

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE  
SOUTH RIVER BOROUGH BOARD OF EDUCATION**

**15 Montgomery Street  
South River, New Jersey 08882**

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

**Prepared by**

**Borough of South River Board of Education  
Kenneth J. Kokoszka  
Board Secretary/Business Administrator**

**TABLE OF CONTENTS**

Page

**INTRODUCTORY SECTION**

Letter of Transmittal .....	1-4
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors .....	7

**FINANCIAL SECTION**

Independent Auditor's Report .....	8-10
------------------------------------	------

**Required Supplementary Information – Part I**

Management's Discussion and Analysis.....	11-24
---	-------

**Basic Financial Statements**

A. District-wide Financial Statements:

A-1 Statement of Net Position .....	25
A-2 Statement of Activities.....	26

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet.....	27
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances.....	28
B-3 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29

Proprietary Funds:

B-4 Statement of Net Position .....	30
B-5 Statement of Revenues, Expenses and Change in Fund Net Position .....	31
B-6 Statement of Cash Flows .....	32

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position.....	33
B-8 Statement of Change in Fiduciary Net Position .....	34

<b>Notes to the Financial Statements .....</b>	<b>35-79</b>
--	--------------

**TABLE OF CONTENTS (CONTINUED)**

Page

**FINANCIAL SECTION (CONTINUED)**

**Required Supplementary Information – Part II**

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule – General Fund .....	80-89
C-2	Budgetary Comparison Schedule – Special Revenue Fund.....	90

**Notes to the Required Supplementary Information**

C-3	Budget-to-GAAP Reconciliation .....	91
-----	-------------------------------------	----

**Required Supplementary Information – Part III**

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability .....	92
L-2	Schedule of District Contributions – PERS .....	93
L-3	Schedule of District's Proportionate Share of the Net Pension Liability – TPAF .....	94

**Other Supplementary Information**

---

D. School Level Schedules:

D-1	Combining Balance Sheet.....	N/A
D-2	Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual.....	N/A
D-3	Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual.....	N/A

E. Special Revenue Fund:

E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund – Budgetary Basis.....	95-98
-----	--	-------

F. Capital Projects Fund:

F-1	Summary Schedule of Project Expenditures .....	99
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis .....	100
F-2a/ 2t	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis.....	101-104

**TABLE OF CONTENTS (CONTINUED)**

Page

**FINANCIAL SECTION (CONTINUED)**

**Other Supplementary Information (Continued)**

H.	Fiduciary Funds:		
	H-1	Payroll Agency Fund Schedule of Receipts and Disbursements.....	105
	H-2	Private Purpose Scholarship Fund Schedule of Receipts and Disbursements .....	106
I.	Noncurrent Debt:		
	I-1	Schedule of Serial Bonds.....	107
	I-2	Schedule of Obligations Under Capital Leases .....	108
	I-3	Debt Service Fund Budgetary Comparison Schedule .....	109

**STATISTICAL TABLES (SECTION) (Unaudited)**

J	Introduction to Statistical Section .....	110	
	Financial Trends:		
	J-1	Net Position by Component .....	111
	J-2	Changes in Net Position.....	112-113
	J-3	Fund Balances, Governmental Funds.....	114
	J-4	Changes in Fund Balances, Governmental Funds .....	115-116
	J-5	General Fund Other Local Revenue by Source.....	117
	Revenue Capacity:		
	J-6	Assessed Value and Estimated Actual Value of Taxable Property .....	118
	J-7	Direct and Overlapping Property Tax Rates .....	119
	J-8	Principal Property Taxpayers .....	120
	J-9	School Tax Levies and Collections .....	121
	Debt Capacity:		
	J-10	Ratios of Outstanding Debt by Type .....	122
	J-11	Ratios of Net General Bonded Debt Outstanding .....	123
	J-12	Direct and Overlapping Governmental Activities Debt.....	124
	J-13	Legal Debt Margin Information.....	125
	Demographic and Economic Information:		
	J-14	Demographic and Economic Statistics.....	126
	J-15	Principal Employers.....	127
	Operating Information:		
	J-16	Full-time Equivalent District Employees by Function/Program .....	128
	J-17	Operating Statistics .....	129
	J-18	School Building Information .....	130
	J-19	Schedule of Required Maintenance for School Facilities .....	131
	J-20	Insurance Schedule .....	132-133

**TABLE OF CONTENTS (CONTINUED)**

Page

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	134-135
K-2	Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance .....	136-138
K-3	Schedule of Expenditures of Federal Awards, Schedule A .....	139-140
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B .....	141-143
K-5	Notes to the Schedules of Awards and Financial Assistance .....	144-145
K-6	Schedule of Findings and Questioned Costs .....	146-147
K-7	Summary Schedule of Prior Audit Findings .....	148

## **INTRODUCTORY SECTION**

# South River Board of Education

15 Montgomery Street, South River NJ 08882

Mr. Michael J. Pfister  
*Superintendent*

Kenneth J. Kokoszka, Ext. 227  
*Business Administrator/  
Board Secretary*  
732-613-4000  
Fax# 732-238-8415

November 30, 2016

Honorable President and Members  
of the Board of Education  
South River School District  
South River, NJ 08882

Dear Board Members:

The comprehensive annual financial report of the South River School District (the "District") for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the South River Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the 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: introductory, financial, statistical tables and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical tables section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and in addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US *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. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The South River 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 K through 12. These include regular, vocational as well as special education for disabled youngsters. The District completed the 2016 fiscal year with an enrollment of 2,218 students, which is 59 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years.

Average Daily Enrollment

<u>Fiscal Year Ending June 30.</u>	<u>Student Enrollment</u>	<u>Percent Increase/(Decrease)</u>
2016	2,218	(2.6%)
2015	2,277	(2.0%)
2014	2,323	(0.3%)
2013	2,329	0.4%
2012	2,319	(0.7%)
2011	2,336	(0.3%)
2010	2,343	7.8%

2. **ECONOMIC CONDITION AND OUTLOOK:** South River is a community that has little to no ratables to establish a firm tax base to support its education program. There is an attempt to revitalize the downtown district and there are several new housing developments that have been approved and will add not only to the tax base but, more importantly, to the educational costs. The town receives funds as a result of a shared Host Community Benefits program for the Edgeboro Landfill. Land available for additional industrial development is not plentiful.
3. **MAJOR INITIATIVES:** South River Public Schools have continued to provide Internet access parent link to every student in the District to enhance our ability to utilize distance learning activities with our students and their parents.

Our scholastic aptitude tests continue to meet state averages, with the mean SAT writing score of 439 and the mean SAT math score of 462 and critical reading 457. Eighty-one percent (81%) of our 2016 graduates went on to further education; forty-five percent (45%) of them to four-year institutions.

Moreover, we continue to attempt to maintain our class size at a reasonable level and have every student use technology as an educational tool.

Finally, we continue to provide new programs or have enhanced our existing programs that tie into the State Contents Standards established by the New Jersey Department of Education and to assist in No Child Left Behind.

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



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

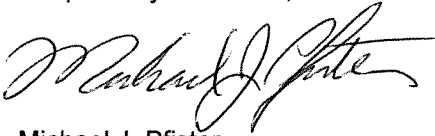
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, as well as to determine that the District has complied with applicable laws and regulations.

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital 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. These amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds as explained in the "Notes to the Financial Statements", Note 2.
7. **DEBT ADMINISTRATION:** The School District had outstanding debt as of June 30, 2016 of \$11,158,000.00. The remaining annual maturity schedule for principal as well as annual interest payments are detailed in the "Notes to Financial Statements", Note 8.
8. **FINANCIAL STATUS:** The Business Administrator and the Board of Education continue to guide the District with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from the Borough of South River. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price.
9. **OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Gerard Stankiewicz, CPA, PSA of the accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board's Finance Committee. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US *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. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

