	<u>19,399,622.64</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(139,027.30)</u>	<u>1,794.40</u>	<u>(11,001.92)</u>	<u>(23,114.07)</u>	<u>(171,348.89)</u>
Other Financing Sources/(Uses):					
Transfer to Charter Schools	(17,890.00)	-	-	-	(17,890.00)
Total Other Financing Sources/(Uses)	<u>(17,890.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,890.00)</u>
Net Change in Fund Balance	(156,917.30)	1,794.40	(11,001.92)	(23,114.07)	(189,238.89)
Fund Balance - July 1	853,081.54	(16,149.60)	1,664,445.99	48,621.95	2,549,999.88
Fund Balance - June 30	<u>\$ 696,164.24</u>	<u>\$ (14,355.20)</u>	<u>\$ 1,653,444.07</u>	<u>\$ 25,507.88</u>	<u>\$ 2,360,760.99</u>

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

**SOUTH AMBOY BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (189,238.89)

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

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

Capital Expenditures	\$ 74,733.92	
Depreciation Expense	(406,229.00)	(331,495.08)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS District Contribution - 2016	168,859.00	
Unfunded TPAF Pension Expense	2,153,342.00	
State Share of Unfunded TPAF Pension Expense	(2,153,342.00)	
Pension Expense	(291,803.00)	(122,944.00)

Repayment of bond, loans, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 418,901.48

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

Prior Year	101,988.33	
Current Year	(97,905.00)	4,083.33

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

Prior Year	452,430.00	
Current Year	(494,194.38)	(41,764.38)

Change in Net Position of Governmental Activities \$ (262,457.54)

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## Proprietary Funds

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**SOUTH AMBOY SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016**

	BUSINESS TYPE ACTIVITIES ENTERPRISE FUND
ASSETS	FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 92,046.97
Account Receivable:	
State	264.94
Federal	13,757.09
Other	-
Inventories	22,111.07
Total Current Assets	128,180.07
Noncurrent Assets:	
Furniture, Machinery & Equipment	295,890.00
Less: Accumulated Depreciation	(283,118.00)
Total Noncurrent Assets	12,772.00
Total Assets	140,952.07
LIABILITIES	
Current Liabilities:	
Accounts Payable	23,656.55
Total Current Liabilities	23,656.55
NET POSITION	
Net Investment in Capital Assets	12,772.00
Unrestricted	104,523.52
Total Net Position	\$ 117,295.52

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

**SOUTH AMBOY SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 AS OF JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUND</u> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 100,179.93
Daily Sales - Nonreimbursable Programs	72,439.71
Miscellaneous	6,191.97
	178,811.61
Total Operating Revenues	178,811.61
Operating Expenses:	
Salaries	147,914.21
Employee Benefits	33,155.64
Purchase Professional Services	40,905.00
General Supplies	25,393.89
Depreciation	1,712.00
Repairs and Maintenance	67.62
Miscellaneous	19,013.06
Cost of Sales	191,045.76
	459,207.18
Total Operating Expenses	459,207.18
Operating Loss	(280,395.57)
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	4,886.14
Federal Sources:	
National School Lunch Program	203,375.34
National School Lunch Program - PB Lunch	5,894.52
National School Breakfast Program	32,553.79
Food Distribution Program	42,330.75
	289,040.54
Total Nonoperating Revenues/(Expenses)	289,040.54
Change in Net Position	8,644.97
Total Net Position - Beginning	108,650.55
Total Net Position - Ending	\$ 117,295.52

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

**SOUTH AMBOY SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
AS OF JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND <hr/> FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 196,194.63
Payments to Employees & Benefits	(181,069.85)
Payments to Suppliers	<u>(239,062.37)</u>
Net Cash Flows from Operating Activities	<u>(223,937.59)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	5,174.61
Federal Sources	<u>247,844.53</u>
Net Cash Flows from Noncapital Financing Activities	<u>253,019.14</u>
Change in Cash & Cash Equivalents	29,081.55
Balances - Beginning of Year	<u>62,965.42</u>
Balances - End of Year	<u><u>\$ 92,046.97</u></u>

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

Operating Loss	\$ (280,395.57)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities:	
U.S.D.A. Commodities	42,330.75
Depreciation & Net Amortization	1,712.00
(Increase) Decrease in Inventories	(2,874.44)
(Increase)/Decrease in Accounts Receivable	17,383.02
Increase (Decrease) in Accounts Payable	<u>(2,093.35)</u>
Total Adjustments	<u>56,457.98</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (223,937.59)</u></u>

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

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Fiduciary Fund

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**SOUTH AMBOY SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE			TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	AGENCY FUNDS	
Cash & Cash Equivalents	\$ 110,836.06	\$ 39,767.81	\$ 572,270.41	\$ 722,874.28
Intrafund Receivable	-	-	7,101.00	7,101.00
<b>Total Assets</b>	<b>110,836.06</b>	<b>39,767.81</b>	<b>579,371.41</b>	<b>729,975.28</b>
<b>LIABILITIES</b>				
Intrafund Payable	7,101.00	-	-	7,101.00
Payable to State Government	639.80	-	-	639.80
Payroll Deductions & Withholdings	-	-	451,521.75	451,521.75
Due to Student Groups	-	-	127,849.66	127,849.66
<b>Total Liabilities</b>	<b>7,740.80</b>	<b>-</b>	<b>579,371.41</b>	<b>587,112.21</b>
<b>NET POSITION</b>				
Reserve for Scholarships	-	39,767.81	-	39,767.81
Held in Trust for Unemployment Claims & Other Purposes	103,095.26	-	-	103,095.26
<b>Total Net Position</b>	<b>\$ 103,095.26</b>	<b>\$ 39,767.81</b>	<b>\$ -</b>	<b>\$ 142,863.07</b>

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

**SOUTH AMBOY SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	
Contributions:			
District	\$ -	\$ -	\$ -
Plan Members	15,535.66	-	15,535.66
Other	-	984.45	984.45
Total Contributions	15,535.66	984.45	16,520.11
Investment Earnings:			
Interest	-	675.25	675.25
Net Investment Earnings	-	675.25	675.25
Total Additions	15,535.66	1,659.70	17,195.36
DEDUCTIONS			
Scholarships Awards	-	6,850.00	6,850.00
Unemployment Claims	11,302.46	-	11,302.46
Total Deductions	11,302.46	6,850.00	18,152.46
Change in Net Position	4,233.20	(5,190.30)	(957.10)
Net Position - Beginning of the Year	98,862.06	44,958.11	143,820.17
Net Position - End of the Year	\$ 103,095.26	\$ 39,767.81	\$ 142,863.07

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



**SOUTH AMBOY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### Note 1. Summary of Significant Accounting Policies

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

#### **Reporting Entity**

The South Amboy School District (hereafter referred to as the “District”) is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through twelfth at its three schools. The District has an approximate enrollment at June 30, 2016 of 1,067 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

#### **Component Units**

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2016.

#### **Government-Wide Financial Statements**

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

#### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

#### **Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

#### **Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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.

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

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

**Capital Projects Fund** - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

The District reports the following major proprietary funds:

**Food Service Fund** – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

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

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

#### **Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.



**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

**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 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or 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.

**Cash and Cash Equivalents**

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**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. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

**Compensated Absences**

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

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

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

##### Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

##### Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

#### Net Position

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

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

#### Impact of Recently Issued Accounting Principles

##### Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District’s financial statements.

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

#### Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

#### **Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

#### **Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

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

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 25, 2016, which is the date the financial statements were available to be issued.

**Pensions Section**

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2. Cash Deposits and Investments**

**Cash Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District's bank balance of \$3,401,167.28 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000.00
Collateralized by securities held by	
Pledging financial institution	2,622,448.70
Uninsured and uncollateralized	<u>528,718.58</u>
Total	<u><u>\$ 3,401,167.28</u></u>

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 2. Cash Deposits and Investments (continued):**

**Investments**

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

**Note 3. Reserve Accounts**

**A. Capital Reserve**

A capital reserve account was established by the South Amboy School District by inclusion of \$100.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) 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



**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 3. Reserve Accounts (continued):**

proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

Ending Balance, June 30, 2016 & 2015	<u><u>\$ 344,572.00</u></u>
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**B. Maintenance Reserve Account**

A maintenance reserve account was established by the South Amboy School District by inclusion of \$109,330.00 for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

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

Ending Balance, June 30, 2016 & 2015	<u><u>\$ 248,630.00</u></u>
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**C. Emergency Reserve Account**

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

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

Ending Balance, June 30, 2016 & 2015	<u><u>\$ 25,000.00</u></u>
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**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Intergovernmental	\$ 248,214.86	\$ 151,658.52	\$ 14,022.03	\$ 413,895.41
<b>Total</b>	<b>\$ 248,214.86</b>	<b>\$ 151,658.52</b>	<b>\$ 14,022.03</b>	<b>\$ 413,895.41</b>

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,816,660.00	\$ -	\$ -	\$ 1,816,660.00
Construction in Progress	7,006,434.01	11,001.92	-	7,017,435.93
<b>Total capital assets not being depreciated</b>	<b>8,823,094.01</b>	<b>11,001.92</b>	<b>-</b>	<b>8,834,095.93</b>
Capital Assets being depreciated:				
Site Improvements	387,324.00	-	(13,200.00)	374,124.00
Buildings	14,929,386.00	87,105.00	-	15,016,491.00
Machinery & Equipment	2,737,224.00	267,383.00	-	3,004,607.00
<b>Total capital assets being depreciated</b>	<b>18,053,934.00</b>	<b>354,488.00</b>	<b>(13,200.00)</b>	<b>18,395,222.00</b>
Less: accumulated depreciation:				
Site Improvements	(366,589.00)	(7,535.00)	-	(374,124.00)
Buildings	(7,939,054.00)	(351,156.00)	604.00	(8,289,606.00)
Machinery & Equipment	(2,381,928.00)	(325,698.00)	-	(2,707,626.00)
<b>Total accumulated depreciation</b>	<b>(10,687,571.00)</b>	<b>(684,389.00)</b>	<b>604.00</b>	<b>(11,371,356.00)</b>
<b>Total capital assets being depreciated, net</b>	<b>7,366,363.00</b>	<b>(329,901.00)</b>	<b>(12,596.00)</b>	<b>7,023,866.00</b>
<b>Total Governmental Activities capital assets, net</b>	<b>\$ 16,189,457.01</b>	<b>\$ (318,899.08)</b>	<b>\$ (12,596.00)</b>	<b>\$ 15,857,961.93</b>

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 5. Capital Assets (continued):**

	<b>Balance June 30, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2016</b>
<b>Business-Type Activities:</b>				
Capital assets being depreciated:				
Machinery & Equipment	\$ 295,890.00	\$ -	\$ -	\$ 295,890.00
Total capital assets being depreciated	<u>295,890.00</u>	-	-	<u>295,890.00</u>
Less: accumulated depreciation:				
Machinery & Equipment	(281,406.00)	(1,712.00)	-	(283,118.00)
Total accumulated depreciation	<u>(281,406.00)</u>	<u>(1,712.00)</u>	-	<u>(283,118.00)</u>
Total capital assets being depreciated, net	<u>14,484.00</u>	<u>(1,712.00)</u>	-	<u>12,772.00</u>
Total Business-type activities capital assets, net	<u>\$ 14,484.00</u>	<u>\$ (1,712.00)</u>	<u>\$ -</u>	<u>\$ 12,772.00</u>

Depreciation expense was charged to governmental functions/programs as follows:

<b>Governmental Activities:</b>	
Unallocated	<u>\$ 684,389.00</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 684,389.00</u></u>

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2016 are as follows:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 183,125.42	\$ 103,848.00
Special Revenue Fund	-	183,025.42
Capital Projects Fund	103,848.00	16,259.64
Debt Service Fund	<u>16,159.64</u>	<u>-</u>
	<u><u>\$ 303,133.06</u></u>	<u><u>\$ 303,133.06</u></u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 6. Interfund Receivables, Payables and Transfers (continued):**

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 7,413.92	\$ -
Special Revenue Fund	-	7,413.92
	<u>\$ 7,413.92</u>	<u>7,413.92</u>
	<u>\$ 7,413.92</u>	<u>\$ 7,413.92</u>

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2016 the following changes occurred in long-term obligations:

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 452,430.00	\$ 41,764.38	\$ -	\$ 494,194.38	\$ -
Net Pension Liability	3,801,481.00	607,506.00	-	4,408,987.00	-
Capital Leases	88,732.19	-	(28,901.48)	59,830.71	29,572.87
General Obligation Bonds	8,590,000.00	-	(390,000.00)	8,200,000.00	355,000.00
Total	\$ 12,932,643.19	\$ 649,270.38	\$ (418,901.48)	\$ 13,163,012.09	\$ 384,572.87

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

**A. Bonds Payable:**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. At June 30, 2016, bonds payable consisted of the following individual issues:

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Refunding Bonds	5.00%	9/15/2017	\$ 415,000.00	\$ 80,000.00
Serial Bonds	3.000% - 4.400%	9/1/2034	8,470,000.00	8,120,000.00
				<u>8,120,000.00</u>
Total				<u>\$ 8,200,000.00</u>

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 7. Long-Term Obligations (continued):**

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

<b>Year-ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 355,000.00	\$ 288,490.00	\$ 643,490.00
2018	365,000.00	276,890.00	641,890.00
2019	335,000.00	265,990.00	600,990.00
2020	345,000.00	255,790.00	600,790.00
2021	360,000.00	245,215.00	605,215.00
2022-2026	1,970,000.00	1,054,235.00	3,024,235.00
2027-2031	2,310,000.00	691,730.00	3,001,730.00
2032-2035	2,160,000.00	190,082.50	2,350,082.50
Total	<u>\$ 8,200,000.00</u>	<u>\$ 3,268,422.50</u>	<u>\$ 11,468,422.50</u>

**B. Bonds Authorized But Not Issued:**

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

**C. Capital Leases**

The District approved a lease purchase agreement in the amount of \$131,979.54 at a 2.323% interest rate maturing on 8/28/2017 for the purchase of security cameras at the MHS and wireless network. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2016:

<b>Year-ending June 30,</b>	<b>Amount</b>
2017	\$ 30,962.78
2018	<u>30,962.78</u>
Minimum Lease Payments	61,925.56
Less: Interest	<u>(2,094.85)</u>
Present Value of Minimum Lease Payments	<u>\$ 59,830.71</u>

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans**

**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 PERS, please refer to 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).

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:

<u>Tier</u>	<u>Definition</u>
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

Service retirement benefits of 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 member 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 55 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.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. 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 includes 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 2014

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

and 2013, the State's pension contribution was less than the actuarial determined amount. 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.

**Components of Pension Liability** - At June 30, 2016, the District reported a liability of \$4,408,987.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.01964%, which was a decrease of 0.00066% from its proportion measured as of June 30, 2014.