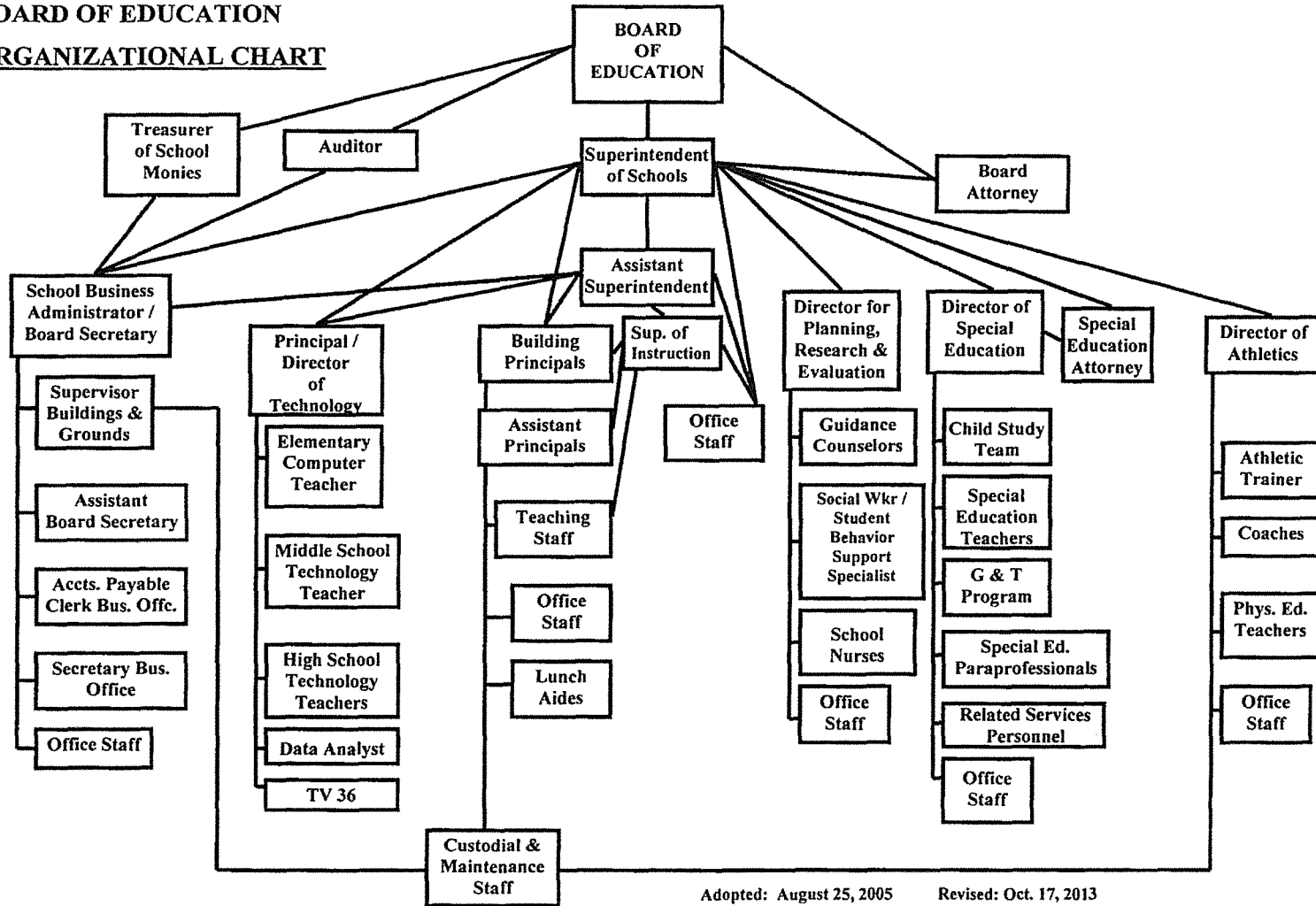


Michael J. Pfister  
Superintendent of Schools



Kenneth J. Kokoszka  
School Business Administrator/Board Secretary

**SOUTH RIVER  
BOARD OF EDUCATION  
ORGANIZATIONAL CHART**



Adopted: August 25, 2005  
 Revised: Oct. 17, 2006  
 Revised: Sept. 5, 2007  
 Revised: Aug. 26, 2010  
 Revised: Sept. 22, 2011  
 Revised: Sept. 27, 2012

Revised: Oct. 17, 2013  
 Readopted: Oct. 23, 2014  
 Revised: Sept. 21, 2015  
 Readopted: Sept. 24, 2015  
 Revised: Sept. 19, 2016  
 Readopted: Sept. 22, 2016

**SOUTH RIVER BOROUGH BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Regis Wyluda, President .....	2017
Cynthia Urbanik, Vice President .....	2016
Kelly Cruz .....	2018
Cheryl Beck.....	2018
Kevin Nielsen. ....	2016
Anthony Razzano .....	2017
Renae Bush .....	2018
John Budzin .....	2016
Edward Andre .....	2017

Other Officials

Michael Pfister, Superintendent of Schools

Kenneth J. Kokoszka, Board Secretary/School Business Administrator

Joseph Zanga, Treasurer

**SOUTH RIVER BOROUGH BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**JUNE 30, 2016**

**AUDIT FIRM**

Gerard Stankiewicz, CPA, RMA, PSA  
of the firm  
Samuel Klein and Company  
36 West Main Street  
Suite 303  
Freehold, New Jersey 07728

**ATTORNEY**

Christopher Parton, Esq.  
of the firm  
Kenny, Gross, Kovats & Parton  
130 Maple Avenue  
Building 8  
PO Box 8610  
Red Bank, NJ 07701

**OFFICIAL DEPOSITORIES**

PNC Bank  
55 Main Street  
South River, New Jersey 08882

## **FINANCIAL SECTION**

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
South River Borough Board of Education  
County of Middlesex, New Jersey

### **Report on the Financial Statement**

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 Board of Education of the South River Borough School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2016 and the related Notes to 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the South River Borough School District, 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 Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of South River School District'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 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 US 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 the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.



**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

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

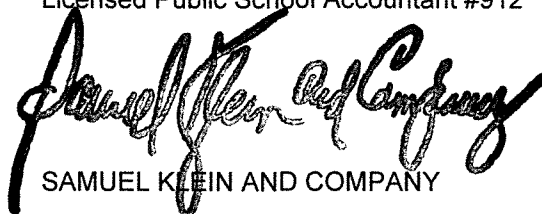
The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

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



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
November 30, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

# South River Board of Education

15 Montgomery Street, South River NJ 08882

Mr. Michael J. Pfister  
*Superintendent*

Kenneth J. Kokoszka, Ext. 227  
*Business Administrator/  
Board Secretary*  
732-613-4000  
Fax# 732-238-8415

November 30, 2016

Honorable President and Members  
of the Board of Education  
South River School District  
South River, NJ 08882

Dear Board Members:

## **Management's Discussion and Analysis**

The discussion and analysis of South River School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the 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 District's financial performance.

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board's (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 MD&A. The District has elected to prepare comparative data which includes prior year's financial statements.

## **Overview of Financial Statements**

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information and other information in addition to the basic financial statements themselves.

## **Financial Highlights**

Key financial highlights for 2016 are as follows:

In total, net position totaled \$26,103,193 which represents a \$3,142,759 or 13.69% increase from 2015 net position as adjusted, which is attributed to a higher level of revenues and a decrease in expenditures.

General revenues accounted for \$37,105,522 or 93.16% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$2,724,694 or 6.84% of total revenues of \$39,830,216.

Total position of governmental activities increased by \$3,079,384 as cash and cash equivalents decreased by \$930,806, receivables increased by \$907,292 and liabilities decreased by \$1,495,656.

The District had \$39,144,379 in expenses; only \$2,724,694 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and state aid) of \$37,105,522 were adequate to provide for these programs.

Among major funds, the General Fund had \$31,272,558 in revenues and \$31,093,651 in expenditures. The General Fund's fund balance increased \$181,013 over 2015, which was caused by an increase in operating revenues. The General Fund's fund balance is \$1,859,495 inclusive of the Capital Reserve Fund balance of \$170,477.

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

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 District, presenting both an aggregate view of the District's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the South River School District, the General Fund is by far the most significant.

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

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

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2016". The Statement of Net Position and the Statement of Activities provides the summary. The 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 District's net position and changes in those assets. This change in net position is important because they report on whether the District's financial position has improved or diminished.

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

**Governmental activities** — All of the District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Business-Type 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 District's Most Significant Funds**

### **Fund Financial Statement**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27-29 of this report.

### **Proprietary Funds**

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, child care initiative and Falcon Care.

The basic proprietary fund financial statements can be found on pages 30-32 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups and payroll related liabilities. The fiduciary fund financial statements can be found on pages 33-34 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 35 to 79 of this report.

### **The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2016 and 2015.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 25 and 26 of this report.

The Statement of Net Position provides the financial perspective of the District as a whole. Table 1 provides a comparative summary of the School District's net position for 2016 and 2015.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,741,957 at the close of fiscal 2016. The following table provides a summary of net position at June 30, 2016 and 2015 relating to the District's governmental and business-type activities:

**Table 1 – Comparative Statement of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2015-2016</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2014-2015</u>
<b>Assets</b>						
Current and other assets	\$ 5,697,554	\$ 5,721,069	\$ 237,187	\$ 262,702	\$ 5,934,741	\$ 5,983,771
Capital assets, net	38,473,667	37,449,374	310,064	305,252	38,783,731	37,754,626
<b>Total Assets</b>	<b>\$ 44,171,221</b>	<b>\$ 43,170,443</b>	<b>\$ 547,251</b>	<b>\$ 567,954</b>	<b>\$ 44,718,472</b>	<b>\$ 43,738,397</b>
<b>Deferred outflows of resources</b>						
Unamortized Loss on						
Defeasance of Debt	\$ 79,394	\$ 90,736			\$ 79,394	\$ 90,736
Pension	869,455	340,042			869,455	340,042
<b>Total Deferred outflows of resources</b>	<b>\$ 948,849</b>	<b>\$ 430,778</b>			<b>\$ 948,849</b>	<b>\$ 430,778</b>
<b>Liabilities</b>						
Current and other liabilities	\$ 1,691,209	\$ 1,837,988	\$ 66,845	\$ 92,663	\$ 1,758,054	\$ 1,930,651
Net pension liability	5,174,474	4,512,839			5,174,474	4,512,839
Long-term liabilities outstanding	12,052,177	14,062,689	119,171	177,430	12,171,348	14,240,119
<b>Total Liabilities</b>	<b>\$ 18,917,860</b>	<b>\$ 20,413,516</b>	<b>\$ 186,016</b>	<b>\$ 270,093</b>	<b>\$ 19,103,876</b>	<b>\$ 20,683,609</b>
<b>Deferred inflow of resources</b>	<b>\$ 460,253</b>	<b>\$ 525,132</b>			<b>\$ 460,253</b>	<b>\$ 525,132</b>
<b>Net Position</b>						
Net investment in capital assets	\$ 26,943,882	\$ 23,918,290	\$ 190,893	\$ 127,822	\$ 27,134,775	\$ 24,046,112
Restricted	2,466,373	5,111,611			2,466,373	5,111,611
Unrestricted (deficit)	(3,668,298)	(6,367,328)	170,342	170,039	(3,497,956)	(6,197,289)
<b>Total Net Position</b>	<b>\$ 25,741,957</b>	<b>\$ 22,662,573</b>	<b>\$ 361,235</b>	<b>\$ 297,861</b>	<b>\$ 26,103,192</b>	<b>\$ 22,960,434</b>

The District's combined net position were \$26,103,192 on June 30, 2016. This is an increase of \$3,142,758, or 13.69% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, net increased from the prior year due to the amount of new additions associated with the District's capital projects having exceeded the amount of depreciation of capital assets in the current year.

Long-term liabilities decreased due to the scheduled payment of principal on debt.

Unrestricted net position increased by \$2,699,333 which was caused primarily by utilization of construction grant proceeds and adjustments to pension obligation.



Table 2 shows the comparative change in net position from fiscal year 2016 and 2015.

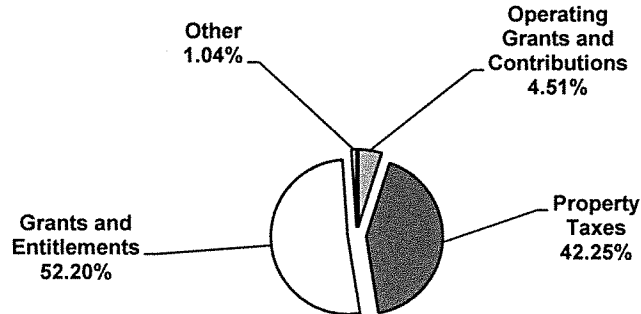
**Table 2 – Comparative Statement of Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
<b>Revenues:</b>						
Program Revenues:						
Charges for Services			\$ 377,545	\$ 378,447	\$ 377,545	\$ 378,447
Operating Grants and Contributions	\$ 1,750,606	\$ 1,867,726	596,543	566,508	2,347,149	2,434,234
General Revenue:						
Property Taxes	16,416,855	15,971,549			16,416,855	15,971,549
Tuition	40,411	37,156			40,411	37,156
Federal and State Aid	20,283,606	19,334,056			20,283,606	19,334,056
Earnings on Investments	2,401	1,970			2,401	1,970
Miscellaneous	362,249	324,422			362,249	324,422
<b>Total Revenue</b>	<b>\$ 38,856,128</b>	<b>\$ 37,536,879</b>	<b>\$ 974,088</b>	<b>\$ 944,955</b>	<b>\$ 39,830,216</b>	<b>\$ 38,481,834</b>
<b>Expenses:</b>						
Instruction	\$ 20,867,119	\$ 19,331,084			\$ 20,867,119	\$ 19,331,084
Tuition	1,456,789	1,390,316			1,456,789	1,390,316
Student and Instruction Related Services	4,761,164	4,536,243			4,761,164	4,536,243
School Administration	2,081,738	1,963,236			2,081,738	1,963,236
General Administration	1,656,649	1,620,069			1,656,649	1,620,069
Operation and Maintenance of Facilities	4,799,132	4,482,944			4,799,132	4,482,944
Pupil Transportation	1,994,186	2,017,717			1,994,186	2,017,717
Interest on Debt	417,363	447,051			417,363	447,051
Charter Schools	199,526	198,091			199,526	198,091
Business Type Actives			910,714	885,216	910,714	885,216
<b>Total Expenses</b>	<b>\$ 38,233,666</b>	<b>\$ 35,986,751</b>	<b>\$ 910,714</b>	<b>\$ 885,216</b>	<b>\$ 39,144,380</b>	<b>\$ 36,871,967</b>
Special and Extraordinary Items, Net	2,456,922	42,447		(2,311)	2,456,922	40,136
Change in Net Position	3,079,384	1,592,575	63,374	57,428	3,142,758	1,650,003
Net Position - beginning	22,662,573	21,069,998	297,861	240,433	22,960,434	21,310,431
Net Position - ending	\$ 25,741,957	\$ 22,662,573	\$ 361,235	\$ 297,861	\$ 26,103,192	\$ 22,960,434

## Governmental Activities

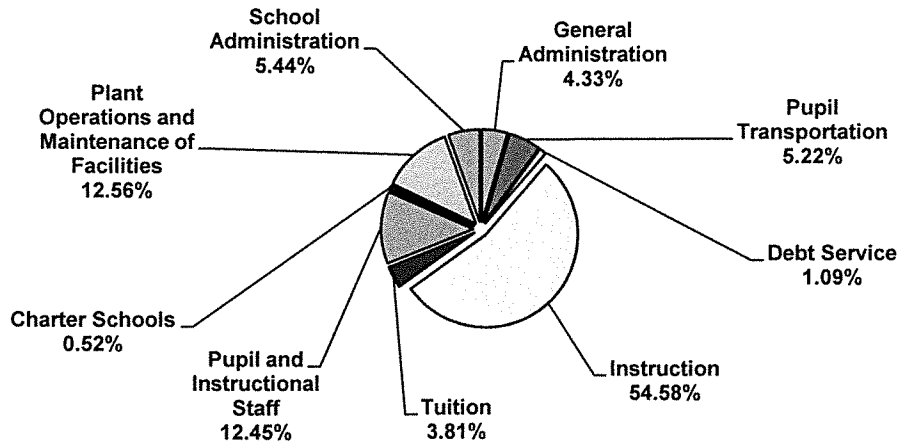
### Revenue for Fiscal Year 2016

The total revenues of the governmental activities for the year ended June 30, 2016 were \$38,856,128. Property taxes as approved by the District made up \$16,416,855 or 42.25% of revenues for governmental activities for the fiscal year 2016. Federal, state and local grants accounted for \$20,283,606, another 52.20%.



### Expenses for Fiscal Year 2016

The total cost of all programs and services was \$38,233,666. Instruction comprises 54.58% of the District's expenses.



## Business-Type Activities

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

Food service expenses exceeded revenues by \$63,374 as charges for services represent \$377,545, or 38.75% of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals including payments for free and reduced lunches and donated commodities was \$596,543, or 61.25% of revenue.

## Governmental Activities

The Comparative 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. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3 – Comparative Statement of Activities**

	Total Cost of Services			Net Cost of Services		
	2015-2016	2014-2015	% Change	2015-2016	2014-2015	% Change
Instruction	\$ 20,867,119	\$ 19,331,084	7.95%	\$ 19,750,575	\$ 18,244,476	8.26%
Support Services:						
Pupils and Instructional Staff	4,761,164	4,536,243	4.96%	4,475,000	4,138,601	8.13%
Tuition	1,456,789	1,390,316	4.78%	1,456,789	1,390,316	4.78%
General Administration	1,656,649	1,620,069	2.26%	1,656,649	1,620,069	2.26%
School Administration	2,081,738	1,963,236	6.04%	2,081,738	1,963,236	6.04%
Operations & Maintenance of Facilities	4,799,132	4,482,944	7.05%	4,799,132	4,482,944	7.05%
Pupil Transportation	1,994,186	2,017,717	-1.17%	1,994,186	2,017,717	-1.17%
Debt Service	417,363	447,051	-6.64%	69,465	63,575	9.26%
Transfer to Charter School	199,526	198,091	0.72%	199,526	198,091	0.72%
<b>Total Expenses</b>	<b>\$ 38,233,666</b>	<b>\$ 35,986,751</b>		<b>\$ 36,483,060</b>	<b>\$ 34,119,025</b>	

\* Not intended to be comparable due to pension expense not reflected in prior years.

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

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership.

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 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, to school curricular and athletic activities and field trips 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 District.

## **General Fund Budgetary Highlights**

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described on the next page are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

### **Revenue**

Miscellaneous revenues of \$362,544.80 exceeded the anticipated amount of \$40,000.00 by \$322,544.80 due primarily to refunds from prior year expenditures mostly in the area of health insurance.

### **Expenditures**

- Regular programs – instruction in total final budget exceeded the original by \$327,791.74, or 3.99%. Actual expenditures of \$8,108,236.38 represented 98.63% of budget. This was caused additional expenditures for teachers grades 1-12.
- Total instructional expenditures final budget exceeded the original by \$351,836.44, or 2.83%. Actual total instructional expenditures of \$12,293,128.99 or 98.67%. The increase in the budget was caused by additional need for teacher throughout the District.
- Undistributed – other support services final budget was lower than original by \$172,176.40, or 45.58% due to anticipated extra support for school being lower than anticipated.
- Undistributed – unallocated benefits – employee benefits budget after modified was lower by \$220,435.71, or 4.55% lower than anticipated health benefit were the principal cause.
- Total undistributed expenditures in total were lower by \$378,406.90, or 2.29%. Expenditures net of on behalf payments were \$15,291,389.23, or 94.67% of final budget. This was aided by favorable health benefits and other support services extra at the level anticipated.

**The District's Funds**

Information about the District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds, except for capital projects, had total revenues of \$35,075,565 and expenditures of \$34,897,024.

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

**Comparative Summary of Revenues**

<u>Revenue</u>	<u>2015-2016</u>		<u>2014-2015</u>		Increase/ (Decrease) from 2014-2015 to 2015-2016
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 16,826,324	47.97%	\$ 16,334,340	47.52%	\$ 491,984
State Sources	16,756,987	47.78%	16,407,002	47.72%	349,985
Federal Sources	<u>1,492,254</u>	<u>4.25%</u>	<u>1,631,621</u>	<u>4.76%</u>	<u>(139,367)</u>
	<u>\$ 35,075,565</u>	<u>100.00%</u>	<u>\$ 34,372,963</u>	<u>100.00%</u>	<u>\$ 702,602</u>

The increase in Local Sources is attributed to an increase in taxes.

The increase in State Sources is attributed to an increase in general fund state aid in the form of on-behalf payment.

The decrease in Federal Sources is caused by the fact that more funding was provided in 2016.

The following schedule presents a comparative summary of governmental fund expenditures exclusive of the capital projects fund for the fiscal year ended June 30, 2016, and the amount of increases and decreases in relation to prior year expenditures.

**Comparative Summary of Expenditures**

<u>Expenditures</u>	<u>2015-2016</u>		<u>2014-2015</u>		Increase/ (Decrease) from 2014-2015 to 2015-2016
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Instruction	\$ 13,409,673	38.43%	\$ 13,078,468	38.16%	\$ 331,205
Undistributed Expenditures	18,860,539	54.05%	18,233,905	53.20%	626,634
Capital Outlay	137,100	0.39%	417,957	1.22%	(280,857)
Debt Service	2,290,186	6.57%	2,346,625	6.85%	(56,439)
Charter Schools	<u>199,526</u>	<u>0.56%</u>	<u>198,091</u>	<u>0.57%</u>	<u>1,435</u>
	<u>\$ 34,897,024</u>	<u>100.00%</u>	<u>\$ 34,275,046</u>	<u>100.00%</u>	<u>\$ 621,978</u>

The increase in Current – Instruction is attributed to the increased costs of salaries for teachers and the increased costs of other instructional programs and supplies.