<u>Collective Balances at June 30, 2016 &amp; June 30, 2015</u>		
	6/30/2016	6/30/2015
Actuarial Valuation Date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	\$ 689,180.00	\$ 423,795.00
Deferred Inflows of Resources	\$ 176,233.00	\$ 226,548.00
Net Pension Liability	\$ 4,408,987.00	\$ 3,801,481.00
District's Portion of the Plan's Total Net Pension Liability	0.01964%	0.02030%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2016, the District recognized pension expense of \$291,806.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and actual experience	\$ 105,183.00	\$ -
Changes of assumptions	473,490.00	-
Net difference between projected and actual earnings on pension plan investments	-	70,888.00
Changes in proportion and differences between district contributions and proportionate share of contributions	110,507.00	105,345.00
Total	\$ 689,180.00	\$ 176,233.00

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	89.: ; 3068
2018	89.: ; 3068
2019	89.: ; 3068
2020	87,891.46
2021	87,891.46
Thereafter	73,489.72

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:



**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40%
Inflation rate	Based on Age 3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and 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 1 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 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 method 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

<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 US 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 US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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 net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, 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 (3.90) or 1-percentage-point higher (5.90%) than the current rate:

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

	<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
	<u>(3.90%)</u>	<u>(4.90%)</u>	<u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 5,479,831.00	\$ 4,408,987.00	\$ 3,511,199.00

**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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to 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).

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:

<u>Tier</u>	<u>Definition</u>
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

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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 member 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.

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. 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 includes 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 actuarial determined amount.

**Special Funding Situation** - 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

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

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

The actuarial assumptions used in the July 1, 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 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 method 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:

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US 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%
Total	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 9. Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2016.

**Note 10. Risk Management**

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 15,535.66	\$ 11,302.46	\$ 103,095.26
2014-2015	-	14,893.01	14,853.67	98,862.06
2013-2014	60,000.00	14,744.04	12,631.65	98,822.72

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
YEAR ENDED JUNE 30, 2016**

**Note 10. Risk Management (continued):**

**Joint Insurance Pool** – The South Amboy School District participates in the School Alliance Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage's:

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

**Note 11. Contingencies**

**State and Federal Grantor Agencies** - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Pending Litigation** – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**Note 12. Economic Dependency**

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

**Note 13. Deferred Compensation**

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

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



## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

#### Note 14. 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 amount of vacation and sick leave in accordance with the District's personnel policies. The District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$494,194.38.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the proprietary fund types.

#### Note 15. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$10,333.00.

#### Note 16. Fund Balance

**General Fund** – Of the \$696,164.24 General Fund fund balance at June 30, 2016, \$344,572.00 has been reserved in the Capital Reserve Account; \$248,630.00 has been reserved in the Maintenance Reserve Account; \$25,000.00 has been reserved in the Emergency Reserve Account; \$187,318.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$10,333.00 is restricted for current year excess surplus; and \$(119,688.76) is unassigned.

**Capital Projects Fund** – Of the \$1,653,444.07 Capital Projects Fund fund balance at June 30, 2016, \$1,653,444.07 is restricted for current capital projects approved by the District and the Department of Education.

**Debt Service Fund** – Of the \$25,507.88 Debt Service Fund fund balance at June 30, 2016, \$25,507.88 is designated for subsequent year's expenditures.

## SOUTH AMBOY BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

#### Note 17. Deficit in Fund Balance

The District has a deficit unassigned fund balance of \$119,688.76 in the General Fund and \$14,355.20 in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties. Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(286,199.06) in the General Fund relates to the \$646,716.80 General Fund portion of the last state aid payment and \$(14,355.20) is equal to the Special Revenue Fund portion of the last state aid payment.

#### Note 18. Deficit in Net Position

**Restricted Net Position** – The School District had a deficit in restricted net position for Debt Service in the amount of \$97,905.00 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

**Unrestricted Net Position** – The School District had a deficit in unrestricted net position in the amount of \$4,394,246.94 at June 30, 2016. The deficit is due to the final June state aid payment of \$661,072.00 not recognized under GAAP.

#### Note 19. Subsequent Events

##### Pending Litigation

On or about November 5, 2015, the board received a copy of a complaint from Ray Angelini seeking damages “in excess of \$1,500,000.00” (“Complaint”). The Complaint generally alleges that the Board breached its contract with Ray Angelini, Inc. (“RAI”), the contractor for the multi-million dollar renovation of the Board’s Elementary School. The Complaint further alleges negligence and other causes of action against the Board’s architect, Parette Somjen, related to the same project.

This matter was referred to the Board’s insurance carrier and was assigned to the law firm of Methfessel & Werbel. On August 30, 2016 Plaintiff filed an amended complaint which essentially made direct claims against BD Engineering and Persimmon Engineering. Insurance counsel filed an Answer adding a second counterclaim for damages based upon what it is going to cost to have another contractor to complete the work not done by Plaintiff. Thereafter on September 29, 2016 the parties appeared for mediation which was ultimately unsuccessful. Discovery between the parties is ongoing.

The Board has a number of viable claims and defenses against RAI that should greatly reduce the Board’s exposure in this matter. Additionally, it is our understanding that the majority, if not all, of the damages sought could and would be funded from the proceeds of the public bonds issues to fund the Elementary School Renovation and should not have a significant impact on the Board’s general fund.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**SOUTH AMBOY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 8,946,094.00	\$ -	\$ 8,946,094.00	\$ 8,946,094.00	\$ -
Interest Earned on Capital Reserve	10-1XXX	100.00	(100.00)	-	-	-
Miscellaneous	10-1990	35,000.00	-	35,000.00	66,355.58	31,355.58
<b>Total Local Sources</b>		<b>8,981,194.00</b>	<b>(100.00)</b>	<b>8,981,094.00</b>	<b>9,012,449.58</b>	<b>31,355.58</b>
<b>State Sources:</b>						
Categorical Transportation Aid	10-3121	43,463.00	-	43,463.00	43,463.00	-
Categorical Special Education Aid	10-3132	678,015.00	-	678,015.00	678,015.00	-
Equalization Aid	10-3176	5,720,187.00	-	5,720,187.00	5,720,187.00	-
Categorical Security Aid	10-3177	56,004.00	-	56,004.00	56,004.00	-
Extraordinary Aid	10-3131	176,100.00	-	176,100.00	216,172.00	40,072.00
Adjustment Aid	10-3178	75,497.00	-	75,497.00	75,497.00	-
PARCC Readiness Aid	10-3190	11,320.00	-	11,320.00	11,320.00	-
Per Pupil Growth Aid	10-3190	11,320.00	-	11,320.00	11,320.00	-
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contribution		-	-	-	567,402.00	567,402.00
On-Behalf TPAF Medical Contribution		-	-	-	675,620.00	675,620.00
Reimbursed TPAF Social Security		-	-	-	534,315.12	534,315.12
<b>Total State Sources</b>		<b>6,771,906.00</b>	<b>-</b>	<b>6,771,906.00</b>	<b>8,589,315.12</b>	<b>1,817,409.12</b>
<b>Federal Sources:</b>						
Medical Assistance Program (SEMI)	10-4200	33,304.00	-	33,304.00	55,355.80	22,051.80
<b>Total Federal Sources:</b>		<b>33,304.00</b>	<b>-</b>	<b>33,304.00</b>	<b>55,355.80</b>	<b>22,051.80</b>
<b>Total Revenues</b>		<b>15,786,404.00</b>	<b>(100.00)</b>	<b>15,786,304.00</b>	<b>17,657,120.50</b>	<b>1,870,816.50</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Kindergarten	11-110-100-101	331,615.00	31,175.49	362,790.49	362,788.99	1.50
Grades 1 - 5	11-120-100-101	1,792,491.00	38,372.71	1,830,863.71	1,830,820.61	43.10
Grades 6 - 8	11-130-100-101	815,536.00	(65,406.77)	750,129.23	750,128.23	1.00
Grades 9-12	11-140-100-101	1,360,052.00	(15,768.00)	1,344,284.00	1,343,442.05	841.95
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	7,500.00	10,321.00	17,821.00	17,820.00	1.00
<b>Purchased Professional -</b>						
Educational Services	11-150-100-320	25,000.00	6,207.00	31,207.00	26,047.91	5,159.09
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	324,364.00	(28,291.16)	296,072.84	296,025.23	47.61
Purchased Prf. Ed. Services	11-190-100-320	6,000.00	(1,617.00)	4,383.00	4,383.00	-
<b>Purchased Professional -</b>						
Technical Services	11-190-100-340	83,828.00	2,491.00	86,319.00	86,317.38	1.62
Other Purchased Services	11-190-100-500	44,300.00	1,897.00	46,197.00	46,194.98	2.02
General Supplies	11-190-100-610	215,000.00	(19,723.00)	195,277.00	194,001.59	1,275.41
Textbooks	11-190-100-640	59,000.00	(11,862.00)	47,138.00	47,136.68	1.32
Other Objects	11-190-100-800	3,500.00	(3,500.00)	-	-	-
<b>Total Regular Programs - Instruction</b>		<b>5,068,186.00</b>	<b>(55,703.73)</b>	<b>5,012,482.27</b>	<b>5,005,106.65</b>	<b>7,375.62</b>

**SOUTH AMBOY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Special Education:</b>						
<b>Learning and/or Language Disabilities:</b>						
Salaries of Teachers	11-204-100-101	421,091.00	(46,548.06)	374,542.94	373,457.54	1,085.40
Other Salaries for Instruction	11-204-100-106	49,269.00	6,458.98	55,727.98	55,727.51	0.47
General Supplies	11-204-100-610	1,000.00	270.00	1,270.00	1,269.33	0.67
<b>Total Learning and/or Language Disabilities</b>		<b>471,360.00</b>	<b>(39,819.08)</b>	<b>431,540.92</b>	<b>430,454.38</b>	<b>1,086.54</b>
<b>Multiple Disabilities:</b>						
Salaries of Teachers	11-212-100-101	239,414.00	73,848.13	313,262.13	313,259.89	2.24
Other Salaries for Instruction	11-212-100-106	50,019.00	1,570.35	51,589.35	51,588.68	0.67
General Supplies	11-212-100-610	3,000.00	-	3,000.00	2,492.00	508.00
<b>Total Multiple Disabilities</b>		<b>292,433.00</b>	<b>75,418.48</b>	<b>367,851.48</b>	<b>367,340.57</b>	<b>510.91</b>
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	11-213-100-101	589,936.00	(31,679.83)	558,256.17	546,399.28	11,856.89
Other Salaries for Instruction	11-213-100-106	28,645.00	5,579.40	34,224.40	34,222.53	1.87
General Supplies	11-213-100-610	250.00	-	250.00	-	250.00
<b>Total Resource Room</b>		<b>618,831.00</b>	<b>(26,100.43)</b>	<b>592,730.57</b>	<b>580,621.81</b>	<b>12,108.76</b>
<b>Preschool Disabilities - Part Time:</b>						
Salaries of Teachers	11-215-100-101	38,846.00	(18,777.75)	20,068.25	19,232.35	835.90
General Supplies	11-215-100-600	4,450.00	(1,683.00)	2,767.00	2,401.51	365.49
<b>Total Preschool Disabilities - Part-Time</b>		<b>43,296.00</b>	<b>(20,460.75)</b>	<b>22,835.25</b>	<b>21,633.86</b>	<b>1,201.39</b>
<b>Total Special Education</b>		<b>1,425,920.00</b>	<b>(10,961.78)</b>	<b>1,414,958.22</b>	<b>1,400,050.62</b>	<b>14,907.60</b>
<b>Basic Skills/Remedial:</b>						
General Supplies	11-230-100-610	1,000.00	-	1,000.00	966.08	33.92
<b>Total Basic Skills/Remedial</b>		<b>1,000.00</b>	<b>-</b>	<b>1,000.00</b>	<b>966.08</b>	<b>33.92</b>
<b>Bilingual Education - Instruction:</b>						
Salaries	11-240-100-101	57,767.00	8,468.70	66,235.70	65,030.05	1,205.65
General Supplies	11-240-100-610	300.00	-	300.00	300.00	-
<b>Total Bilingual Education - Instruction</b>		<b>58,067.00</b>	<b>8,468.70</b>	<b>66,535.70</b>	<b>65,330.05</b>	<b>1,205.65</b>
<b>School Sponsored Cocurricular Activities:</b>						
Salaries	11-401-100-100	52,000.00	(4,415.10)	47,584.90	47,584.00	0.90
Purchased Services	11-401-100-500	4,000.00	(2.24)	3,997.76	3,661.00	336.76
Supplies & Materials	11-401-100-600	2,000.00	247.00	2,247.00	2,247.00	-
Other Objects	11-401-100-800	2,000.00	(2,000.00)	-	-	-
<b>Total School Sponsored Cocurricular Activities</b>		<b>60,000.00</b>	<b>(6,170.34)</b>	<b>53,829.66</b>	<b>53,492.00</b>	<b>337.66</b>
<b>School Sponsored Athletics - Instruction:</b>						
Salaries	11-402-100-100	160,314.00	(19,765.00)	140,549.00	140,146.36	402.64
Purchased Services	11-402-100-500	-	6,680.00	6,680.00	6,355.00	325.00
Supplies and Materials	11-402-100-600	11,000.00	(800.00)	10,200.00	10,191.12	8.88
Other Objects	11-402-100-800	28,800.00	(1,880.00)	26,920.00	26,837.46	82.54
<b>Total School Sponsored Athletics - Instruction:</b>		<b>200,114.00</b>	<b>(15,765.00)</b>	<b>184,349.00</b>	<b>183,529.94</b>	<b>819.06</b>