The increase in Undistributed Expenditures relates to increases in special education tuition and health benefits and other employee benefits.

The increase in capital outlay is primarily due to a budgeted increase from the prior year.

**General Fund Budgeting Highlights**

The 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 District amended its general fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administrator, Superintendent and Board of Education. Transfers were necessitated during the year were not significant in consideration of specific line items; however, a provision for unemployment was made for pending reduction of staff and retirement sick pay.

While the District final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year shows a surplus increase of \$181,013 caused primarily by an increase in expenses.

**Capital Assets**

At the end of the fiscal year 2016, the School District had \$56,993,116 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

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

	Governmental Activities		Business-Type Activities		Total School District	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Construction in Progress		\$ 180,977			-	\$ 180,977
Site and Site						
Improvements	\$ 846,964	960,279			\$ 846,964	960,279
Building and Building						
Improvements	37,042,514	35,760,960	\$ 183,409	\$ 183,409	37,225,923	35,944,369
Machinery and						
Equipment	573,255	527,365	126,655	121,843	699,910	649,208
Vehicles	10,934	19,793			10,934	19,793
Total Capital Assets - Net of Depreciations	<u>\$ 38,473,667</u>	<u>\$ 37,449,374</u>	<u>\$ 310,064</u>	<u>\$ 305,252</u>	<u>\$ 38,783,731</u>	<u>\$ 37,754,626</u>

Refer to Notes to Financial Statements Note 7 for more detailed information.

Overall capital assets (net) increased from fiscal year 2015 to fiscal year 2016. The increase in capital assets is primarily due to fixed asset additions in excess of annual depreciation.

## Debt Administration

At the end of the fiscal year 2016 and 2015, the School District had outstanding debt as follows:

**Table 5 – Debt Administration**

	June 30,	
	<u>2016</u>	<u>2015</u>
Capital Leases	\$ 271,726	\$ 370,458
Compensated Absences	442,998	440,869
Serial Bonds	<u>11,158,000</u>	<u>13,042,000</u>
Totals	<u>\$ 11,872,724</u>	<u>\$ 13,853,327</u>

Refer to Notes to Financial Statements Note 8 for more detailed information.

### For the Future

The District is sufficiently funded to meet the educational and capital requirements. Over the past few years, the District has repeated the practice of designating fund balance to offset tax increases in spite of reduction of state aid. In the past, this has been a viable option to soften the burden of reduced state aid revenue.

The primary concern the District faces is the Borough of South River's inability to increase the tax base. The town is primarily residential with very few commercial ratables; thus the burden of taxes levied by the District falls squarely on the homeowners. As a result of a 2012 storm, the town has lost approximately \$7 million in tax ratables.

The Borough's tax base remains relatively flat and in light of the fact the town is at full build (which means there is no space available for future development which would increase the ratable base), the probability of significant tax increase on the average homeowner next year is very likely. Additionally, the cost of three major bond issues, \$6.1 million in 2003, \$7.05 million in 2012 and \$2.4 million in 2015, cost the District nearly \$1.4 million per year for debt service.

In closing, the District's Board of Education practices long term financial planning. The District is proud of its system for budgeting and internal financial controls. Moreover, the Administration is determined to address the educational needs of the students while delivering a responsible budget to the taxpayers.

## 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 District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact Kenneth J. Kokoszka, School Business Administrator/Board Secretary at the South River Board of Education, 15 Montgomery Street, South River, NJ 08882.

Respectfully submitted,



Michael J. Pfister  
Superintendent of Schools



Kenneth J. Kokoszka  
Board Secretary/School Business Administrator



## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,601,368.30	\$ 135,603.38	\$ 2,736,971.68
Receivables - Net	629,053.50	92,684.37	721,737.87
Interfund Receivable	759.80		759.80
Inventory		8,899.52	8,899.52
Restricted Assets:			
Capital Reserve Account	1,393,284.79		1,393,284.79
Accounts Receivable	1,073,088.54		1,073,088.54
Capital Assets, Net	<u>38,473,666.60</u>	<u>310,063.72</u>	<u>38,783,730.32</u>
Total Assets	<u>\$ 44,171,221.53</u>	<u>\$ 547,250.99</u>	<u>\$ 44,718,472.52</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Unamortized Loss on Defeasance of Debt Pension	<u>\$ 79,393.67</u> <u>869,455.00</u>		<u>\$ 79,393.67</u> <u>869,455.00</u>
	<u>948,848.67</u>		<u>948,848.67</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,650,187.79	\$ 66,844.74	\$ 1,717,032.53
Intergovernmental Accounts Payable	11,471.00		11,471.00
Accrued Interest on Noncurrent Debt	29,550.42		29,550.42
Net Pension Liability	5,174,474.00		5,174,474.00
Noncurrent Liabilities:			
Due Within One Year	1,308,178.39	59,138.86	1,367,317.25
Due Beyond One Year	<u>10,743,998.32</u>	<u>60,031.90</u>	<u>10,804,030.22</u>
Total Liabilities	<u>\$ 18,917,859.92</u>	<u>\$ 186,015.50</u>	<u>\$ 19,103,875.42</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Pension	<u>\$ 460,253.00</u>		<u>\$ 460,253.00</u>
<u>NET POSITION</u>			
Invested in Capital Assets	\$ 26,943,881.56	\$ 190,892.96	\$ 27,134,774.52
Restricted for:			
Other Purposes	2,466,373.33		2,466,373.33
Unrestricted (Deficit)	<u>(3,668,297.61)</u>	<u>170,342.53</u>	<u>(3,497,955.08)</u>
Total Net Position	<u>\$ 25,741,957.28</u>	<u>\$ 361,235.49</u>	<u>\$ 26,103,192.77</u>

See accompanying notes to financial statements.

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 14,068,134.79		\$ 1,116,543.70	\$ (12,951,591.09)		\$ (12,951,591.09)
Special Education	5,051,426.93			(5,051,426.93)		(5,051,426.93)
Other Special Instruction	748,800.58			(748,800.58)		(748,800.58)
Other Instruction	998,756.50			(998,756.50)		(998,756.50)
Support Services:						
Tuition	1,456,788.62			(1,456,788.62)		(1,456,788.62)
Student and Instruction Related Services	4,761,164.12		286,164.05	(4,475,000.07)		(4,475,000.07)
General Administrative Services	1,656,648.58			(1,656,648.58)		(1,656,648.58)
School Administrative Services	2,081,737.88			(2,081,737.88)		(2,081,737.88)
Plant Operations and Maintenance	4,799,132.11			(4,799,132.11)		(4,799,132.11)
Pupil Transportation	1,994,186.51			(1,994,186.51)		(1,994,186.51)
Transfer to Charter Schools	199,526.00			(199,526.00)		(199,526.00)
Interest on Noncurrent Debt	417,363.17		347,898.00	(69,465.17)		(69,465.17)
<b>Total Governmental Activities</b>	<b>\$ 38,233,665.79</b>		<b>\$ 1,750,605.75</b>	<b>\$ (36,483,060.04)</b>		<b>\$ (36,483,060.04)</b>
<b>Business-Type Activities:</b>						
Food Service	\$ 910,713.69	\$ 377,545.15	\$ 596,542.69		\$ 63,374.15	\$ 63,374.15
<b>Total Primary Government</b>	<b>\$ 39,144,379.48</b>	<b>\$ 377,545.15</b>	<b>\$ 2,347,148.44</b>	<b>\$ (36,483,060.04)</b>	<b>\$ 63,374.15</b>	<b>\$ (36,419,685.89)</b>
<b>General Revenues</b>						
Taxes:						
				\$ 14,474,933.00		\$ 14,474,933.00
				1,941,922.00		1,941,922.00
				20,283,606.46		20,283,606.46
				40,410.80		40,410.80
				364,650.23		364,650.23
				<b>\$ 37,105,522.49</b>		<b>\$ 37,105,522.49</b>
				622,462.45	63,374.15	685,836.60
				2,456,921.64		2,456,921.64
				<b>\$ 3,079,384.09</b>	<b>\$ 63,374.15</b>	<b>\$ 3,142,758.24</b>
				<b>\$ 22,662,573.19</b>	<b>\$ 297,861.34</b>	<b>\$ 22,960,434.53</b>
				<b>\$ 25,741,957.28</b>	<b>\$ 361,235.49</b>	<b>\$ 26,103,192.77</b>

See accompanying notes to financial statements.

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,732,206.32	\$	\$ 1,222,808.15	\$ 70,962.56	\$ 4,025,977.03
Intergovernmental Accounts Receivable	285,547.28	331,728.88	1,388,370.62		2,005,646.78
Accounts Receivable	9,801.23				9,801.23
Interfunds Receivable	2,735.91		129.32		2,865.23
Restricted Cash and Cash Equivalents	<u>170,476.64</u>				<u>170,476.64</u>
<b>Total Assets</b>	<b>\$ <u>3,200,767.38</u></b>	<b>\$ <u>331,728.88</u></b>	<b>\$ <u>2,611,308.09</u></b>	<b>\$ <u>70,962.56</u></b>	<b>\$ <u>6,214,766.91</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Cash Overdraft		\$ 201,800.58			\$ 201,800.58
Accounts Payable	\$ 1,341,272.49	118,457.30			1,459,729.79
Interfunds Payable			\$ 2,105.43		2,105.43
Intergovernmental Accounts Payable		<u>11,471.00</u>			<u>11,471.00</u>
<b>Total Liabilities</b>	<b>\$ <u>1,341,272.49</u></b>	<b>\$ <u>331,728.88</u></b>	<b>\$ <u>2,105.43</u></b>		<b>\$ <u>1,675,106.80</u></b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Debt Service				\$ 70,962.56	70,962.56
Capital Projects			\$ 313,305.97		313,305.97
Capital Reserve Account	\$ 170,476.64				170,476.64
Excess Surplus - Designated for Subsequent Year's Expenditures	518,892.21				518,892.21
Reserve for Excess Surplus Designated for Subsequent Year's Expenditures	122,720.30				122,720.30
Designated for Other Purposes	1,031,107.79				1,031,107.79
Assigned for Other Purposes			2,295,896.69		2,295,896.69
Assigned - ARRA/SEMI - Designated for Subsequent Year's Expenditures	<u>16,297.95</u>				<u>16,297.95</u>
<b>Total Fund Balances</b>	<b>\$ <u>1,859,494.89</u></b>		<b>\$ <u>2,609,202.66</u></b>	<b>\$ <u>70,962.56</u></b>	<b>\$ <u>4,539,660.11</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>3,200,767.38</u></b>	<b>\$ <u>331,728.88</u></b>	<b>\$ <u>2,611,308.09</u></b>	<b>\$ <u>70,962.56</u></b>	<b>\$ <u>6,214,766.91</u></b>
Total Fund Balance above					\$ 4,539,660.11
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$56,361,897.01 and the accumulated depreciation is \$17,888,230.41. (See Note 7)					38,473,666.60
Noncurrent liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (See Note 8). Total Noncurrent Liabilities					(12,052,176.71)
Deferred loss on defeasance of debt, unamortized (See Note 8D)					79,393.67
Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:					
Accrued Interest Payable: (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance)					(29,550.42)
Accrued Pension Liability: (Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year June 30, 2015, however will be raised in the budget for the fiscal year ending June 30, 2016)					218,744.00
Construction Grants are reported in governmental funds as revenues, however, in the Statement of Activities grant awards are not recognized as revenue until expended.					(313,305.97)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)					<u>(5,174,474.00)</u>
Net position of governmental activities (A-1)					<b>\$ <u>25,741,957.28</u></b>

See accompanying notes to financial statements

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 14,474,933.00			\$ 1,941,922.00	\$ 16,416,855.00
Tuition	40,410.80				40,410.80
Interest on investments			\$ 2,105.43		2,105.43
Miscellaneous	<u>362,544.80</u>	<u>\$ 6,512.94</u>	<u>\$ 2,105.43</u>		<u>369,057.74</u>
Total - Local Sources	\$ 14,877,888.60	\$ 6,512.94	\$ 2,105.43	\$ 1,941,922.00	\$ 16,828,428.97
State Sources	16,320,874.49	88,215.00		347,898.00	16,756,987.49
Federal Sources	<u>73,794.77</u>	<u>1,418,459.01</u>			<u>1,492,253.78</u>
Total Revenues	<u>\$ 31,272,557.86</u>	<u>\$ 1,513,186.95</u>	<u>\$ 2,105.43</u>	<u>\$ 2,289,820.00</u>	<u>\$ 35,077,670.24</u>
<b>Expenditures</b>					
Current:					
Regular Instruction	\$ 8,108,236.38	\$ 1,116,543.70			\$ 9,224,780.08
Special Education Instruction	3,109,240.91				3,109,240.91
Other Special Instruction	460,899.75				460,899.75
Other Instruction	614,751.95				614,751.95
Support Services and Undistributed Costs:					
Tuition	1,456,788.62				1,456,788.62
Student and Instruction Related Services	2,812,546.43	286,164.05			3,098,710.48
Other Administrative Services	1,019,695.94				1,019,695.94
School Administrative Services	1,281,345.78				1,281,345.78
Plant Operations and Maintenance	2,953,949.07				2,953,949.07
Pupil Transportation	1,227,456.39				1,227,456.39
Employee Benefits	7,715,086.49	107,506.20			7,822,592.69
Debt Service:					
Principal				\$ 1,884,000.00	1,884,000.00
Interest				406,186.25	406,186.25
Capital Outlay	134,127.02	2,973.00	\$ 2,431,931.51		2,569,031.53
Transfer to Charter Schools	<u>199,526.00</u>				<u>199,526.00</u>
Total Expenditures	<u>\$ 31,093,650.73</u>	<u>\$ 1,513,186.95</u>	<u>\$ 2,431,931.51</u>	<u>\$ 2,290,186.25</u>	<u>\$ 37,328,955.44</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 178,907.13</u>		<u>\$ (2,429,826.08)</u>	<u>\$ (366.25)</u>	<u>\$ (2,251,285.20)</u>
Other Financing Sources/(Uses):					
Transfers In/(Out)	<u>\$ 2,105.43</u>		<u>\$ (2,105.43)</u>		
Total Other Financing Sources/(Uses)	<u>2,105.43</u>		<u>(2,105.43)</u>		
Net Change in Fund Balances	\$ 181,012.56		\$ (2,431,931.51)	\$ (366.25)	\$ (2,251,285.20)
Fund Balance July 1	<u>1,678,482.33</u>		<u>5,041,134.17</u>	<u>71,328.81</u>	<u>6,790,945.31</u>
Fund Balance June 30	<u>\$ 1,859,494.89</u>		<u>\$ 2,609,202.66</u>	<u>\$ 70,962.56</u>	<u>\$ 4,539,660.11</u>

See accompanying notes to financial statements



**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds	\$ (2,251,285.20)
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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Capital outlay	\$ 2,569,031.53
Depreciation expense	(1,641,946.29)
Capital assets, other	<u>97,207.45</u>
	1,024,292.69
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	1,884,000.00
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.	
Amortization of premium	29,908.72
Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.	
Amortization of deferred loss	(11,341.96)
In the statement of activities, interest on noncurrent debt in the statement of activities is accrued, regardless of when due. In the government funds, interest is reported when due; when the accrued interest is decreased, the difference is a reduction in the reconciliation.	7,159.37
Repayment of lease principal is an expenditure in the governmental funds, but the payment reduces noncurrent debt in the statement of net position and is not reported in the statement of activities.	98,731.97
Net pension obligation related to PERS which is attributable to June 30, 2015 not reported in governmental funds; however, it is reported in the statement of activities	(59,667.00)
In the statement of activities, certain operating expenses, e.g. compensated absences (sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	(2,128.69)
Construction Grants are reported in governmental funds as revenues, however, in the Statement of Activities grant awards are not recognized as revenue until expended.	<u>2,359,714.19</u>
Change in Net Position of Governmental Activities (A-2)	<u>\$ 3,079,384.09</u>

See accompanying notes to financial statements

**PROPRIETARY FUNDS**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPRIETARY FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Business-Type Activities - Enterprise Fund
<u>ASSETS</u>	<u>Food Service Total Enterprise</u>
Current Assets:	
Cash and Cash equivalents	\$ 135,603.38
Accounts receivable:	
State sources	1,763.33
Federal sources	90,921.04
Inventories	8,899.52
Total Current Assets	\$ 237,187.27
Noncurrent Assets:	
Furniture, machinery and equipment	\$ 631,219.02
Less: accumulated depreciation	321,155.30
Total Noncurrent Assets	\$ 310,063.72
Total Assets	\$ 547,250.99
 <u>LIABILITIES</u> 	
Current liabilities:	
Accounts payable	\$ 66,844.74
Current portion of Capital Lease	59,138.86
Total current liabilities	\$ 125,983.60
Noncurrent liabilities:	
Capital Lease Payable	\$ 60,031.90
Total noncurrent liabilities	\$ 60,031.90
Total liabilities	\$ 186,015.50
 <u>NET POSITION</u> 	
Invested in Capital Assets	\$ 190,892.96
Unrestricted	170,342.53
Total Net Position	\$ 361,235.49

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGE IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities - Enterprise Fund
	<u>Food Service</u> <u>Total Enterprise</u>
Operating Revenues:	
Local Sources:	
Daily sales - reimbursable programs:	
School lunch, breakfast and milk program	\$ 375,570.88
Daily sales - non-reimbursable programs	<u>1,974.27</u>
Total operating revenues	<u>\$ 377,545.15</u>
Operating Expenses:	
Cost of sales - reimbursable	\$ 383,625.67
Cost of sales - non-reimbursable	39,200.00
Salaries	268,873.34
Employee Benefits	39,900.84
Insurance	61,331.17
General supplies	23,228.56
Management fee and Administrative Fee	60,730.00
Cleaning, repairs and other expenses	14,415.35
Interest Expense on Lease	2,679.30
Depreciation	<u>16,729.46</u>
Total operating expenses	<u>\$ 910,713.69</u>
Operating income/(loss)	<u>\$ (533,168.54)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	\$ 10,310.06
Federal sources:	
National school lunch program	401,666.28
School breakfast program	97,116.31
Food distribution system	<u>87,450.04</u>
Total nonoperating revenues	<u>\$ 596,542.69</u>
Income/(loss) before contributions and transfers	\$ 63,374.15
Total net position - beginning	<u>297,861.34</u>
Total net position - ending	<u><u>\$ 361,235.49</u></u>

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Funds
	<u>Food Service Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 378,042.44
Payment for Management Fee and Administrative Fee	(60,730.00)
Payments to Employees	(268,873.34)
Payments for Employee Benefits	(39,900.84)
Payments to Suppliers	<u>(461,992.26)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(453,454.00)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 10,697.58
Federal Sources	<u>513,213.53</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>523,911.11</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Payment on Lease	\$ (58,259.10)
Acquisition of Fixed Assets	<u>(21,540.87)</u>
Net Cash Provided by/(Used for) Investing Activities	\$ <u>(79,799.97)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (9,342.86)
Balances - Beginning of Year	<u>144,946.24</u>
Balances - End of Year	<u><u>\$ 135,603.38</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash <u>Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u>(533,168.54)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 16,729.46
Federal Commodities	87,450.04
Change in Assets and Liabilities:	
(Increase)/Decrease)Other Sources Receivable	497.29
(Increase)/Decrease in Inventory	856.05
Increase/(Decrease) in Accounts Payable	<u>(25,818.30)</u>
Total Adjustments	\$ <u>79,714.54</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(453,454.00)</u></u>