**SOUTH AMBOY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Summer School - Instruction:						
Salaries of Teachers	11-422-100-101	3,600.00	86.10	3,686.10	3,686.10	-
Total Summer School - Instruction:		3,600.00	86.10	3,686.10	3,686.10	-
Total - Instruction		6,816,887.00	(80,046.05)	6,736,840.95	6,712,161.44	24,679.51
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's -State Special	11-000-100-562	161,671.00	37,243.00	198,914.00	185,835.91	13,078.09
Tuition to Co Voc. School District Special	11-000-100-564	5,000.00	(5,000.00)	-	-	-
Tuition to CSSD & Reg. Day Schools	11-000-100-565	1,001,300.00	170,255.00	1,171,555.00	1,168,623.86	2,931.14
Tuition to Private Schools for the Handicapped - State	11-000-100-566	836,580.00	(138,691.66)	697,888.34	697,887.90	0.44
Tuition - State Facilities	11-000-100-568	91,612.00	(87,112.00)	4,500.00	4,500.00	-
Tuition - Other	11-000-100-569	-	788.00	788.00	788.00	-
Total Undistributed Expenditures - Instruction		2,096,163.00	(22,517.66)	2,073,645.34	2,057,635.67	16,009.67
Attendance & Social Work Services:						
Salaries	11-000-211-100	7,875.00	-	7,875.00	7,875.00	-
Total Attendance & Social Work Services		7,875.00	-	7,875.00	7,875.00	-
Health Services:						
Salaries	11-000-213-100	146,264.00	101.25	146,365.25	146,364.23	1.02
Purchased Professional & Technical Services	11-000-213-300	5,320.00	79,800.41	85,120.41	78,079.54	7,040.87
Supplies and Materials	11-000-213-600	4,240.00	(985.00)	3,255.00	2,642.48	612.52
Other Objects	11-000-213-800	300.00	-	300.00	-	300.00
Total Health Services		156,124.00	78,916.66	235,040.66	227,086.25	7,954.41
Other Support Services - Speech, OT, PT & Related						
Salaries	11-000-216-100	139,562.00	20.10	139,582.10	139,582.07	0.03
Purchased Prof. Ed. Services	11-000-216-320	-	23,800.00	23,800.00	23,800.00	-
General Supplies	11-000-216-600	3,000.00	150.52	3,150.52	3,119.93	30.59
Total Other Support Services - Students - Related Services		142,562.00	23,970.62	166,532.62	166,502.00	30.62
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	331,735.00	4,876.42	336,611.42	336,611.42	-
Salaries of Secretarial & Clerical Assistants	11-000-218-105	46,389.00	(1,182.00)	45,207.00	45,206.77	0.23
Other Purchased Professional & Technical Services	11-000-218-390	4,150.00	-	4,150.00	4,150.00	-
Other Purchased Services	11-000-218-500	6,500.00	(1,871.00)	4,629.00	4,628.37	0.63
Other Objects	11-000-218-800	100.00	-	100.00	-	100.00
Total Other Support Services - Students - Regular		388,874.00	1,823.42	390,697.42	390,596.56	100.86

**SOUTH AMBOY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	290,140.00	3,582.53	293,722.53	293,722.53	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	45,289.00	99.80	45,388.80	45,388.80	-
Purchased Prof. Ed. Services	11-000-219-320	63,225.00	(49,055.00)	14,170.00	13,688.25	481.75
Other Purchased Professional & Technical Services	11-000-219-390	2,225.00	-	2,225.00	2,225.00	-
Other Purchased Services	11-000-219-500	750.00	20.63	770.63	770.63	-
Miscellaneous Purchased Services	11-000-219-592	-	7,784.37	7,784.37	7,779.98	4.39
Supplies & Materials	11-000-219-600	9,000.00	(7,150.52)	1,849.48	1,849.48	-
Other Objects	11-000-219-800	2,000.00	(2,000.00)	-	-	-
<b>Total Other Support Services - Students - Special Services</b>		<b>412,629.00</b>	<b>(46,718.19)</b>	<b>365,910.81</b>	<b>365,424.67</b>	<b>486.14</b>
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	74,881.00	(5,020.47)	69,860.53	69,859.55	0.98
Supplies and Materials	11-000-221-600	5,500.00	(1,200.00)	4,300.00	4,271.49	28.51
<b>Total Improvement of Instruction Services/Other Support Services - Instructional Staff</b>		<b>80,381.00</b>	<b>(6,220.47)</b>	<b>74,160.53</b>	<b>74,131.04</b>	<b>29.49</b>
Educational Media Services/School Library:						
Salaries	11-000-222-100	68,912.00	77,194.82	146,106.82	145,408.58	698.24
Salaries of Technology Coordinators	11-000-222-177	83,562.00	(83,562.00)	-	-	-
Purchased Professional & Technical Services	11-000-222-300	25,000.00	(17,452.16)	7,547.84	7,547.84	-
Supplies and Materials	11-000-222-600	6,500.00	15,586.56	22,086.56	22,079.14	7.42
<b>Total Educational Media Services/School Library</b>		<b>183,974.00</b>	<b>(8,232.78)</b>	<b>175,741.22</b>	<b>175,035.56</b>	<b>705.66</b>
Instructional Staff Training Services:						
Purchased Professional - Educational Staff	11-000-223-320	9,825.00	400.00	10,225.00	9,365.42	859.58
Other Objects	11-000-223-800	500.00	-	500.00	-	500.00
<b>Total Instructional Staff Training Services</b>		<b>10,325.00</b>	<b>400.00</b>	<b>10,725.00</b>	<b>9,365.42</b>	<b>1,359.58</b>
Support Services General Administration:						
Salaries	11-000-230-100	218,781.00	5,147.48	223,928.48	223,928.40	0.08
Legal Services	11-000-230-331	35,000.00	(13,600.00)	21,400.00	21,368.22	31.78
Audit Fees	11-000-230-332	20,000.00	5,115.00	25,115.00	25,115.00	-
Architectural/Engineering Services	11-000-230-334	5,000.00	(5,000.00)	-	-	-
Other Purchased Professional Services	11-000-230-339	5,510.00	5,015.00	10,525.00	10,525.00	-
Communications/Telephone	11-000-230-530	16,200.00	-	16,200.00	15,368.55	831.45
Other Purchased Services (400-500 Series)	11-000-230-585	300.00	460.00	760.00	291.00	469.00
Other Purchasing Services	11-000-230-590	116,000.00	(8,212.00)	107,788.00	107,239.70	548.30
General Supplies	11-000-230-610	2,500.00	(1,108.74)	1,391.26	1,378.38	12.88
Miscellaneous Expenditures	11-000-230-890	500.00	11,929.00	12,429.00	11,928.69	500.31
BOE Membership Dues & Fees	11-000-230-895	14,000.00	(14,000.00)	-	-	-
<b>Total Support Services General Administration</b>		<b>433,791.00</b>	<b>(14,254.26)</b>	<b>419,536.74</b>	<b>417,142.94</b>	<b>2,393.80</b>

**SOUTH AMBOY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	536,495.00	(3,852.56)	532,642.44	532,641.38	1.06
Salaries of Secretarial & Clerical Assistants	11-000-240-105	229,695.00	2,002.94	231,697.94	231,696.48	1.46
Purchased Professional & Technical Services	11-000-240-300	6,250.00	-	6,250.00	6,250.00	-
Other Purchased Services	11-000-240-500	2,000.00	(770.00)	1,230.00	1,206.94	23.06
Supplies & Materials	11-000-240-600	4,500.00	(2,154.00)	2,346.00	2,345.51	0.49
Other Objects	11-000-240-800	5,500.00	(600.00)	4,900.00	4,900.00	-
<b>Total Support Services School Administration</b>		<b>784,440.00</b>	<b>(5,373.62)</b>	<b>779,066.38</b>	<b>779,040.31</b>	<b>26.07</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	253,464.00	1,750.00	255,214.00	255,213.29	0.71
Purchased Professional Services	11-000-251-330	11,000.00	(2,100.00)	8,900.00	8,837.00	63.00
Purchased Technical Services	11-000-251-340	3,575.00	-	3,575.00	3,423.00	152.00
Miscellaneous Purchased Services	11-000-251-592	2,000.00	(1,850.00)	150.00	150.00	-
Supplies & Materials	11-000-251-600	8,500.00	1,889.01	10,389.01	10,126.69	262.32
Miscellaneous Expenditures	11-000-251-890	2,400.00	-	2,400.00	2,319.00	81.00
<b>Total Central Services</b>		<b>280,939.00</b>	<b>(310.99)</b>	<b>280,628.01</b>	<b>280,068.98</b>	<b>559.03</b>
<b>Administrative Information Technology:</b>						
Salaries	11-000-252-100	8,229.00	822.90	9,051.90	9,051.90	-
Purchased Technical Services	11-000-252-340	9,560.00	(1,060.00)	8,500.00	8,164.00	336.00
Supplies and Materials	11-000-252-600	10,000.00	(3,973.64)	6,026.36	6,025.62	0.74
Other Objects	11-000-252-800	10,000.00	(2,208.21)	7,791.79	7,791.12	0.67
<b>Total Administrative Information Technology</b>		<b>37,789.00</b>	<b>(6,418.95)</b>	<b>31,370.05</b>	<b>31,032.64</b>	<b>337.41</b>
<b>Required Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	172,175.00	(51,652.78)	120,522.22	120,519.68	2.54
Cleaning, Repair & Maintenance Services	11-000-261-420	85,580.00	12,912.00	98,492	97,087.86	1,404.14
General Supplies	11-000-261-610	34,000.00	7,212.00	41,212.00	36,545.36	4,666.64
Other Objects	11-000-261-800	48,625.00	(7,750.00)	40,875.00	40,123.49	751.51
<b>Total Allowable Maintenance For School Facilities</b>		<b>340,380.00</b>	<b>(39,278.78)</b>	<b>301,101.22</b>	<b>294,276.39</b>	<b>6,824.83</b>
<b>Other Operation &amp; Maintenance of Plant Services:</b>						
Salaries	11-000-262-100	434,029.00	41,962.54	475,991.54	475,607.34	384.20
Salaries of Non-Instructional Aides	11-000-262-107	7,500.00	(7,500.00)	-	-	-
Cleaning, Repair & Maintenance Services	11-000-262-420	14,000.00	3,000.00	17,000.00	15,782.87	1,217.13
Insurance	11-000-262-520	30,000.00	-	30,000.00	30,000.00	-
General Supplies	11-000-262-610	28,000.00	(2,500.00)	25,500.00	24,631.24	868.76
Energy (Natural Gas)	11-000-262-621	75,000.00	(10,500.00)	64,500.00	64,376.01	123.99
Energy (Electricity)	11-000-262-622	180,000.00	2,500.00	182,500.00	182,500.00	-
Other Objects	11-000-262-800	275.00	-	275.00	250.00	25.00
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>768,804.00</b>	<b>26,962.54</b>	<b>795,766.54</b>	<b>793,147.46</b>	<b>2,619.08</b>

**SOUTH AMBOY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	83,382.00	(24,159.78)	59,222.22	58,822.74	399.48
Salaries for Pupil Transportation (Other than Between Home & School)	11-000-270-162	19,000.00	6,116.10	25,116.10	25,000.27	115.83
Management Fee - ESC & CTSA Trans Program	11-000-270-350	16,000.00	(15,563.00)	437.00	-	437.00
Contracted Services - (Other than Between Home & School)	11-000-270-512	7,242.00	3,630.53	10,872.53	5,916.00	4,956.53
Contracted Services - Jointure Agreements - (Special Education	11-000-270-515	10,302.00	15,000.00	25,302.00	25,200.00	102.00
Contracted Services - ESC's & CTSA's - (Regular Students	11-000-270-517	91,035.00	16,000.00	107,035.00	102,977.63	4,057.37
Contracted Services - ESC's & CTSA's - (Special Education Students)	11-000-270-518	262,905.00	180,200.00	443,105.00	430,106.39	12,998.61
Miscellaneous Purchased Services - Transportation	11-000-270-593	4,000.00	-	4,000.00	4,000.00	-
General Supplies	11-000-270-610	250.00	(250.00)	-	-	-
Transportation Supplies	11-000-270-615	23,000.00	3,423.61	26,423.61	19,923.49	6,500.12
Miscellaneous Expenditures	11-000-270-800	155.00	45.00	200.00	200.00	-
<b>Total Student Transportation Services</b>		<b>517,271.00</b>	<b>184,442.46</b>	<b>701,713.46</b>	<b>672,146.52</b>	<b>29,566.94</b>
Unallocated Benefits Employee Benefits:						
Social Security Contributions	11-000-291-220	165,000.00	3,304.00	168,304.00	168,302.46	1.54
Other Retirement Contributions - PERS	11-000-291-241	184,410.00	(15,075.00)	169,335.00	168,859.00	476.00
Other Retirement Contributions - Regular	11-000-291-249	8,000.00	2,315.75	10,315.75	10,232.72	83.03
Workman's Compensation	11-000-291-260	122,000.00	2,500.00	124,500.00	124,500.00	-
Health Benefits	11-000-291-270	2,123,149.00	(74,532.01)	2,048,616.99	2,019,966.76	28,650.23
Tuition Reimbursement	11-000-291-280	17,500.00	(17,500.00)	-	-	-
Other Employee Benefits	11-000-291-290	-	38,949.51	38,949.51	38,949.49	0.02
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>2,620,059.00</b>	<b>(60,037.75)</b>	<b>2,560,021.25</b>	<b>2,530,810.43</b>	<b>29,210.82</b>
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	567,402.00	(567,402.00)
On-Behalf TPAF Medical Contributions		-	-	-	675,620.00	(675,620.00)
Reimbursed TPAF Social Security		-	-	-	534,315.12	(534,315.12)
<b>Total Undistributed Expenditures</b>		<b>9,262,380.00</b>	<b>107,152.25</b>	<b>9,369,532.25</b>	<b>11,048,654.96</b>	<b>(1,679,122.71)</b>
<b>Total Expenditures - Current Expense</b>		<b>16,079,267.00</b>	<b>27,106.20</b>	<b>16,106,373.20</b>	<b>17,760,816.40</b>	<b>(1,654,443.20)</b>
Capital Outlay:						
Equipment:						
Undistributed Expenditures:						
Required Maintenance for School Facilities	12-000-261-730	35,000.00	2,648.00	37,648.00	37,598.00	50.00
<b>Total Equipment</b>		<b>35,000.00</b>	<b>2,648.00</b>	<b>37,648.00</b>	<b>37,598.00</b>	<b>50.00</b>

**SOUTH AMBOY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Facilities Acquisition & Construction Services:						
Assessment for Debt Service on SDA Funding	12-000-400-896	1,230.00	-	1,230.00	1,230.00	-
Total Facilities Acquisition & Construction Services		1,230.00	-	1,230.00	1,230.00	-
Total Capital Outlay		36,230.00	2,648.00	38,878.00	38,828.00	50.00
Total Expenditures		16,115,497.00	29,754.20	16,145,251.20	17,799,644.40	(1,654,393.20)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(329,093.00)	(29,854.20)	(358,947.20)	(142,523.90)	216,423.30
Other Financing Sources/(Uses):						
Interest Deposit to Capital Reserve		(100.00)	100.00	-	-	-
Transfer of Funds to Charter Schools		-	(24,330.00)	(24,330.00)	(17,890.00)	6,440.00
Total Other Financing Sources/(Uses)		(100.00)	(24,230.00)	(24,330.00)	(17,890.00)	6,440.00
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses		(329,193.00)	(54,084.20)	(383,277.20)	(160,413.90)	222,863.30
Fund Balances, July 1		1,503,294.94	-	1,503,294.94	1,503,294.94	-
Fund Balances, June 30		\$ 1,174,101.94	\$ (54,084.20)	\$ 1,120,017.74	\$ 1,342,881.04	\$ 222,863.30