See accompanying notes to financial statements

**FIDUCIARY FUNDS**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	Trust		Agency Fund	
	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Student Activity</u>	<u>Payroll</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 145,222.18	\$ 43,343.62	\$ 106,974.16	\$ 129,203.21
Total Assets	<u>\$ 145,222.18</u>	<u>\$ 43,343.62</u>	<u>\$ 106,974.16</u>	<u>\$ 129,203.21</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 339.31			
Payable to Student Groups			\$ 106,974.16	
Payroll Deductions and Withholdings				\$ 128,443.41
Interfund Payable - General Fund				<u>759.80</u>
Total Liabilities	<u>\$ 339.31</u>		<u>\$ 106,974.16</u>	<u>\$ 129,203.21</u>
<b><u>NET POSITION</u></b>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 144,882.87			
Reserved for Scholarships		<u>\$ 43,343.62</u>		
Total Net Position	<u>\$ 144,882.87</u>	<u>\$ 43,343.62</u>		

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Trust</u>	<u>Agency</u>
	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund
<u>Additions</u>		
Contributions:		
Plan Members	\$ 11,889.91	
Board	<u>49,998.11</u>	
Total Contributions	\$ <u>61,888.02</u>	
Investment Earnings:		
Interest	\$ <u>315.75</u>	\$ <u>2,361.98</u>
Net Investment Earnings	\$ <u>315.75</u>	\$ <u>2,361.98</u>
Total Additions	\$ <u>62,203.77</u>	\$ <u>2,361.98</u>
<u>Deductions</u>		
Unemployment Claims	\$ 25,000.00	
Scholarships Awarded		\$ 1,700.00
Other	<u>23,986.86</u>	<u>1,707.17</u>
Total Deductions	\$ <u>48,986.86</u>	\$ <u>3,407.17</u>
Change in Net Position - Increase	\$ 13,216.91	\$ (1,045.19)
Total Net Position - Beginning of the Year	<u>131,665.96</u>	<u>44,388.81</u>
Total Net Position - End of the Year	<u>\$ 144,882.87</u>	<u>\$ 43,343.62</u>

See accompanying notes to financial statements



**NOTES TO THE FINANCIAL STATEMENTS**

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The South River Borough School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2016 of 2,218 students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Basis of Presentation (Continued)**

**1. Government-Wide Financial Statements (Continued)**

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**2. Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

**General Fund** – The General Fund is the general operating fund of the District. It 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 that are classified in the Capital Outlay subfund.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**1. Governmental Funds (Continued)**

**General Fund (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. This fund is not applicable in this fiscal year.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**2. Proprietary Fund Type**

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

**Enterprise Fund** – The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

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

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

**3. Fiduciary Funds**

**Trust and Agency Funds** – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Private Purpose Scholarship Funds**

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund and five (5) scholarship funds.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**3. Fiduciary Funds (Continued)**

**Private Purpose Scholarship Funds (Continued)**

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District presently has two (2) scholarship fund assets that can be deemed as nonexpendable Trust Fund types.

**Agency Funds** – Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

**4. Noncurrent Debt**

Noncurrent liabilities expected to be financed from governmental funds are accounted for in the General Noncurrent Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases.

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the statement of net position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus (Continued)**

**2. Fund Financial Statements (Continued)**

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

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

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

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

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America (GAAP) 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.



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control (Continued)**

The following presents a reconciliation of the general fund revenue and special revenue fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules.	\$ 31,267,442.86	\$ 1,513,186.95
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2015	None	None
June 30, 2016	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,265,029.00	None
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,259,914.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 31,272,557.86</u>	<u>\$ 1,513,186.95</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 31,093,650.77	\$ 1,513,186.95
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.		
June 30, 2015	None	None
June 30, 2016	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 31,093,650.77</u>	<u>\$ 1,513,186.95</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Encumbrances**

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

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

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

**G. Assets, Liabilities and Equity**

**1. Cash, Cash Equivalents and Investments**

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. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a 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.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**2. Inventories and Prepaid Expenses**

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

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

**3. Allowance for Uncollectible Accounts**

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

**4. Tuition Receivable**

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

**5. Tuition Payable**

Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**6. 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.

**7. Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**7. Capital Assets (Continued)**

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	8 years
Office and Computer Equipment	5-10 years
Instructional Equipment	10 years
Grounds Equipment	15 years
Food Service Equipment	7-20 years

**8. Deferred Outflows/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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**9. 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.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**9. Compensated Absences (Continued)**

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**10. Accrued Liabilities and Noncurrent Obligations**

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, 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 governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable 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.

**11. Deferred Loss on Refunding of Debt**

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. (Refer to Note 8-D).

**12. Net Position**

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**13. Unearned (Deferred) Revenue**

Unearned revenue in the special revenue fund represents federal and state grants that have been received but not yet earned.

**14. Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**15. Fund Balance Reserves**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**15. Fund Balance Reserves (Continued)**

- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
  
- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

**16. Proprietary Funds Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service.

Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**17. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**18. Non-Monetary Transactions**

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

**19. Allocation of Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

**20. Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

**21. Accounting and Financial Reporting for Pensions**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**21. Accounting and Financial Reporting for Pensions (Continued)**

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards**

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 74. Financial Reporting for Postemployment Benefit Other Than Pension Plans.*

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 75. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 76. The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 77. Tax Abatement Disclosures.*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 78. Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 82. Pension Issues – an amendment of GASB Statements No. 67, No. 38 and No. 73*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 with certain exceptions, in which the measurement data of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The District does not expect this statement to impact its financial statements

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2016 through November 30, 2016, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at fair value, which is in excess of cost value. The District classifies securities that have original maturity date of more than three months from the date of purchase as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

**Deposits**

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

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

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

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

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

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments**

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2016, the District had \$133,057.06 on deposit with the New Jersey Cash Management Fund.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Allocation of Cash and Cash Equivalents:**

Unrestricted		\$	2,357,360.19
Restricted			<u>2,666,721.99</u>
		\$	<u><u>5,024,082.18</u></u>

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

			<u>Cash and Cash Equivalents</u>
<b>Cash and Cash Equivalents:</b>			
Checking Accounts, interest bearing		\$	4,891,025.12
New Jersey Cash Management Fund (NJCMF)			<u>133,057.06</u>
		\$	<u><u>5,024,082.18</u></u>
<b>Reconciliation:</b>			
Governmental Funds		\$	3,750,644.98
Proprietary Funds			135,603.38
Fiduciary Funds			<u>1,137,833.82</u>
		\$	<u><u>5,024,082.18</u></u>
<b>Investment - Fiduciary - Restricted</b>			
U.S. Treasury Note (Face Value \$16,000.00)		\$	<u><u>26,484.20</u></u>

**Risk Analysis** – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act (“GUDPA”) and are considered to have minimal custodial risk. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have concentration of credit risk.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**4. CAPITAL RESERVE ACCOUNT**

A Capital Reserve Account was established by Board Resolution and Budget Appropriation in a prior year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The combined Capital Reserve Account balance at June 30, 2016 is \$170,476.64 and is reflected in the General Fund.

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

Board Contributions:		
Prior to June 30, 2015	\$ 293,773.26	
During fiscal year ended June 30, 2016	<u>100,000.00</u>	\$ 393,773.26
Interest Earnings:		
Prior to June 30, 2015	\$ 1,822.38	
During fiscal year ended June 30, 2016	<u>-</u>	1,822.38
Withdrawals:		
Prior to June 30, 2015	\$ 225,119.00	
During fiscal year ended June 30, 2016	<u>-</u>	<u>225,119.00</u>
Balance at June 30, 2016		<u><u>\$ 170,476.64</u></u>

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. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE**

Intergovernmental Accounts Receivable at June 30, 2016 consisted of Federal sources, State sources and State aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u>
General Fund:	
State Aid:	
Extraordinary Aid	\$ 221,819.00
Non-Public Transportation - Cost Reimbursement	13,341.00
TPAF FICA Reimbursement	46,034.77
Federal Aid:	
Medicaid Reimbursement	<u>4,352.51</u>
	<u>\$ 285,547.28</u>
Special Revenue Fund:	
Federal:	
Adult Basic Education	\$ 31,495.00
Title I	169,527.80
Title II - Part A	19,234.09
Title III - Part A	5,945.66
Title III - Immigrant	27.00
IDEA Part B	104,974.33
IDEA Pre-School	318.00
State:	
Due from ESCNJ - Non-Public	<u>207.00</u>
	<u>\$ 331,728.88</u>
Capital Projects Fund:	
NJSDA ROD Grant	<u>1,388,370.62</u>
 Total	 <u>\$ 2,005,646.78</u>

**Memo**

Capital Projects Fund:  
 Reconciliation to Schedule of Expenditures of State Financial Assistance (Exhibit K-4)

Total Receivable per Exhibit B-1	\$ 1,388,370.62
Less: Unexpended Grant Proceeds	<u>315,282.08</u>
 Total Receivable per Exhibit A-1	 <u>\$ 1,073,088.54</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (CONTINUED)**

	<u>Business Type</u>
Proprietary Fund:	
Enterprise Fund	
State Sources:	
Lunch	\$ <u>1,763.33</u>
Federal Sources:	
Breakfast	\$ 19,978.72
Lunch	<u>70,942.32</u>
	\$ <u>90,921.04</u>
 Total	 \$ <u><u>92,684.37</u></u>

**6. INVENTORY**

The value of Federal donated commodities as reflected on Schedule A of \$87,450.04 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2016, the federal donated commodities food inventory of \$4,314.76 was included in the year end food and supplies amount of \$8,899.52.