**RECAPITULATION OF BUDGET TRANSFERS**

Rollover of Prior Year Encumbrances	<u>\$ 54,084.20</u>
	<u>\$ 54,084.20</u>

**RECAPITULATION OF FUND BALANCE**

Restricted Fund Balance:	
Capital Reserve	\$ 344,572.00
Maintenance Reserve	248,630.00
Emergency Reserve	25,000.00
Excess Surplus	10,333.00
Excess Surplus Designated for Subsequent Year's Expenditures	187,318.00
Assigned Fund Balance:	
Unreserved Designated for Subsequent Year's Expenditures	163,140.00
Year-end Encumbrances	3,370.30
Unassigned Fund Balance	<u>360,517.74</u>
Subtotal	<u>1,342,881.04</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(646,716.80)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 696,164.24</u>

**SOUTH AMBOY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

REVENUES	JUNE 30, 2016				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Local Sources		\$ 2,141.04	\$ 2,141.04	-	\$ (2,141.04)
Federal Sources	627,734.00	(333,866.24)	293,867.76	737,985.40	444,117.64
State Sources	261,589.00	494,968.04	756,557.04	233,763.15	(522,793.89)
<b>Total Revenues</b>	<b>889,323.00</b>	<b>163,242.84</b>	<b>1,052,565.84</b>	<b>971,748.55</b>	<b>(80,817.29)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	371,009.00	(109,755.00)	261,254.00	256,889.00	4,365.00
Other Salaries for Instruction	28,743.00	-	28,743.00	29,606.00	(863.00)
Purchased Professional Services (300 Series)	336,249.00	11,336.04	347,585.04	346,461.24	1,123.80
General Supplies	4,000.00	21,352.01	25,352.01	22,936.87	2,415.14
Textbooks	18,941.00	(9,768.23)	9,172.77	8,127.08	1,045.69
<b>Total Instruction</b>	<b>758,942.00</b>	<b>(86,835.18)</b>	<b>672,106.82</b>	<b>664,020.19</b>	<b>8,086.63</b>
<b>Support Services:</b>					
Salaries	20,418.00	3,453.00	23,871.00	22,829.00	1,042.00
Personal Services - Employee Benefits	21,372.00	46,918.00	68,290.00	65,493.00	2,797.00
Purchased Professional Services (300 Series)	88,591.00	192,460.98	281,051.98	214,301.36	66,750.62
Miscellaneous Expenditures	-	2,141.04	2,141.04	-	2,141.04
Instructional Equipment	-	5,105.00	5,105.00	5,105.00	-
<b>Total Support Services</b>	<b>130,381.00</b>	<b>250,078.02</b>	<b>380,459.02</b>	<b>307,728.36</b>	<b>72,730.66</b>
<b>Total Expenditures</b>	<b>889,323.00</b>	<b>163,242.84</b>	<b>1,052,565.84</b>	<b>971,748.55</b>	<b>80,817.29</b>
<b>Total Outflows</b>	<b>889,323.00</b>	<b>163,242.84</b>	<b>1,052,565.84</b>	<b>971,748.55</b>	<b>80,817.29</b>
<b>Excess/(Deficiency) of Revenues Over/(Under)</b>					
Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ (0.00)

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**SOUTH AMBOY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30,2016**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 17,657,120.50	\$ 971,748.55
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	650,213.40	16,149.60
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(646,716.80)	(14,355.20)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	24,546.00
Current Year	-	(97,783.23)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 17,660,617.10</u>	<u>\$ 900,305.72</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 17,799,644.40	\$ 971,748.55
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	24,546.00
Current Year	-	(97,783.23)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 17,799,644.40</u>	<u>\$ 898,511.32</u>

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)**

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**SOUTH AMBOY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.01964%	0.02030%	0	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset)	4,408,984.00	3,801,481.00	3,720,229.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	1,506,527.00	1,477,021.14	946,954.60	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	292.66%	257.37%	392.86%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTH AMBOY SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 168,859.00	\$ 167,384.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	168,859.00	167,384.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ -	\$ -	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 1,506,527.00	\$ 1,477,021.14	1,477,021.14	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	11.21%	11.33%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**SOUTH AMBOY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.07050%	0.07169%	0.07058%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 44,559,267.00	\$ 38,313,708.00	\$ 35,668,263.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 7,702,542.00	\$ 7,618,906.46	\$ 5,400,840	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**SOUTH AMBOY SCHOOL DISTRICT  
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68) –  
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

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

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

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

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

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and 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 1 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.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SOUTH AMBOY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	NO CHILD LEFT BEHIND				NJ NON-PUBLIC					
	TITLE I	TITLE II-A	TITLE III	TITLE III IMMIGRANT	IDEA Part B BASIC	IDEA Part B PRESCHOOL	TEXTBOOKS AID	NURSING AID	TECHNOLOGY AID	SECURITY AID
<b>Revenues:</b>										
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	282,042.00	59,557.00	20.00	831.00	388,148.40	7,387.00	-	-	-	-
State Sources	-	-	-	-	-	-	8,127.08	14,332.00	3,939.20	3,997.00
<b>Total Revenues</b>	<b>\$ 282,042.00</b>	<b>\$ 59,557.00</b>	<b>\$ 20.00</b>	<b>\$ 831.00</b>	<b>\$ 388,148.40</b>	<b>\$ 7,387.00</b>	<b>\$ 8,127.08</b>	<b>\$ 14,332.00</b>	<b>\$ 3,939.20</b>	<b>\$ 3,997.00</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Salaries of Teachers	\$ 151,452.00	\$ 29,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries of Other Instruction	-	-	-	-	-	-	-	-	-	-
Purchased Professional Services (300 Series)	47,631.00	-	-	-	283,507.04	7,387.00	-	-	3,939.20	3,997.00
General Supplies	18,100.00	-	20.00	831.00	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	8,127.08	-	-	-
<b>Total Instruction</b>	<b>217,183.00</b>	<b>29,000.00</b>	<b>20.00</b>	<b>831.00</b>	<b>283,507.04</b>	<b>7,387.00</b>	<b>8,127.08</b>	<b>-</b>	<b>3,939.20</b>	<b>3,997.00</b>
<b>Support Services:</b>										
Salaries	5,000.00	-	-	-	-	-	-	-	-	-
Employee Benefits	37,030.00	7,091.00	-	-	-	-	-	-	-	-
Purchased Professional Services (300 Series)	17,724.00	23,466.00	-	-	104,641.36	-	-	14,332.00	-	-
Instructional Equipment	5,105.00	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>64,859.00</b>	<b>30,557.00</b>	<b>-</b>	<b>-</b>	<b>104,641.36</b>	<b>-</b>	<b>-</b>	<b>14,332.00</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 282,042.00</b>	<b>\$ 59,557.00</b>	<b>\$ 20.00</b>	<b>\$ 831.00</b>	<b>\$ 388,148.40</b>	<b>\$ 7,387.00</b>	<b>\$ 8,127.08</b>	<b>\$ 14,332.00</b>	<b>\$ 3,939.20</b>	<b>\$ 3,997.00</b>

**SOUTH AMBOY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	NJ NON-PUBLIC AUXILIARY SERVICES CH. 192		NJ NON-PUBLIC HANDICAPPED SERVICES CH. 193				TOTAL
	E.S.L.	TRANSPORTATION	COMPENSTORY EDUCATION	EXAM & CLASSIFICATION	CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	
Revenues:							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-
State Sources	863.00	7,829.00	26,227.00	10,054.00	6,689.00	8,168.00	143,537.87
Total Revenues	\$ 863.00	\$ 7,829.00	\$ 26,227.00	\$ 10,054.00	\$ 6,689.00	\$ 8,168.00	\$ 143,537.87
Expenditures:							
Instruction:							
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,437.00
Salaries of Other Instruction	863.00	-	-	-	-	-	28,743.00
Purchased Professional Services (300 Series)	-	-	-	-	-	-	346,461.24
General Supplies	-	-	-	-	-	-	22,936.87
Textbooks	-	-	-	-	-	-	3,985.87
Total Instruction	863.00	-	-	-	-	-	109,165.87
Support Services:							
Salaries	-	7,829.00	-	-	-	-	10,000.00
Employee Benefits	-	-	-	-	-	-	21,372.00
Purchased Professional Services (300 Series)	-	-	26,227.00	10,054.00	6,689.00	8,168.00	3,000.00
Instructional Equipment	-	-	-	-	-	-	-
Total Support Services	-	7,829.00	26,227.00	10,054.00	6,689.00	8,168.00	34,372.00
Total Expenditures	\$ 863.00	\$ 7,829.00	\$ 26,227.00	\$ 10,054.00	\$ 6,689.00	\$ 8,168.00	\$ 143,537.87

**SOUTH AMBOY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

<u>DISTRICT-WIDE TOTALS</u>	2016 Budgeted	2016 Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 76,437.00	\$ 76,437.00	\$ -
Salaries of Other Instruction	28,743.00	28,743.00	-
General Supplies	4,006.01	3,985.87	20.14
	<hr/>	<hr/>	
Total Instruction	109,186.01	109,165.87	20.14
	<hr/>	<hr/>	
Support Services:			
Salaries	10,000.00	10,000.00	-
Employee Benefits	21,372.00	21,372.00	-
Purchased Professional Services (300 Series)	3,000.00	3,000.00	-
	<hr/>	<hr/>	
Total Support Services	34,372.00	34,372.00	-
	<hr/>	<hr/>	
Total Expenditures	<u>\$ 143,558.01</u>	<u>\$ 143,537.87</u>	<u>\$ 20.14</u>

SUMMARY OF LOCATION TOTALS

Total revised 2015-16 Preschool Education Aid Allocation	\$ 143,552.00
Add: Actual ECPA/PEA Carryover (June 30, 2015)	<u>6.01</u>
Total Preschool Education Aid Funds Available for 2015-16 Budget	<u>143,558.01</u>
Less:	
2015-16 Budgeted Preschool Education Aid (Including prior-year budget carryover)	<u>(143,558.01)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-
Add:	
June 30, 2016 Unexpended Preschool Education Aid	<u>20.14</u>
2015-16 Carryover - Preschool Education Aid Programs	<u>\$ 20.14</u>
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	<u>-</u>

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F. Capital Projects Fund

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**SOUTH AMBOY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

Project Title/Issue	Date	Revised Appropriations	Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
Elementary School Renovation	03/14/13	\$ 8,470,000.00	\$ 6,805,554.01	\$ 11,001.92	\$ 1,653,444.07
		<u>\$ 8,470,000.00</u>	<u>\$ 6,805,554.01</u>	<u>\$ 11,001.92</u>	<u>\$ 1,653,444.07</u>
Fund Balance Per B-2					<u>\$ 1,653,444.07</u>

**SOUTH AMBOY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

Expenditures and Other Financing Uses:	
Expenditures:	
Construction Services	<u>11,001.92</u>
Total Expenditures	<u>11,001.92</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	(11,001.92)
Fund Balance - July 1	<u>1,664,445.99</u>
Fund Balance - June 30	<u><u>\$1,653,444.07</u></u>

**SOUTH AMBOY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
ELEMENTARY SCHOOL RENOVATION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond and Note Proceeds	\$ 8,470,000.00	\$ -	\$ 8,470,000.00	\$ 8,470,000.00
Total Revenues	8,470,000.00	-	8,470,000.00	8,470,000.00
Expenditures and Other Financing Sources:				
Legal Services	53,739.94	-	53,739.94	53,739.94
Architectural/Engineering Services	685,200.19	-	685,200.19	685,200.19
Purchased Professional and Technical Services	29,147.31	-	29,147.31	466,602.50
Construction Services	6,037,466.57	11,001.92	6,048,468.49	7,264,457.37
Total Expenditures	6,805,554.01	11,001.92	6,816,555.93	8,470,000.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 1,664,445.99	\$ (11,001.92)	\$ 1,653,444.07	\$ -

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Note Authorization Date	03/14/13
Notes Authorized	1,150,000.00
Notes Issued	1,150,000.00
Bonds Authorized Date	06/24/13
Bonds Authorized	8,470,000.00
Bonds Issued	8,470,000.00
Original Authorization Cost	8,470,000.00
Additional Authorization Cost	-
Revised Authorization Cost	8,470,000.00
Percentage Increase over Original Authorized Cost	
Percentage Completion	80.48%
Original Target Completion Date	08/31/15
Revised Target Completion Date	06/30/16

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## G. Proprietary Funds

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Enterprise Funds

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**SOUTH AMBOY SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2016**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 92,046.97
Accounts Receivable:	
State	264.94
Federal	13,757.09
Local	-
Inventories	<u>22,111.07</u>
Total Current Assets	<u>128,180.07</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	295,890.00
Less: Accumulated Depreciation	<u>(283,118.00)</u>
Total Noncurrent Assets	<u>12,772.00</u>
Total Assets	<u>140,952.07</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>23,656.55</u>
Total Current Liabilities	<u>23,656.55</u>
NET POSITION	
Net Investment in Capital Assets	12,772.00
Unrestricted	<u>104,523.52</u>
Total Net Position	<u>\$ 117,295.52</u>

**SOUTH AMBOY SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 100,179.93
Daily Sales - Nonreimbursable Programs	72,439.71
Miscellaneous Revenue	<u>6,191.97</u>
Total Operating Revenues	<u>178,811.61</u>
Operating Expenses:	
Salaries	147,914.21
Employee Benefits	33,155.64
Purchase Professional Services	40,905.00
General Supplies	25,393.89
Depreciation	1,712.00
Repairs and Maintenance	67.62
Miscellaneous	19,013.06
Cost of Sales	<u>191,045.76</u>
Total Operating Expenses	<u>459,207.18</u>
Operating Loss	<u>(280,395.57)</u>
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	4,886.14
Federal Sources:	
National School Lunch Program	203,375.34
National School Lunch Program - PB Lunch	5,894.52
National School Breakfast Program	32,553.79
Food Distribution Programs	<u>42,330.75</u>
Total Nonoperating Revenues/(Expenses)	<u>289,040.54</u>
Change in Net Position	8,644.97
Total Net Position - Beginning	<u>108,650.55</u>
Total Net Position - Ending	<u>\$ 117,295.52</u>

**SOUTH AMBOY SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
AS OF JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 196,194.63
Payments to Employees & Benefits	(181,069.85)
Payments to Suppliers	<u>(239,062.37)</u>
Net Cash Flows from Operating Activities	<u>(223,937.59)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	5,174.61
Federal Sources	<u>247,844.53</u>
Net Cash Flows from Noncapital Financing Activities	<u>253,019.14</u>
Change in Cash & Cash Equivalents	29,081.55
Balances - Beginning of Year	<u>62,965.42</u>
Balances - End of Year	<u><u>\$ 92,046.97</u></u>

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

Operating Loss	\$ (280,395.57)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Food Distribution Program	42,330.75
Depreciation Expense	1,712.00
(Increase)/Decrease in Inventories	(2,874.44)
(Increase)/Decrease in Accounts Receivable	17,383.02
Increase/(Decrease) in Accounts Payable	<u>(2,093.35)</u>
Total Adjustments	<u>56,457.98</u>
Net Cash Flows from Operating Activities	<u><u>\$ (223,937.59)</u></u>

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**SOUTH AMBOY SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	PAYROLL FUND	STUDENT ACTIVITY FUND	
Cash & Cash Equivalents	\$ 110,836.06	\$ 39,767.81	\$ 444,420.75	\$ 127,849.66	\$ 722,874.28
Intrafund Receivable	-	-	7,101.00	-	7,101.00
<b>Total Assets</b>	<b>110,836.06</b>	<b>39,767.81</b>	<b>451,521.75</b>	<b>127,849.66</b>	<b>729,975.28</b>
<b>LIABILITIES</b>					
Intrafund Payable	7,101.00	-	-	-	7,101.00
Payable to State Government	639.80	-	-	-	639.80
Payroll Deductions & Withholdings	-	-	451,521.75	-	451,521.75
Due to Student Groups	-	-	-	127,849.66	127,849.66
<b>Total Liabilities</b>	<b>7,740.80</b>		<b>451,521.75</b>	<b>127,849.66</b>	<b>587,112.21</b>
<b>NET POSITION</b>					
Reserve for Scholarship Held in Trust for Unemployment Claims & Other Purposes	-	39,767.81	-	-	39,767.81
	103,095.26	-	-	-	103,095.26
<b>Total Net Position</b>	<b>\$ 103,095.26</b>	<b>\$ 39,767.81</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 142,863.07</b>

**SOUTH AMBOY SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP AND DONATIONS	TOTAL
Contributions:			
Employees	\$ 15,535.66	\$ -	\$ 15,535.66
Other	-	984.45	984.45
	<hr/>		
Total Contributions	15,535.66	984.45	16,520.11
	<hr/>		
Investment Earnings:			
Interest	-	675.25	675.25
	<hr/>		
Net Investment Earnings	-	675.25	675.25
	<hr/>		
Total Additions	15,535.66	1,659.70	17,195.36
	<hr/>		
DEDUCTIONS			
Scholarship Awarded	-	6,850.00	6,850.00
Unemployment Claims	11,302.46	-	11,302.46
	<hr/>		
Total Deductions	11,302.46	6,850.00	18,152.46
	<hr/>		
Change in Net Position	4,233.20	(5,190.30)	(957.10)
Net Position - Beginning of the Year	98,862.06	44,958.11	143,820.17
	<hr/>		
Net Position - End of the Year	\$ 103,095.26	\$ 39,767.81	\$ 142,863.07
	<hr/> <hr/>		

**SOUTH AMBOY SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents - High School	\$ 100,064.17	\$ 127,295.91	\$ 126,253.72	\$ 101,106.36
Cash & Cash Equivalents - Athletic	25,255.13	16,533.22	15,045.05	26,743.30
<b>Total Assets</b>	<b>\$ 125,319.30</b>	<b>\$ 143,829.13</b>	<b>\$ 141,298.77</b>	<b>\$ 127,849.66</b>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 125,319.30	\$ 143,829.13	\$ 141,298.77	\$ 127,849.66
<b>Total Liabilities</b>	<b>\$ 125,319.30</b>	<b>\$ 143,829.13</b>	<b>\$ 141,298.77</b>	<b>\$ 127,849.66</b>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 414,539.79	\$ 11,323,942.42	\$ 11,294,061.46	\$ 444,420.75
Interfund Accounts Receivable	7,101.00	-	-	7,101.00
<b>Total Assets</b>	<b>\$ 421,640.79</b>	<b>\$ 11,323,942.42</b>	<b>\$ 11,294,061.46</b>	<b>\$ 451,521.75</b>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 421,640.79	\$ 5,822,391.12	\$ 5,792,510.16	\$ 451,521.75
Net Payroll	-	5,501,551.30	5,501,551.30	-
<b>Total Liabilities</b>	<b>\$ 421,640.79</b>	<b>\$ 11,323,942.42</b>	<b>\$ 11,294,061.46</b>	<b>\$ 451,521.75</b>

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## I. Long-Term Debt

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**SOUTH AMBOY SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
JUNE 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS DATE	ANNUAL PAYMENTS AMOUNT	INTEREST RATE	AMOUNT OUTSTANDING		AMOUNT OUTSTANDING JUNE 30, 2016	
						JUNE 30, 2015	RETIRED		
School Refunding ERIP Bonds, Series 2005	06/23/05	\$ 415,000.00	09/15/16 09/15/17	40,000.00 40,000.00	5.000% 5.000%	\$ 120,000.00	\$ -	\$ 40,000.00	\$ 80,000.00
School Bomds, Series 2013	08/20/13	8,470,000.00	09/01/16 09/01/17 09/01/18 09/01/19 09/01/20 09/01/21 09/01/22 09/01/23 09/01/24 09/01/25 09/01/26 09/01/27 09/01/28 09/01/29 09/01/30 09/01/31 09/01/32 09/01/33 09/01/34	315,000.00 325,000.00 335,000.00 345,000.00 360,000.00 370,000.00 380,000.00 395,000.00 405,000.00 420,000.00 430,000.00 445,000.00 460,000.00 480,000.00 495,000.00 515,000.00 530,000.00 550,000.00 565,000.00	3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.400% 3.400% 3.400% 4.000% 4.000% 4.000% 4.100% 4.200% 4.300% 4.400%	8,470,000.00	-	350,000.00	8,120,000.00
Total						\$ 8,590,000.00	\$ -	\$ 390,000.00	\$ 8,200,000.00

**SOUTH AMBOY SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2016**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2015	ISSUED	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2016
Wireless Network and Security Cameras	2.323%	\$ 131,979.54	\$ 88,732.19	\$ -	\$ 28,901.48	\$ 59,830.71
Total			\$ 88,732.19	\$ -	\$ 28,901.48	\$ 59,830.71

**SOUTH AMBOY SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 664,744.00	\$ -	\$ 664,744.00	\$ 664,744.00	\$ -
Miscellaneous	-	-	-	2,606.93	2,606.93
Total Revenues	664,744.00	-	664,744.00	667,350.93	2,606.93
Expenditures:					
Regular Debt Service:					
Interest on Bonds	645,465.00	(350,000.00)	295,465.00	295,465.00	-
Interest on Early Retirement Bonds	5,000.00	-	5,000.00	5,000.00	-
Redemption of Principal	40,000.00	350,000.00	390,000.00	390,000.00	-
Total Regular Debt Service	690,465.00	-	690,465.00	690,465.00	-
Total Expenditures	690,465.00	-	690,465.00	690,465.00	-
Excess/(Deficiency) of Revenues & Other Financing Sources					
Over/(Under) Expenditures & Other Financing Uses	(25,721.00)	-	(25,721.00)	(23,114.07)	2,606.93
Fund Balance, July 1	48,621.95	-	48,621.95	48,621.95	-
Fund Balance, June 30	\$ 22,900.95	\$ -	\$ 22,900.95	\$ 25,507.88	\$ 2,606.93

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**STATISTICAL SECTION (Unaudited)**

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the presented for the past ten fiscal years.

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 7,598,131.22	\$ 7,510,722.82	\$ 2,602,943.22	\$ 8,184,106.00	\$ 9,175,959.88	\$ 8,284,843.00	\$ 7,382,118.00	\$ 6,562,737.00	\$ 6,080,895.00	\$ 5,470,592.00
Restricted	2,371,392.07	2,556,931.61	7,372,766.68	1,809,703.00	810,072.74	553,855.00	402,708.00	210,547.00	76,357.00	419,252.00
Unrestricted	(4,498,770.46)	(4,334,444.06)	(500,571.71)	(703,164.00)	(615,218.19)	(328,141.00)	(427,903.00)	(376,588.00)	(92,583.00)	(105,683.00)
<b>Total Governmental Activities</b>	<b>\$ 5,470,752.83</b>	<b>\$ 5,733,210.37</b>	<b>\$ 9,475,138.19</b>	<b>\$ 9,290,645.00</b>	<b>\$ 9,370,814.43</b>	<b>\$ 8,510,557.00</b>	<b>\$ 7,356,923.00</b>	<b>\$ 6,396,696.00</b>	<b>\$ 6,064,669.00</b>	<b>\$ 5,784,161.00</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 12,772.00	\$ 14,484.00	\$ 16,196.00	\$ 17,908.00	\$ 28,043.46	\$ 29,493.00	\$ 36,993.00	\$ 10,285.00	\$ 11,700.00	\$ 9,312.00
Restricted	-	-	-	-	-	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00
Unrestricted	104,523.52	94,166.55	83,991.43	81,504.00	49,757.92	49,572.00	42,544.00	9,302.00	7,019.00	50,967.00
<b>Total Business-Type Activities</b>	<b>\$ 117,295.52</b>	<b>\$ 108,650.55</b>	<b>\$ 100,187.43</b>	<b>\$ 99,412.00</b>	<b>\$ 77,801.38</b>	<b>\$ 100,064.00</b>	<b>\$ 100,536.00</b>	<b>\$ 40,586.00</b>	<b>\$ 39,718.00</b>	<b>\$ 81,278.00</b>
<b>Government-Wide:</b>										
Net Investment in Capital Assets	\$ 7,610,903.22	\$ 7,525,206.82	\$ 7,588,452.17	\$ 2,619,139.22	\$ 8,202,014.00	\$ 9,204,003.34	\$ 8,314,336.00	\$ 7,419,111.00	\$ 6,573,022.00	\$ 6,092,595.00
Restricted	2,371,392.07	2,556,931.61	2,538,906.61	7,372,766.68	1,809,703.00	810,072.74	574,854.00	423,707.00	231,546.00	97,356.00
Unrestricted	(4,394,246.94)	(4,240,277.51)	(5,531,516.42)	(416,580.28)	(621,660.00)	(565,460.27)	(278,569.00)	(385,359.00)	(367,286.00)	(85,564.00)
<b>Total District Net Position</b>	<b>\$ 5,588,048.35</b>	<b>\$ 5,841,860.92</b>	<b>\$ 4,595,842.36</b>	<b>\$ 9,575,325.62</b>	<b>\$ 9,390,057.00</b>	<b>\$ 9,448,615.81</b>	<b>\$ 8,610,621.00</b>	<b>\$ 7,457,459.00</b>	<b>\$ 6,437,282.00</b>	<b>\$ 6,104,387.00</b>

Source: District CAFR, Schedule A-1

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ (5,005,106.65)	\$ (4,891,112.73)	\$ (4,690,540.71)	\$ (4,608,357.00)	\$ (7,266,397.96)	\$ (7,178,755.00)	\$ (7,682,620.00)	\$ (7,390,206.00)	\$ (7,280,561.00)	\$ (6,677,479.00)
Special Education	(2,088,616.81)	(2,093,200.57)	(2,067,469.99)	(2,120,159.00)	(2,045,480.51)	(1,931,783.00)	(1,996,166.00)	(1,930,458.00)	(2,239,866.00)	(1,842,550.00)
Other Special Education	(66,296.13)	(72,291.40)	(52,448.71)	(55,658.00)	(356,945.37)	(125,052.00)	(108,127.00)	(107,843.00)	(170,514.00)	(221,158.00)
Other Instruction	(240,708.04)	(226,864.91)	(230,656.01)	(268,091.00)	(244,461.09)	(281,085.00)	(279,161.00)	(280,764.00)	(374,596.00)	(367,684.00)
Support Services:										
Tuition	(2,057,635.67)	(1,887,670.46)	(1,688,058.77)	(1,580,405.00)	(1,303,971.03)	(890,539.00)	(764,049.00)	(739,111.00)	(638,294.00)	(572,386.00)
Student & Instruction Related Services	(1,620,856.63)	(1,603,717.19)	(1,630,638.06)	(1,701,874.00)	(2,006,403.74)	(2,199,333.00)	(2,214,753.00)	(2,306,857.00)	(2,690,910.00)	(2,700,072.00)
School Administrative Services	(779,040.31)	(755,969.82)	(670,794.28)	(645,410.00)	(820,150.84)	(891,351.00)	(856,744.00)	(724,495.00)	(832,977.00)	(856,567.00)
General & Business Administrative Services	(728,244.56)	(707,154.87)	(735,962.82)	(775,242.00)	(571,764.68)	(787,335.00)	(873,835.00)	(1,012,973.00)	(743,264.00)	(884,319.00)
Plant Operations & Maintenance	(1,037,493.37)	(1,076,923.72)	(1,090,171.17)	(1,021,540.00)	(1,382,360.23)	(1,486,353.00)	(1,467,512.00)	(1,459,434.00)	(1,389,553.00)	(1,405,594.00)
Pupil Transportation	(672,146.52)	(575,709.05)	(461,275.08)	(440,783.00)	(484,807.30)	(492,918.00)	(540,031.00)	(663,073.00)	(610,366.00)	(504,173.00)
Central Services	-	-	-	-	(270,913.82)	-	-	-	-	-
Administrative Informational Technology	-	-	-	-	(45,716.57)	-	-	-	-	-
Unallocated Benefits	(6,584,433.55)	(5,841,251.11)	(4,004,231.57)	(4,147,624.00)	-	-	-	-	-	-
Interest & Other Charges on Long-Term Debt	(297,611.67)	(291,463.97)	(267,698.55)	(34,925.00)	(54,687.57)	(79,035.00)	(70,222.00)	(147,285.00)	(178,809.00)	(209,886.00)
Capital Outlay	-	-	-	-	-	-	-	-	(30,171.00)	(1,100.00)
Unallocated Amortization of Bond Costs	-	-	-	(2,500.00)	-	-	-	-	-	-
Unallocated Increases/(Decrease) in Compensated Absences	(41,764.38)	(11,405.00)	(52,964.00)	(24,873.00)	-	-	-	-	-	-
Adjustment to Fixed Assets	-	5,679.55	-	-	-	-	-	-	-	-
Unallocated Depreciation	(406,229.00)	(424,913.00)	(540,641.00)	(540,641.00)	-	-	-	-	-	(301,284.00)
Total Governmental Activities Expenses	(21,626,183.29)	(20,453,968.25)	(18,183,550.72)	(17,968,082.00)	(16,854,060.71)	(16,343,539.00)	(16,853,220.00)	(16,762,499.00)	(17,179,881.00)	(16,544,252.00)
Business-Type Activities:										
Food Service	(459,207.18)	(438,407.65)	(453,777.02)	(401,774.00)	(446,074.26)	(445,217.00)	(484,806.00)	(441,389.00)	(482,335.00)	(421,463.00)
Total Business-Type Activities Expense	(459,207.18)	(438,407.65)	(453,777.02)	(401,774.00)	(446,074.26)	(445,217.00)	(484,806.00)	(441,389.00)	(482,335.00)	(421,463.00)
Total District Expenses	\$ (22,085,390.47)	\$ (20,892,375.90)	\$ (18,637,327.74)	\$ (18,369,856.00)	\$ (17,300,134.97)	\$ (16,788,756.00)	\$ (17,338,026.00)	\$ (17,203,888.00)	\$ (17,662,216.00)	\$ (16,965,715.00)
Program Revenues:										
Governmental Activities:										
Charge for Services	\$ -	\$ -	\$ -	\$ -	\$ 930.20	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & Contributions	4,830,984.84	4,287,453.36	1,342,264.52	1,160,640.00	249,378.00	662,790.00	187,855.00	211,050.00	1,095,516.00	1,086,445.00
Total Governmental Activities Program Revenues	4,830,984.84	4,287,453.36	1,342,264.52	1,160,640.00	250,308.20	662,790.00	187,855.00	211,050.00	1,095,516.00	1,086,445.00