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**7. CAPITAL ASSETS, NET**

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2016:

	Beginning Balance	Additions	Transfers (Retirements)	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 180,976.83		\$ (180,976.83)	
Total capital assets not being depreciated	<u>\$ 180,976.83</u>		<u>\$ (180,976.83)</u>	
Capital assets being depreciated:				
Site and Site Improvements	\$ 2,276,102.30			\$ 2,276,102.30
Building and Building Improvements	48,852,697.07	\$ 2,539,383.51	\$ 180,976.24	51,573,056.82
Machinery and Equipment	2,253,062.23	29,648.02	97,208.04	2,379,918.29
Vehicles	132,819.60			132,819.60
Totals at historical cost	<u>\$ 53,514,681.20</u>	<u>\$ 2,569,031.53</u>	<u>\$ 278,184.28</u>	<u>\$ 56,361,897.01</u>
Less accumulated depreciation for:				
Site and Site Improvements	\$ (1,315,823.15)	\$ (113,314.52)		\$ (1,429,137.67)
Building and Building Improvements	(13,091,737.18)	(1,438,807.19)		(14,530,544.37)
Machinery and Equipment	(1,725,696.90)	(80,965.87)		(1,806,662.77)
Vehicles	(113,026.89)	(8,858.71)		(121,885.60)
Total accumulated depreciation	<u>\$ (16,246,284.12)</u>	<u>\$ (1,641,946.29)</u>		<u>\$ (17,888,230.41)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>\$ 37,268,397.08</u>	<u>\$ 927,085.24</u>	<u>\$ 278,184.28</u>	<u>\$ 38,473,666.60</u>
Governmental activities capital assets, net	<u>\$ 37,449,373.91</u>	<u>\$ 927,085.24</u>	<u>\$ 97,207.45</u>	<u>\$ 38,473,666.60</u>
<b>Business-Type Activities:</b>				
Furniture, machinery and equipment	\$ 420,433.76	\$ 21,540.87		\$ 441,974.63
Building improvements	189,244.39			189,244.39
Totals at historical cost	<u>\$ 609,678.15</u>	<u>\$ 21,540.87</u>		<u>\$ 631,219.02</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	\$ (298,590.93)	\$ (16,729.46)		\$ (315,320.39)
Building improvements	(5,834.91)			(5,834.91)
Total accumulated depreciation	<u>\$ (304,425.84)</u>	<u>\$ (16,729.46)</u>		<u>\$ (321,155.30)</u>
Business type activities capital assets, net	<u>\$ 305,252.31</u>	<u>\$ 4,811.41</u>		<u>\$ 310,063.72</u>
Detail of Additions:				
General fund		\$ 134,127.02		
Capital projects fund		2,431,931.51		
Special Revenue fund		2,973.00		
		<u>\$ 2,569,031.53</u>		

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**7. CAPITAL ASSETS, NET (CONTINUED)**

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 658,810.18
Special Education Instruction	222,054.03
Other Special Instruction	32,916.28
Other	43,904.01
Support Services and Undistributed Cost:	
Student and Instruction Related Services	221,301.98
School Administrative Services	91,510.44
General and Business Administrative Services	72,824.08
Plant Operations and Maintenance	210,963.49
Pupil Transportation	<u>87,661.80</u>
	<u>\$ 1,641,946.29</u>

Prior Period Adjustment – Net investment in capital assets for the prior year June 30, 2015 was adjusted to correct for a liability that should have not been factored into the balance. This is consistent with the June 30, 2016 presentation.

**8. NONCURRENT DEBT**

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year	Noncurrent Portion
<u>Governmental Activities:</u>						
Bonds Payable -						
General						
Obligation Debt	\$ 13,042,000.00		\$ (1,884,000.00)	\$ 11,158,000.00	\$ 1,145,000.00	\$ 10,013,000.00
Add - Premium on Sale of Bonds	<u>209,361.02</u>		<u>(29,908.72)</u>	<u>179,452.30</u>	<u>29,908.72</u>	<u>149,543.58</u>
	13,251,361.02		(1,913,908.72)	11,337,452.30	1,174,908.72	10,162,543.58
Compensated						
Absences Payable	440,869.31	2,128.69		442,998.00	44,299.80	398,698.20
Capital Leases	<u>370,458.38</u>		<u>(98,731.97)</u>	<u>271,726.41</u>	<u>88,969.87</u>	<u>182,756.54</u>
	<u>811,327.69</u>	<u>2,128.69</u>	<u>(98,731.97)</u>	<u>714,724.41</u>	<u>133,269.67</u>	<u>581,454.74</u>
	<u>\$ 14,062,688.71</u>	<u>\$ 2,128.69</u>	<u>\$ (2,012,640.69)</u>	<u>\$ 12,052,176.71</u>	<u>\$ 1,308,178.39</u>	<u>\$ 10,743,998.32</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality(ies) through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2016, the District had the following serial bonds outstanding.

General Serial Bonds:

\$7,005,000 General Obligation Bonds, Series 2011 - District's share of improvements to the High School (9-12). Annual maturities of \$380,000 to \$550,000 through June 1, 2027 at interest rates ranging from 2.50% to 4.25%. The bonds maturing prior to June 1, 2021 are not subject to redemption prior to maturity. The bonds maturing on or after June 1, 2021 are subject to redemption prior to maturity at the option of the Board, in whole at any time or in part on any interest payment date on or after June 1, 2020.	\$ 5,880,000.00
\$3,845,000 of Refunding School Bonds, Series 2012 - Refinance \$3,953,000 of the General Obligation Bonds 2003. Annual maturities of \$370,000 to \$445,000 through June 1, 2023 at interest rates ranging from 3.0% to 4.0%. The bonds are not subject to redemption prior to maturity.	2,825,000.00
\$2,453,000 of General Obligation Bonds, Series 2015 - District's share of improvements to the schools. Annual maturities ranging from \$225,000 to \$450,000 commencing on June 1, 2017 through June 1, 2025 at net interest rates ranging from 1.5% to 2.5%. The bonds are not subject to redemption prior to maturity.	<u>2,453,000.00</u>
	<u>\$ 11,158,000.00</u>

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This requirement has been complied with for the year ended June 30, 2015.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable (Continued)**

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

<u>Year</u>	<u>School District Bonds, Series 2011</u>			<u>School District Refunding Bonds 2012</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) year						
2017	\$ 550,000	\$ 199,025	\$ 749,025	\$ 370,000	\$ 105,450	\$ 475,450
2018	550,000	185,275	735,275	385,000	94,350	479,350
2019	550,000	170,150	720,150	385,000	82,800	467,800
2020	550,000	153,650	703,650	405,000	67,400	472,400
2021	550,000	137,150	687,150	410,000	51,200	461,200
	<u>2,750,000</u>	<u>845,250</u>	<u>3,595,250</u>	<u>1,955,000</u>	<u>401,200</u>	<u>2,356,200</u>
Thereafter						
2022	550,000	120,650	670,650	425,000	34,800	459,800
2023	550,000	102,775	652,775	445,000	17,800	462,800
2024	550,000	83,525	633,525			
2025	550,000	61,525	611,525			
2026	550,000	39,525	589,525			
	<u>2,750,000</u>	<u>408,000</u>	<u>3,158,000</u>	<u>870,000</u>	<u>52,600</u>	<u>922,600</u>
2027	380,000	16,150	396,150			
	<u>380,000</u>	<u>16,150</u>	<u>396,150</u>			
	<u>\$ 5,880,000</u>	<u>\$ 1,269,400</u>	<u>\$ 7,149,400</u>	<u>\$ 2,825,000</u>	<u>\$ 453,800</u>	<u>\$ 3,278,800</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable (Continued)**

<u>School District Bonds, Series 2015</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) year			
2017	225,000	\$ 50,130	\$ 275,130
2018	\$ 225,000	46,755	271,755
2019	225,000	43,380	268,380
2020	225,000	38,880	263,880
2021	225,000	34,380	259,380
	<u>1,125,000</u>	<u>213,525</u>	<u>1,338,525</u>
Thereafter			
2022	225,000	29,880	254,880
2023	225,000	25,380	250,380
2024	428,000	20,880	448,880
2025	450,000	11,250	461,250
	<u>1,328,000</u>	<u>87,390</u>	<u>1,415,390</u>
	<u>\$ 2,453,000</u>	<u>\$ 300,915</u>	<u>\$ 2,753,915</u>

**TOTAL DEBT SERVICE**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) years			
2017	\$ 1,145,000	\$ 354,605	\$ 1,499,605
2018	1,160,000	326,380	1,486,380
2019	1,160,000	296,330	1,456,330
2020	1,180,000	259,930	1,439,930
2021	1,185,000	222,730	1,407,730
	<u>5,830,000</u>	<u>1,459,975</u>	<u>7,289,975</u>
Thereafter			
2022	1,200,000	185,330	1,385,330
2023	1,220,000	145,955	1,365,955
2024	978,000	104,405	1,082,405
2025	1,000,000	72,775	1,072,775
2026	550,000	39,525	589,525
	<u>4,948,000</u>	<u>547,990</u>	<u>5,495,990</u>
2027	380,000	16,150	396,150
	<u>380,000</u>	<u>16,150</u>	<u>396,150</u>
	<u>\$ 11,158,000</u>	<u>\$ 2,024,115</u>	<u>\$ 13,182,115</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**8. NONCURRENT DEBT (CONTINUED)**

**B. Bonds and Notes Authorized But Not Issued**

As of June 30, 2016 there were bonds and notes authorized but not issued of \$1,388,370.62 which will be reduced accordingly as the NJSDA (Capital Projects Fund) reimbursement funds are received. The authorization was approved as part of the referendum approved by the voters on February 10, 2015 for improvements to the high school. The amount is equivalent to the balance due to the District for the project grant and is calculated as follows:

Grant Awarded		\$	2,768,981.68
Less: Cash Receipts prior to June 30, 2015	\$	None	
Cash Receipt for the period ended June 30, 2016		1,380,611.06	1,380,611.06
Balance		\$	1,388,370.62

**C. Capital Lease Obligations Payable**

The District is leasing equipment totaling \$743,389.00 under three (3) capital leases. The capital leases are for terms of five years. The following is a schedule of future minimum lease payments under the capital leases at June 30, 2016:

	<u>Payment</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental Funds:</b>			
General Fund			
2014 Lease			
2017	\$ 45,534.57	\$ 2,635.16	\$ 48,169.73
2018	46,396.53	1,773.20	48,169.73
2019	47,274.82	894.91	48,169.73
	\$ 139,205.92	\$ 5,303.27	\$ 144,509.19
2015 Lease			
2016	\$ 43,435.30	\$ 2,239.60	\$ 45,674.90
2017	44,169.36	1,505.54	45,674.90
2018	44,915.83	759.07	45,674.90
	\$ 132,520.49	\$ 4,504.21	\$ 137,024.70
General Fund Total	\$ 271,726.41	\$ 9,807.48	\$ 281,533.89
<b>Business-Type Activities:</b>			
Enterprise Fund - 2013 Lease			
2017	\$ 59,138.86	\$ 1,799.56	\$ 60,938.42
2018	60,031.90	906.52	60,938.42
	\$ 119,170.76	\$ 2,706.08	\$ 121,876.84

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**8. NONCURRENT DEBT (CONTINUED)**

**D. Defeasance**

As a result of the accounting requirement under GASB#23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in accounting losses which in conjunction with the premium will be amortized over the remaining life of the respective bond issues using the "straight-line".