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Business-Type Activities:</b>										
Charges for Services:										
Grants & Contributions	289,040.54	265,496.31	264,642.92	227,944.00	224,890.46	229,304.00	256,124.00	204,251.00	190,673.00	167,544.00
Food Service	178,811.61	181,374.46	189,909.51	190,913.00	193,795.54	215,333.00	242,748.00	238,006.00	250,102.00	243,051.00
<b>Total Business Type Activities</b>	<b>467,852.15</b>	<b>446,870.77</b>	<b>454,552.43</b>	<b>418,857.00</b>	<b>418,686.00</b>	<b>444,637.00</b>	<b>498,872.00</b>	<b>442,257.00</b>	<b>440,775.00</b>	<b>410,595.00</b>
Program Revenues										
<b>Total District Program Revenues</b>	<b>\$ 5,298,836.99</b>	<b>\$ 4,734,324.13</b>	<b>\$ 1,796,816.95</b>	<b>\$ 1,579,497.00</b>	<b>\$ 668,994.20</b>	<b>\$ 1,107,427.00</b>	<b>\$ 686,727.00</b>	<b>\$ 653,307.00</b>	<b>\$ 1,536,291.00</b>	<b>\$ 1,497,040.00</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (16,795,198.45)	\$ (16,166,514.89)	\$ (17,420,996.57)	\$ (16,841,286.20)	\$ (16,807,442.00)	\$ (16,603,752.51)	\$ (15,680,749.00)	\$ (16,665,365.00)	\$ (16,551,449.00)	\$ (16,084,365.00)
Business-Type Activities	8,644.97	8,463.12	16,144.78	(34,920.02)	16,912.00	(1,437.26)	53,655.00	(42,549.00)	(614.00)	(71,740.00)
<b>Total District-Wide Net Expense</b>	<b>\$ (16,786,553.48)</b>	<b>\$ (16,158,051.77)</b>	<b>\$ (17,404,851.79)</b>	<b>\$ (16,876,206.22)</b>	<b>\$ (16,790,530.00)</b>	<b>\$ (16,605,189.77)</b>	<b>\$ (15,627,094.00)</b>	<b>\$ (16,707,914.00)</b>	<b>\$ (16,552,063.00)</b>	<b>\$ (16,156,105.00)</b>
<b>General Revenues &amp; Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,946,094.00	\$ 8,770,681.00	\$ 8,297,895.00	\$ 8,135,191.00	\$ 7,975,677.00	\$ 7,819,292.00	\$ 7,544,615.00	\$ 7,254,438.00	\$ 6,975,421.00	\$ 6,768,167.00
Taxes Levied for Debt Service	664,744.00	502,137.00	576,120.00	576,120.00	590,929.00	761,346.00	720,533.00	730,001.00	747,659.00	736,936.00
Unrestricted/Restricted Grants & Contributions	6,870,830.40	6,810,334.12	8,060,389.36	8,453,621.00	8,958,499.82	8,235,410.00	9,348,697.00	8,884,047.00	8,720,792.00	8,317,795.00
Transfers	(17,890.00)	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	1,704.00	1,590.00	3,056.00	3,105.00	4,067.00	5,582.00
Miscellaneous Income	68,962.51	61,663.95	91,374.65	51,660.00	8,200.00	16,745.00	8,691.00	11,885.00	39,160.00	18,858.00
<b>Total Governmental Activities</b>	<b>16,532,740.91</b>	<b>16,144,816.07</b>	<b>17,025,779.01</b>	<b>17,216,592.00</b>	<b>17,535,009.82</b>	<b>16,834,383.00</b>	<b>17,625,592.00</b>	<b>16,883,476.00</b>	<b>16,487,099.00</b>	<b>15,847,338.00</b>
Business-Type Activities:										
Insurance Damage Reimbursement	-	-	-	12,950.00	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	5,126.00	108.00	45,884.00	-	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,950.00</b>	<b>5,126.00</b>	<b>108.00</b>	<b>45,884.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 16,532,740.91</b>	<b>\$ 16,144,816.07</b>	<b>\$ 16,144,816.07</b>	<b>\$ 17,038,729.01</b>	<b>\$ 17,221,718.00</b>	<b>\$ 17,535,117.82</b>	<b>\$ 16,880,267.00</b>	<b>\$ 17,625,592.00</b>	<b>\$ 16,883,476.00</b>	<b>\$ 16,487,099.00</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ (262,457.54)	\$ (21,698.82)	\$ (1,276,180.50)	\$ (395,217.56)	\$ 375,305.80	\$ 727,567.82	\$ 230,630.49	\$ 1,944,843.00	\$ 218,111.00	\$ (64,350.00)
Business-Type Activities	8,644.97	8,463.12	8,463.12	16,144.78	(21,970.02)	22,038.00	(1,329.26)	99,539.00	(42,549.00)	(614.00)
<b>Total District</b>	<b>\$ (253,812.57)</b>	<b>\$ (13,235.70)</b>	<b>\$ (1,267,717.38)</b>	<b>\$ (379,072.78)</b>	<b>\$ 353,335.78</b>	<b>\$ 749,605.82</b>	<b>\$ 229,301.23</b>	<b>\$ 2,044,382.00</b>	<b>\$ 175,562.00</b>	<b>\$ (64,964.00)</b>

Source: District CAFR, Schedule A-2

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 553,851.00	\$ 402,317.00	\$ 209,780.00	\$ 75,590.00	\$ 418,831.00
Unreserved	-	-	-	-	-	(309,372.00)	(403,363.00)	(394,141.00)	(45,030.00)	(50,204.00)
Restricted	815,853.00	971,573.00	1,270,238.00	822,057.00	605,188.00	-	-	-	-	-
Assigned	-	219,313.57	-	69,655.00	456,575.00	-	-	-	-	-
Unassigned	(119,688.76)	(337,805.03)	(395,351.51)	(172,275.00)	(252,030.00)	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 696,164.24</b>	<b>\$ 853,081.54</b>	<b>\$ 874,886.49</b>	<b>\$ 719,437.00</b>	<b>\$ 809,733.00</b>	<b>\$ 244,479.00</b>	<b>\$ (1,046.00)</b>	<b>\$ (184,361.00)</b>	<b>\$ 30,560.00</b>	<b>\$ 368,627.00</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45.00	\$ 346.00	\$ 421.00	\$ 421.00	\$ -
Unassigned, Reported in:										
Special Revenue Fund	(14,355.20)	(16,149.60)	(18,841.20)	(18,253.00)	(18,018.00)	-	-	-	-	-
Capital Projects Fund	1,653,444.07	1,664,445.99	6,691,967.17	-	-	-	-	-	-	-
Debt Service Fund	25,507.88	48,621.95	25,721.86	1.00	-	(41.00)	(298.00)	(30.00)	346.00	421.00
<b>Total All Other Governmental Funds</b>	<b>\$ 1,664,596.75</b>	<b>\$ 1,696,918.34</b>	<b>\$ 6,698,847.83</b>	<b>\$ (18,252.00)</b>	<b>\$ (18,018.00)</b>	<b>\$ 4.00</b>	<b>\$ 48.00</b>	<b>\$ 391.00</b>	<b>\$ 767.00</b>	<b>\$ 421.00</b>

Source: District CAFR, Schedule B-1

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Tax Levy	\$ 9,610,838.00	\$ 9,272,818.00	\$ 8,874,015.00	\$ 8,711,311.00	\$ 8,566,606.00	\$ 8,580,638.00	\$ 8,265,148.00	\$ 7,984,439.00	\$ 7,723,080.00	\$ 7,505,103.00
Tuition Charges	-	-	-	1,818.00	930.20	-	-	-	-	-
Interest	-	-	-	742.00	1,704.11	1,590.00	3,056.00	3,105.00	4,067.00	5,582.00
Miscellaneous	68,962.51	61,431.31	91,374.65	50,918.00	8,200.06	16,745.00	11,941.00	14,835.00	39,160.00	18,858.00
State Sources	8,848,436.27	8,610,862.75	8,685,703.81	8,769,644.00	8,177,949.09	7,979,969.00	7,638,297.00	8,374,709.00	9,118,513.00	8,545,665.00
Federal Sources	700,036.97	806,671.37	716,950.07	844,617.00	1,029,928.73	918,231.00	1,895,005.00	717,438.00	697,795.00	858,575.00
<b>Total Revenue</b>	<b>19,228,273.75</b>	<b>18,751,783.43</b>	<b>18,368,043.53</b>	<b>18,379,050.00</b>	<b>17,785,318.19</b>	<b>17,497,173.00</b>	<b>17,813,447.00</b>	<b>17,094,526.00</b>	<b>17,582,615.00</b>	<b>16,933,783.00</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	5,005,106.65	4,891,112.73	4,690,540.71	4,608,357.00	4,953,442.37	5,275,156.00	5,623,409.00	5,386,679.00	5,334,754.00	5,187,431.00
Special Education										
Instruction	2,088,616.81	2,093,200.57	2,067,469.99	2,120,159.00	1,465,170.21	1,375,783.00	1,429,821.00	1,384,675.00	1,568,959.00	1,310,239.00
Other Special Instruction	66,296.13	72,291.40	52,448.71	55,658.00	54,174.78	88,998.00	77,755.00	77,975.00	119,668.00	157,396.00
Other Instruction	240,708.04	226,864.91	230,656.01	268,091.00	244,461.09	216,757.00	214,379.00	214,637.00	280,336.00	281,888.00
<b>Support Services:</b>										
Student & Instruction	3,678,492.30	3,519,633.00	3,333,696.83	3,282,279.00	3,011,260.00	2,695,140.00	2,578,553.00	2,598,624.00	2,827,252.00	2,788,087.00
Related Services										
School Administrative	779,040.31	755,969.82	670,794.28	645,410.00	628,799.00	642,022.00	621,623.00	526,443.00	589,430.00	616,783.00
General & Business	728,244.56	707,154.87	735,962.82	775,242.00	767,572.00	746,203.00	710,835.00	700,674.00	628,490.00	699,076.00
Administration Services										
Plant Operations & Maintenance	1,087,423.85	1,076,923.72	1,090,171.17	1,022,561.00	1,146,334.00	1,254,456.00	1,251,146.00	1,260,370.00	1,177,360.00	1,202,214.00
Pupil Transportation	672,146.52	575,709.05	461,275.08	440,783.00	484,807.00	429,335.00	486,234.00	607,232.00	551,333.00	449,158.00
Unallocated Benefits	4,308,147.55	4,107,901.04	4,004,231.57	4,147,624.00	3,636,133.00	3,377,104.00	3,515,447.00	3,418,638.00	3,652,763.00	3,326,436.00
Capital Outlay	54,934.92	5,264,997.70	1,812,161.76	438,377.00	5,623.00	63,249.00	7,728.00	3,136.00	32,730.00	1,100.00
<b>Debt Service:</b>										
Principal	390,000.00	35,000.00	775,526.00	780,526.00	780,526.00	1,000,526.00	990,526.00	975,526.00	970,526.00	955,526.00
Interest & Other Charges	300,465.00	448,758.99	18,125.20	38,928.00	59,784.00	86,963.00	123,019.00	155,214.00	186,735.00	217,677.00
<b>Total Expenditures</b>	<b>19,399,622.64</b>	<b>23,775,517.80</b>	<b>19,943,060.13</b>	<b>18,623,995.00</b>	<b>17,238,086.45</b>	<b>17,251,692.00</b>	<b>17,630,475.00</b>	<b>17,309,823.00</b>	<b>17,920,336.00</b>	<b>17,193,011.00</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(171,348.89)</b>	<b>(5,023,734.37)</b>	<b>(1,575,016.60)</b>	<b>(244,945.00)</b>	<b>547,231.74</b>	<b>245,481.00</b>	<b>182,972.00</b>	<b>(215,297.00)</b>	<b>(337,721.00)</b>	<b>(259,228.00)</b>

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Other Financing Sources/(Uses):</b>										
Proceeds from Borrowing	-	-	7,320,000.00	1,150,000.00	-	-	-	-	-	(7,500.00)
Transfers in	-	103,848.00	16,680.00	-	-	-	-	-	-	31,651.00
Transfers Out	-	(103,848.00)	(16,680.00)	-	-	-	-	-	-	(31,651.00)
Transfer to Charter Schools	(17,890.00)	-	-	-	-	-	-	-	-	-
Capital Leases (Nonbudgeted)	-	-	131,979.54	-	-	-	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>(17,890.00)</b>	<b>-</b>	<b>7,451,979.54</b>	<b>1,150,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,500.00)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (189,238.89)</b>	<b>\$ (5,023,734.37)</b>	<b>\$ 5,876,962.94</b>	<b>\$ 905,055.00</b>	<b>\$ 547,231.74</b>	<b>\$ 245,481.00</b>	<b>\$ 182,972.00</b>	<b>\$ (215,297.00)</b>	<b>\$ (337,721.00)</b>	<b>\$ (266,728.00)</b>

Debt Service as a Percentage of Noncapital Expenditures

3.57%	2.61%	2.46%	4.51%	4.88%	6.33%	6.32%	6.53%	6.47%	6.82%
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Source: District CAFR, Schedule B-2

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	PRIOR YEAR REFUNDS	MISCELLANEOUS	TOTAL
2016	\$ 697.37	\$ -	\$ -	\$ 65,658.21	\$ 66,355.58
2015	794.34	-	1,043.56	52,612.37	54,450.27
2014	747.79	-	6,920.81	74,675.99	82,344.59
2013	742.00	1,818.00	-	50,918.00	53,478.00
2012	1,704.00	930.00	-	8,200.00	10,834.00
2011	1,590.00	-	-	16,745.00	18,335.00
2010	3,056.00	-	-	8,691.00	11,747.00
2009	3,060.00	-	-	118,895.00	121,955.00
2008	3,722.00	-	-	39,160.00	42,882.00
2007	5,582.00	-	-	18,560.00	24,142.00

Source: District records

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## Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	COMMUNICATION EQUIPMENT	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2016	\$ 40,125,100.00	\$ 726,615,500.00	\$ -	\$ -	\$ 85,425,500.00	\$ 49,736,800.00	\$ 4,854,100.00	\$ -	\$ 906,757,000.00	\$ 117,301,900.00	\$ 1,024,058,900.00	\$ 1.068
2015	35,003,600.00	730,652,500.00	-	-	69,544,600.00	23,218,900.00	5,546,400.00	-	863,966,000.00	128,999,900.00	992,965,900.00	1.093
2014									857,814,200.00	126,777,000.00	984,591,200.00	1.058
2013									N/A	N/A	N/A	N/A
2012									742,737,200.00	126,382,900.00	869,120,100.00	2.336
2011									N/A	N/A	N/A	N/A
2010									N/A	N/A	N/A	N/A
2009									N/A	N/A	N/A	N/A
2008									N/A	N/A	N/A	N/A
2007									N/A	N/A	N/A	N/A

DATA NOT AVAILABLE

Source: Abstract of Ratables. "Assessed Value by Classification"

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

@ = Revaluation

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	(From J-6) TOTAL DIRECT SCHOOL TAX RATE	CITY OF SOUTH AMBOY	MIDDLESEX COUNTY	
2016	0.984	0.084	1.068	1.197	0.372	2.637
2015	0.973	0.120	1.093	1.181	0.382	2.656
2014	0.989	0.069	1.058	1.122	0.385	2.565
2013	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A

Source: Abstract of Ratables, Breakdown of General Tax Rate

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

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2016		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
		1	
		2	
		3	
		4	
	DATA NOT AVAILABLE	5	DATA NOT AVAILABLE
		6	
		7	
		8	
		9	
		10	
Total	<hr/> <hr/>		<hr/> <hr/>

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2007		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
		1	
		2	
		3	
		4	
	DATA NOT AVAILABLE	5	DATA NOT AVAILABLE
		6	
		7	
		8	
		9	
		10	
Total	<hr/> <hr/>		<hr/> <hr/>

Source: Municipal Tax Assessor and Treasurer

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

YEAR ENDED December 31,	TAXES LEVIED FOR THE YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	\$ 9,610,838.00	\$ 9,610,838.00	100.00%	N/A
2015	9,272,818.00	9,272,818.00	100.00%	N/A
2014	8,874,015.00	8,874,015.00	100.00%	N/A
2013	8,711,311.00	8,711,311.00	100.00%	N/A
2012	8,566,606.00	8,566,606.00	100.00%	N/A
2011	8,580,638.00	8,580,638.00	100.00%	N/A
2010	8,422,893.00	8,422,893.00	100.00%	N/A
2009	8,124,794.00	8,124,794.00	100.00%	N/A
2008	7,863,309.00	7,863,309.00	100.00%	N/A
2007	15,699,395.00	15,675,104.00	99.85%	N/A

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

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>				
	GENERAL OBLIGATION BONDS	CAPITAL LEASES *	TOTAL DISTRICT	PER CAPITA	% of PERSONAL INCOME
2016	\$ 8,200,000.00	\$ 59,830.71	\$ 8,259,830.71	N/A	N/A
2015	8,555,000.00	60,488.84	8,615,488.84	N/A	N/A
2014	8,625,000.00	116,979.54	8,741,979.54	N/A	N/A
2013	2,080,526.00	-	2,080,526.00	N/A	N/A
2012	1,711,053.00	-	1,711,053.00	N/A	N/A
2011	1,104,000.00	-	1,104,000.00	N/A	N/A
2010	1,504,000.00	215,000.00	1,719,000.00	N/A	N/A
2009	1,909,000.00	415,000.00	2,324,000.00	N/A	N/A
2008	2,319,000.00	600,000.00	2,919,000.00	N/A	N/A
2007	2,734,000.00	775,073.00	3,509,073.00	N/A	N/A

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

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

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issues additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2016	\$ 8,200,000.00	N/A	\$ 8,200,000.00	0.90%	926.24
2015	8,555,000.00	N/A	8,555,000.00	0.99%	966.34
2014	8,625,000.00	N/A	8,625,000.00	1.01%	974.25
2013	2,080,526.00	N/A	2,080,526.00	N/A	235.65
2012	1,711,053.00	N/A	1,711,053.00	N/A	195.82
2011	1,104,000.00	N/A	1,104,000.00	N/A	127.16
2010	1,504,000.00	N/A	1,504,000.00	N/A	173.59
2009	1,909,000.00	N/A	1,909,000.00	N/A	245.69
2008	2,319,000.00	N/A	2,319,000.00	N/A	299.46
2007	2,734,000.00	N/A	2,734,000.00	N/A	353.60

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

**SOUTH AMBOY SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF DECEMBER 31,**

GOVERNMENTAL UNIT		ESTIMATED PERCENTAGE APPLICABLE	DEBT OUTSTANDING
<b>Overlapping Debts:</b>			
City of South Amboy	\$ 16,197,012.41	100.00%	\$ 16,197,012.41
Middlesex County General Obligation Debt	578,120,091.00	0.845%	<u>4,884,649.86</u>
Subtotal, Overlapping Debt			21,081,662.27
South Amboy Township Board of Education Direct Debt			<u>8,200,000.00</u>
Total Direct & Overlapping Debt			<u><u>\$ 29,281,662.27</u></u>

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

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 33,032,000.16	\$ 34,293,467.37	\$ 35,703,346.84	\$ 25,299,238.31	N/A	N/A	N/A	N/A	N/A	N/A
Total Net Debt Applicable to Limit	8,200,000.00	8,590,000.00	8,625,000.00	2,080,526.00	N/A	N/A	N/A	N/A	N/A	N/A
Legal Debt Margin	\$ 24,832,000.16	\$ 25,703,467.37	\$ 27,078,346.84	\$ 23,218,712.31	N/A	N/A	N/A	N/A	N/A	N/A
Total Net Debt Applicable to the Limit as a % of Debt Limit	24.82%	25.05%	24.16%	8.22%	N/A	N/A	N/A	N/A	N/A	N/A

**Legal Debt Margin Calculation for Fiscal Year 2016**

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	\$ 825,800,004.00
Debt Limit (4.0 % of A-3)	\$ 33,032,000.16
Net Bonded School Debt	8,200,000.00
Legal Debt Margin	\$ 24,832,000.16

	Equalized Valuation Basis
2015	\$ 817,220,961.00
2014	821,267,784.00
2013	838,911,267.00
	<u>\$2,477,400,012.00</u>
	<u>\$ 825,800,004.00</u>

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

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

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
2015	8,846	\$ 464,291,156.00	52,486.00	6.0%
2014	8,853	445,013,751.00	50,267.00	7.8%
2013	8,829	461,677,239.00	52,291.00	7.8%
2012	8,738	452,016,740.00	51,730.00	N/A
2011	8,682	436,418,094.00	50,267.00	N/A
2010	8,664	412,389,072.00	47,598.00	N/A
2009	7,770	367,015,950.00	47,235.00	8.4%
2008	7,744	379,510,208.00	49,007.00	5.4%
2007	7,732	366,388,552.00	47,386.00	4.0%

**Source:**

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

b Per Capita Personal income - NJ Dept of Labor

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

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

	2016		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK	
		1	
		2	
		3	
		4	
	DATA NOT AVAILABLE	5	DATA NOT AVAILABLE
		6	
		7	
		8	
		9	
		10	
Total			
Total Labor Force			

**2006 DATA NOT AVAILABLE**

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

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## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

Function/Program	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	68	66	67		67					
Special Education	27	27	20		19					
Other Special Education	3	3	3		2					
Other Instruction	1	1	1		1					
Support Services:					23					
Student & Instruction Related Services	26	28	27		2					
General Administration	2	2	2	DATA NOT AVAILABLE	4					
School Administrative Services	8	8	9		2					
Other Administrative Services	2	2	3		5					
Central Services	4	4	5		1					
Technical Administrative Services	1	1	1		11					
Plant Operations & Maintenance	13	13	13							
Pupil Transportation	1	1	1		2					
<b>Total</b>	<b>156</b>	<b>156</b>	<b>152</b>	<b>-</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: District Personnel Records

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

SCHOOL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2016	1,105	\$ 18,654,222.72	16,881.65	5.63%	100	11.1	1,063	1,000	-0.70%	94.07%
2015	1,128	18,026,761.11	15,981.17	12.67%	102	11.1	1,076	1,007	-8.54%	93.59%
2014	1,150	16,311,962.53	14,184.32	-9.25%	100	12.0	1,166	1,101	-3.25%	94.43%
2013	1,175	18,366,164.00	15,630.78	20.14%	111	10.6	1,153	1,138	3.36%	98.70%
2012	1,183	15,391,904.00	13,010.91	-6.75%	111	10.7	1,153	1,101	-0.18%	95.49%
2011	1,154	16,100,954.00	13,952.30	0.82%	100	11.5	1,154	1,103	-1.34%	95.58%
2010	1,193	16,509,202.00	13,838.39	-4.78%	100	11.9	1,193	1,118	7.81%	93.71%
2009	1,113	16,175,947.00	14,533.65	-2.62%	102	10.9	1,099	1,037	-4.07%	94.36%
2008	1,121	16,730,345.00	14,924.48	9.10%	101	11.1	1,121	1,081	-5.34%	96.43%
2007	1,171	16,018,708.00	13,679.51	6.63%	100	11.7	1,171	1,142	3.82%	97.52%

**Sources:** District records

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

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

b. Teaching staff includes only full-time equivalents of certificated staff.

c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

DISTRICT BUILDINGS	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary:										
South Amboy Elementary:										
Square Feet	89,573	89,573	89,573	N/A	73,205	N/A	58,934	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	567	568	643	N/A	727	N/A	646	N/A	N/A	N/A
Middle/High School										
Governor Harold G. Hoffman										
Middle/High School										
Square Feet	117,615	117,615	117,615	N/A	117,615	N/A	114,335	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	528	508	466	N/A	526	N/A	508	N/A	N/A	N/A

Source: District Facilities Office

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

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

	Projects	Elementary	High School	Other Facilities	TOTAL
2016	N/A	\$ 219,641.00	\$ 67,151.39	\$ 7,484.00	\$ 294,276.39
2015	N/A	166,683.00	122,043.00	49,353.36	338,079.36
2014	N/A	167,483.45	138,147.45	24,447.41	330,078.31
2013	N/A	171,540.00	117,991.00	7,295.00	296,826.00
2012	N/A	235,245.00	126,671.00	19,048.00	380,964.00
2011	N/A	37,602.00	9,325.00	N/A	46,927.00
2010	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A

Source: District records, M-1

**SOUTH AMBOY BOARD OF EDUCATION  
INSURANCE SCHEDULE  
June 30, 2016**

	LIMITS	DEDUCTIBLE
<b>Middlesex County Municipal Joint Insurance Fund</b>		
Risk Management Plan		
Property (Blanket Building and Contents)	\$ 250,000,000.00	\$ 1,000.00
Boiler and Machinery	100,000,000.00	1,000.00
Equipment Floater	Included	1,000.00
Auto Physical Damage (inc. Garage Keepers Legal Liability)	Actual Cash Value	1,000.00
Blanket Bond	1,000,000.00	1,000.00
Auto Liability (inc. Garage Keepers Legal Liabilty)	25,000,000.00	
General Liability	11,000,000.00	
Educator's Legal Liability	6,000,000.00	
Public Official Liability	11,000,000.00	
Employers Liability	11,000,000.00	
Workers' Compensation	Statutory	
Source: District records		

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

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

Honorable President and Members  
of the Board of Education  
South Amboy School District  
County of Middlesex  
South Amboy, New Jersey 08879

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

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey  
November 30, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
South Amboy School District  
County of Middlesex  
South Amboy, New Jersey 08879

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

We have audited South Amboy School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2016. South Amboy School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of South Amboy School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s 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 South Amboy School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal and State Program**

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

### **Report on Internal Control Over Compliance**

Management of South Amboy School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Amboy School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 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 South Amboy School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey  
November 30, 2016

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**SOUTH AMBOY BOARD OF EDUCATION  
SCHEDULE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EIN NUMBERS	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	ADJUSTMENTS/ CANCELLED	UNEARNED REVENUE AT JUNE 30, 2016	(ACCOUNTS RECEIVABLE) JUNE 30, 2016	DUE TO GRANTOR JUNE 30, 2016
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:</b>													
<b>Child Nutrition Cluster</b>													
<b>Noncash Assistance:</b>													
Food Distribution Program	10.555	16161NJ304N1099	N/A	42,330.75	7/1/15-6/30/16	-	42,330.75	(42,330.75)	-	-	-	-	-
<b>Cash Assistance:</b>													
National School Lunch Program	10.555	16161NJ304N1099	5120-201-372573-63	203,375.34	7/1/15-6/30/16	\$	192,061.36	(203,375.34)	\$	-	\$	(11,313.98)	-
National School Lunch Program	10.555	16161NJ304N1099	5120-201-372573-63	193,721.20	7/1/14-6/30/15	(16,975.40)	16,975.40	-	-	-	-	-	-
National School Lunch Program - PB Lunch	10.555	16161NJ304N1099	N/A	5,894.52	7/1/15-6/30/16	-	5,577.12	(5,894.52)	-	-	-	(317.40)	-
National School Lunch Program - PB Lunch	10.555	16161NJ304N1099	N/A	5,766.78	7/1/14-6/30/15	(491.10)	491.10	-	-	-	-	-	-
Total National School Lunch Program				257,435.73		(17,466.50)	257,435.73	(251,600.61)	-	-	-	(11,631.38)	-
National School Breakfast Program	10.553	16161NJ304N1099	5120-201-372573-63	32,553.79	7/1/15-6/30/16	-	30,428.08	(32,553.79)	-	-	-	(2,125.71)	-
National School Breakfast Program	10.553	16161NJ304N1099	5120-201-372573-63	22,932.08	7/1/14-6/30/15	(2,311.47)	2,311.47	-	-	-	-	-	-
Total National School Breakfast Program				32,739.55		(2,311.47)	32,739.55	(32,553.79)	-	-	-	(2,125.71)	-
Total Child Nutrition Cluster				290,175.28		(19,777.97)	290,175.28	(284,154.40)	-	-	-	(13,757.09)	-
Total U.S. Department of Agriculture				290,175.28		(19,777.97)	290,175.28	(284,154.40)	-	-	-	(13,757.09)	-
<b>U.S. DEPARTMENT OF LABOR PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>													
<b>General Fund:</b>													
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	55,355.80	7/1/14-6/30/15	-	49,464.62	(55,355.80)	-	-	-	(5,891.18)	-
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	42,754.35	7/1/14-6/30/15	(13,593.67)	13,593.67	-	-	-	-	-	-
Total U.S. Department of Labor				63,058.29		(13,593.67)	63,058.29	(55,355.80)	-	-	-	(5,891.18)	-
<b>U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:</b>													
<b>Title I</b>													
Title I	84.010A	S010A150030	NCLB	287,566.00	9/1/15-8/31/16	-	162,662.01	(282,042.00)	-	-	-	(119,379.99)	-
Title I	84.010A	S010A150030	NCLB	271,707.00	9/1/14-8/31/15	(226,142.36)	226,142.36	-	-	-	-	-	-
Title I	84.010A	S010A150030	NCLB	289,329.00	9/1/13-8/31/14	(38,666.63)	38,666.63	-	-	-	-	-	-
Total Title I				427,471.00		(264,808.99)	427,471.00	(282,042.00)	-	-	-	(119,379.99)	-
<b>Title II A</b>													
Title II A	84.367A	S367A150029	NCLB	62,736.00	9/1/14-8/31/15	-	47,663.60	(59,557.00)	-	-	-	(11,893.40)	-
Title II A	84.367A	S367A150029	NCLB	62,424.00	9/1/14-8/31/15	(10,637.03)	10,637.03	-	-	-	-	-	-
Title II A	84.367A	S367A150029	NCLB	63,029.00	9/1/13-8/31/14	(12,624.37)	12,624.37	-	-	-	-	-	-
Total Title II A				70,925.00		(23,261.40)	70,925.00	(59,557.00)	-	-	-	(11,893.40)	-
<b>Title III Part A</b>													
Title III Part A	84.365	S365A150030	NCLB	20.00	9/1/15-8/31/16	-	20.00	(20.00)	-	-	-	-	-
Title III Part A	84.365	S365A150030	NCLB	11,521.00	9/1/14-8/31/15	(11,433.22)	11,433.00	-	-	0.22	0.00	-	-
Total Title III Part A				11,541.00		(11,433.22)	11,433.00	(20.00)	-	0.22	0.00	-	-
<b>Title III Immigrant</b>													
Title III Immigrant	84.365A	S365A150030	NCLB	1,828.00	9/1/15-8/31/16	-	831.00	(831.00)	-	-	-	-	-
Title III Immigrant	84.365A	S365A150030	NCLB	8,546.00	9/1/14-8/31/15	(8,785.00)	8,785.00	-	-	-	-	-	-
Total Title III Immigrant				9,616.00		(8,785.00)	9,616.00	(831.00)	-	-	-	-	-
<b>Special Education Cluster:</b>													
I.D.E.A. Part B, Basic Regular	84.027A	H027A150100	IDEIA	382,601.00	9/1/15-8/31/16	-	274,776.04	(388,148.40)	-	-	-	(113,372.36)	-
I.D.E.A. Part B, Basic Regular	84.027A	H027A150100	IDEIA	362,137.00	9/1/14-8/31/15	(123,647.96)	123,647.96	-	-	-	-	-	-
Total I.D.E.A. Part B, Basic Regular				7,387.00		(123,647.96)	398,424.00	(388,148.40)	-	-	-	(113,372.36)	-
I.D.E.A. Preschool	84.173A	H173A150114	IDEIA	7,387.00	9/1/15-8/31/16	-	7,070.00	(7,387.00)	-	-	-	(317.00)	-
Total Special Education Cluster				405,494.00		(123,647.96)	405,494.00	(395,535.40)	-	-	-	(113,689.36)	-
Total U.S. Department of Education				924,959.00		(431,936.57)	924,959.00	(737,985.40)	-	0.22	0.00	(244,962.75)	-
Total Federal Awards				1,278,192.57		(465,308.21)	1,278,192.57	(1,077,495.60)	-	0.22	0.00	(264,611.02)	-

**SOUTH AMBOY BOARD OF EDUCATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENTS/ CANCELED	UNEARNED (ACCOUNTS REVENUE RECEIVABLE) AT JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2016	MEMO ONLY	
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>												
<b>General Fund:</b>												
Transportation Aid	495-034-5120-014	43,463.00	7/1/15-6/30/16	\$ -	\$ 43,463.00	\$ (43,463.00)	\$ -	\$ -	\$ -	\$ -	\$ (4,261.53)	\$ 43,463.00
Special Education Categorical Aid	495-034-5120-089	678,015.00	7/1/15-6/30/16	-	678,015.00	(678,015.00)	-	-	-	-	(66,479.17)	678,015.00
Security Aid	495-034-5120-084	56,004.00	7/1/15-6/30/16	-	56,004.00	(56,004.00)	-	-	-	-	(5,491.18)	56,004.00
Equalization Aid	495-034-5120-078	5,720,187.00	7/1/15-6/30/16	-	5,720,187.00	(5,720,187.00)	-	-	-	-	(560,862.62)	5,720,187.00
Under Adequacy Aid	495-034-5120-096	75,497.00	7/1/15-6/30/16	-	75,497.00	(75,497.00)	-	-	-	-	(7,402.46)	75,497.00
PARCC Readiness Aid	495-034-5120-098	11,320.00	7/1/15-6/30/16	-	11,320.00	(11,320.00)	-	-	-	-	(1,109.92)	11,320.00
Per Pupil Growth Aid	495-034-5120-097	11,320.00	7/1/15-6/30/16	-	11,320.00	(11,320.00)	-	-	-	-	(1,109.92)	11,320.00
Extraordinary Aid	495-034-5120-473	216,172.00	7/1/15-6/30/16	-	-	(216,172.00)	-	-	(216,172.00)	-	-	-
Extraordinary Aid	495-034-5120-473	176,109.00	7/1/14-6/30/15	(136,575.00)	136,575.00	-	-	-	-	-	-	216,172.00
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)	100-034-5095-116	675,620.00	7/1/15-6/30/16	-	675,620.00	(675,620.00)	-	-	-	-	-	675,620.00
On-Behalf TPAF Pension Contributions (Nonbudgeted)	100-034-5095-116	567,402.00	7/1/15-6/30/16	-	567,402.00	(567,402.00)	-	-	-	-	-	567,402.00
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	100-034-5095-002	534,315.12	7/1/14-6/30/15	-	508,163.44	(534,315.12)	-	-	-	(26,151.68)	-	534,315.12
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	100-034-5095-002	511,790.01	7/1/13-6/30/14	(25,307.13)	25,307.13	-	-	-	-	-	-	-
<b>Total General Fund</b>				(161,882.13)	8,508,873.57	(8,589,315.12)	-	-	(242,323.68)	-	(646,716.80)	8,589,315.12
<b>Special Revenue Fund:</b>												
Preschool Education Aid	495-034-5120-086	143,531.86	7/1/15-6/30/16	-	143,532.00	(143,531.86)	-	-	20.14	-	(14,355.20)	143,531.86
Preschool Education Aid	495-034-5120-086	161,489.99	7/1/14-6/30/15	6.01	-	(6.01)	-	-	-	-	-	6.01
N.J. Nonpublic Aid												
Textbooks Aid	100-034-5120-064	9,136.00	7/1/15-6/30/16	-	9,136.00	(8,127.08)	-	-	-	1,008.92	-	8,127.08
Textbooks Aid	100-034-5120-065	22,283.00	7/1/14-6/30/15	36.77	-	(36.77)	-	-	-	-	-	-
Security Aid	100-034-5120-509	4,000.00	7/1/15-6/30/15	-	4,000.00	(3,997.00)	-	-	-	3.00	-	3,997.00
Nursing Services Aid	100-034-5120-069	14,400.00	7/1/15-6/30/15	-	14,400.00	(14,332.00)	-	-	-	68.00	-	14,332.00
Nursing Services Aid	100-034-5120-070	37,845.00	7/1/14-6/30/15	6,178.59	-	(6,178.59)	-	-	-	-	-	-
Technology Aid	100-034-5120-373	4,160.00	7/1/15-6/30/16	-	4,160.00	(3,939.20)	-	-	-	220.80	-	3,939.20
Home Instruction	100-034-5120-066	7,112.04	7/1/14-6/30/15	(7,112.04)	7,112.00	-	-	0.04	-	-	-	-
N.J. Nonpublic Auxiliary Services Aid:												
Compensatory Education	100-034-5120-067	32,995.00	7/1/15-6/30/16	-	32,995.00	(26,227.00)	-	-	-	6,768.00	-	26,227.00
Compensatory Education	100-034-5120-067	25,978.00	7/1/14-6/30/15	664.39	-	(664.39)	-	-	-	-	-	-
Transportation	100-034-5120-067	7,829.00	7/1/15-6/30/16	-	7,829.00	(7,829.00)	-	-	-	-	-	7,829.00
Transportation	100-034-5120-067	10,418.00	7/1/14-6/30/15	1,042.00	-	(1,042.00)	-	-	-	-	-	-
ESL	100-034-5120-067	3,451.00	7/1/15-6/30/16	-	3,451.00	(863.00)	-	-	-	2,588.00	-	863.00
ESL	100-034-5120-067	914.00	7/1/14-6/30/15	914.00	-	(914.00)	-	-	-	-	-	-
N.J. Nonpublic Handicapped Aid:												
Supplemental Instruction	100-034-5120-066	17,079.00	7/1/15-6/30/16	-	17,079.00	(8,168.00)	-	-	-	8,911.00	-	8,168.00
Supplemental Instruction	100-034-5120-066	19,381.00	7/1/14-6/30/15	1,036.00	-	(1,036.00)	-	-	-	-	-	-
Examination and Classification	100-034-5120-066	25,740.00	7/1/15-6/30/16	-	25,740.00	(10,054.00)	-	-	-	15,686.00	-	10,054.00
Examination and Classification	100-034-5120-066	23,422.00	7/1/14-6/30/15	9,003.00	-	(9,003.00)	-	-	-	-	-	-
Corrective Speech	100-034-5120-066	11,705.00	7/1/15-6/30/16	-	11,705.00	(6,689.00)	-	-	-	5,016.00	-	6,689.00
Corrective Speech	100-034-5120-065	9,542.00	7/1/14-6/30/15	940.00	-	(940.00)	-	-	-	-	-	-
<b>Total Special Revenue Fund</b>				12,708.72	281,159.00	(233,763.15)	(19,814.75)	0.04	20.14	40,269.72	(14,355.20)	233,763.15



**SOUTH AMBOY BOARD OF EDUCATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENTS/ CANCELED	UNEARNED (ACCOUNTS REVENUE RECEIVABLE) AT JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2016	MEMO ONLY		
											BUDGETARY EXPENDITURES	CUMULATIVE TOTAL	
<b>Capital Projects Fund</b>													
SDA Rod Grant	4830-030-14-G2YY	80,352.00	7/1/14-6/30/15	(80,352.00)	80,352.00	-	-	-	-	-	-	-	
Total Capital Projects Fund													
<b>Enterprise Fund</b>													
State School Lunch Program	100-010-33350-021	4,886.14	7/1/15-6/30/16	-	4,621.20	(4,886.14)	-	-	-	(264.94)	-	4,886.14	
State School Lunch Program	100-010-33350-021	4,926.40	7/1/14-6/30/15	(553.41)	553.41	-	-	-	-	-	-	-	
Total Enterprise Fund													
				(553.41)	5,174.61	(4,886.14)	-	-	-	(264.94)	-	4,886.14	
				<b>\$ (230,078.82)</b>	<b>\$ 8,875,559.18</b>	<b>(8,827,964.41)</b>	<b>\$ (19,814.75)</b>	<b>\$ 0.04</b>	<b>\$ -</b>	<b>\$ (242,588.62)</b>	<b>\$ 40,269.72</b>	<b>\$ (661,072.00)</b>	<b>\$ 8,827,964.41</b>
Less: Grants Not Subject to New Jersey OMB Circular 15-08:													
On-Behalf TPAF Post-Retirement													
Medical (Nonbudgeted)	100-034-5095-116	675,620.00	7/1/15-6/30/16			675,620.00							
On-Behalf TPAF Pension													
Contributions (Nonbudgeted)	100-034-5095-116	567,402.00	7/1/15-6/30/16			567,402.00							
Total State Financial Assistance subject to New Jersey OMB Circular 15-08:													
													<b>\$ (7,584,942.41)</b>

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**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

**June 30, 2016**

**Note 1. Basis of Presentation**

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

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the South Amboy School District did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

South Amboy School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

**Note 3. Relationship to Basic Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis, with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more

**SOUTH AMBOY BOARD OF EDUCATION**

**NOTES TO SCHEDULES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE**

**June 30, 2016**

**Note 3. Relationship to Basic Financial Statements (continued):**

June 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,496.60 for the general fund and (\$71,442.83) for the special revenue fund. See Exhibit C-3, notes to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented on the following page:

	<b>State</b>	<b>Federal</b>	<b>Total</b>
General Fund	\$ 8,592,811.72	\$ 55,355.80	\$ 8,648,167.52
Special Revenue Fund	255,624.55	644,681.17	900,305.72
Food Service Fund	<u>4,886.14</u>	<u>284,154.40</u>	<u>289,040.54</u>
Total Awards and Financial Assistance	<u>\$ 8,853,322.41</u>	<u>\$ 984,191.37</u>	<u>\$ 9,837,513.78</u>

**Note 4. Relationship to Federal and State Financial Reports**

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

**Note 5. Other**

Revenues and Expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**Note 6. Federal and State Loans Outstanding**

The South Amboy School District had no loan balances outstanding at June 30, 2016.

**SOUTH AMBOY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial statements noted?	None Reported

Federal Awards

Internal control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance?	None Reported

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A150100	Special Education Cluster: IDEA Part B, Regular
84.173	H173A150114	IDEA Part B, Preschool

Dollar threshold used to distinguish between type A and type B programs:	\$750,000.00
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
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**SOUTH AMBOY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs?	\$750,000.00
Auditee qualified as low-risk auditee?	YES
Type of auditor's report issued in compliance for major programs:	Unmodified
Internal Control over major programs:	
1)Material weakness(es) identified?	None Reported
2)Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08?	None Reported

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid Public Cluster:
495-034-5120-089	Equalization Aid
495-034-5120-084	Special Education Aid
495-034-5120-096	Security Aid
495-034-5120-098	Under Adequacy Aid
495-034-5120-097	PARCC Readiness Aid
	Per Pupil Growth Aid

**SOUTH AMBOY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

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

This section identifies audit findings required to be reported by 2 CFR 200 Section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08

No Current Year Findings