Unamortized Loss on Defeasance of Debt

<u>Refunding Bonds</u>	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2012 Series	\$ <u>136,103</u>	\$ <u>90,736</u>	\$ <u>11,342</u>	\$ <u>79,394</u>

**E. 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 earn sick leave at the rate of one day for each month of service. Upon departure from the district, teachers who have obtained tenure and ten month support staff who have completed three or more years of employment shall be paid for accumulated sick leave at the rate of ¼ of the unused accumulated sick leave multiplied by 1/200 of the last annual contracted salary. Twelve month employees who have completed three or more years of employment shall be paid at the rate of ¼ of the unused accumulated sick leave multiplied by 1/240 of the last annual contracted salary.

For teachers employed after September 1, 1981, the sick leave payment shall be limited to no more than \$5,000.00. For all support staff employed after September 1, 1981, the sick leave payment shall be limited to no more than \$2,500.00. There is no limit for personnel employed prior to September 1, 1981.

Twelve month employees earn vacation, the carryover of which is limited to August 31, of the year following the time earned.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the noncurrent liability balance of compensated absences.

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.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS**

***Basic Financial Statements***

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

**Teachers' Pension and Annuity Fund (TPAF):** The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A.18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61 and 62, respectively, with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

**Public Employees' Retirement System (PERS):** The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61 and 62, respectively with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

***Basic Financial Statements (Continued)***

**Funding Policy:** The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

**Three-Year Trend Information for PERS**

Fiscal Year Ended <u>June 30,</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>	<u>Employee Contribution</u>
2016	\$ 198,134	100%	\$ 105,024
2015	186,101	100%	98,188
2014	212,487	100%	107,662

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

Fiscal Year Ended <u>June 30</u>	<u>Pension Paid on-behalf of District</u>				TPAF FICA
	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Total On-Behalf of</u>	<u>Employee Contribution</u>	
2016	\$ None	100%	\$ 1,018,741	\$ 928,484	\$ 943,699
2015	None	100%	672,043	896,190	950,109
2014	None	100%	512,321	811,549	947,413

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$1,018,741 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$943,699 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

***Basic Financial Statements (Continued)***

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

***District-Wide Financial Statements***

**Public Employees Retirement System (PERS)**

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2015 and 2014 Independent Auditor's Report dated November 13, 2016 and November 13, 2015.

At June 30, 2016 and June 30, 2015, the District reported a liability of \$5,174,474 and \$4,512,839, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

	June 30,	
	2015	2014
District Proportionate Share	0.0230460242 %	0.0241035270 %
Difference - Increase	(0.0010575028)	

For the year ended June 30, 2016, the District recognized pension expense of \$257,801. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 555,579.00	
Differences between expected and actual experience	123,418.00	
Changes in proportion		\$ 377,075.00
Net difference between projected and actual earnings on pension plan investments		83,178.00
District contributions subsequent to the measurement date	190,458.00	
Total	\$ 869,455.00	\$ 460,253.00

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

*District-Wide Financial Statements (Continued)*

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

The \$190,458.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Amount</u>
2017	\$ 108,469.11
2018	108,469.11
2019	108,469.11
2020	172,754.45
2021	97,657.50

Additional Information:

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$ 5,823,297,595	\$ 1,452,705,538
Collective deferred inflows of resources	1,215,190,347	2,146,719,012
Net pension liability (Local Group)	22,447,996,119	18,722,735,001
Collective net pension liability	46,170,131,656	38,849,838,953
District's proportion	0.0230460242 %	0.0241035270 %

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

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

***District-Wide Financial Statements (Continued)***

Actuarial Assumptions

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

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 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.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback three years for males and setback one year for females) are used to value disabled retire.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return (7.90% at June 30, 2015) on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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 PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

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

***District-Wide Financial Statements (Continued)***

**Long-Term Rate of Return (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 U.S. Equities	27.25	8.52
Developed Foreign Markets	12.00	6.88
Emerging Market Equities	6.40	10.00
Private Equity	9.25	12.41
Hedge Funds/Absolute Returns	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	<u>4.25</u>	5.12
	<u>100.00 %</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

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

***District-Wide Financial Statements (Continued)***

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 and June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

		June 30, 2015		
		1% Decrease	At Current	1% Increase
		<u>3.90%</u>	Discount Rate	<u>5.90%</u>
		<u>4.90%</u>	<u>4.90%</u>	<u>5.90%</u>
District's proportionate share				
of the pension liability	\$	6,429,867	\$ 5,174,474	\$ 4,119,933
		June 30, 2014		
		1% Decrease	At Current	1% Increase
		<u>4.39%</u>	Discount Rate	<u>6.39%</u>
		<u>5.39%</u>	<u>5.39%</u>	<u>6.39%</u>
of the pension liability	\$	5,677,305	\$ 4,512,839	\$ 3,534,960

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

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

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2015 and June 30, 2014 Independent Auditor's Reports dated July 28, 2016 and November 13, 2015, respectively.

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.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2015 was as follows:

Net Pension Liability:	
Districts proportionate share	\$ -
State's proportionate share associated with the District	<u>78,566,615.00</u>
	<u><u>\$ 78,566,615.00</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the proportion of the TPAF net pension liability associated with the District was .1243058644%.

For the year ended June 30, 2016 and June 30, 2015, the District recognized on-behalf pension expense and revenue of \$4,797,199.00 and \$3,482,881.00, respectively for contributions provided by the State.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

Actuarial Assumptions

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

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

Mortality Rates

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.



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

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

Actuarial Assumptions (Continued)

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 table as follows:

<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 Markets Equity	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
	<u>100.00 %</u>	

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**9. PENSION PLANS (CONTINUED)**

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

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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,

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**10. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free 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 \$214.10 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Post-Retirement Medical</u>
2016	\$ 1,213,039.00
2015	1,066,869.00
2014	840,014.00

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**11. DEFERRED COMPENSATION**

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

- AXA Equitable
- Met Life

**12. RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Interest</u> <u>Earnings</u>	<u>Board</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 315.75	\$ 49,998.11	\$ 11,889.91	\$ 48,986.86	\$ 144,882.87
2015	72.29	40,000.00	4,763.06	15,448.63	131,665.96
2014	54.54	25,000.00	595.54	29,859.54	102,279.24

**Health Benefits:** The Board of Education has procured medical insurance coverage for its employees under a monthly per employee premium (traditional plan).

**Other Coverage:** The Board has contracted with a commercial insurance company to provide coverage for various losses. The coverages are subject to various deductibles and coverage limits based on the type of policy coverage included. The coverages and its limits are detailed in the statistical section.

The Board also maintains surety bond coverage on key financial employees.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**13. INTERFUND RECEIVABLES AND PAYABLES**

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

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General	\$ 2,735.91	
Capital Projects	129.32	\$ 2,105.43
Other Fund:		
Trust and Agency		759.80

**14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$1,859,494.89 General Fund fund balance at June 30, 2016, \$170,476.64 is restricted for the Capital Reserve Account; \$518,892.21 is restricted - excess surplus – designated for subsequent years expenditures and \$1,031,107.79 is assigned-designated for subsequent year's expenditures. \$16,297.95 is assigned – ARRA/SEMI designated for subsequent years expenditures and \$122,720.30 is restricted – excess surplus.

**Capital Projects Fund** – Of the \$2,609,202.66 Capital Projects Fund balance at June 30, 2016, all is restricted for capital projects.

**Debt Service Fund** – Of the \$70,962.56 Debt Service Fund balance at June 30, 2016, all is restricted for debt service.

**15. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS**

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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. There was excess fund balance as a result of the fiscal year ended June 30, 2016 of \$589,110.88 and as a result of the fiscal year ended June 30, 2015 of \$518,892.21.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

**16. RECONCILIATION OF FUND BALANCES – GENERAL FUND**

The Surpluses are Presented on a GAAP Basis and a Reconciliation to the Budget Basis as follows:	<u>Reserve for Excess Surplus</u>	<u>Unassigned</u>
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$ 589,110.88	\$ 793,523.42
Less:		
Allocation of State Aid Payment of \$1,259,914.00 not Recognized on GAAP Basis	<u>466,390.58</u>	<u>793,523.42</u>
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	<u>\$ 122,720.30</u>	<u>\$ None</u>

**17. CONTINGENT LIABILITIES**

- A. Grant Programs** – The school district participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of those grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. Pending Litigation** - As of the date of this report, in the opinion of the Board Attorney and management, there was no litigation pending of which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.
- C. Contractual Commitments** – The District has contractual commitments at June 30, 2016 to various vendors, which are recorded in the capital projects fund as fund balance assigned for other purposes in the amount of \$2,295,896.69.

**18. 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.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**



BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 14,474,933.00		\$ 14,474,933.00	\$ 14,474,933.00	
Tuition	35,000.00		35,000.00	40,410.80	\$ 5,410.80
Miscellaneous	40,000.00		40,000.00	362,544.80	322,544.80
	<u>14,549,933.00</u>		<u>14,549,933.00</u>	<u>14,877,888.60</u>	<u>327,955.60</u>
Total - local sources					
State sources:					
Categorical Transportation Aid	99,861.00		99,861.00	99,861.00	
Categorical Special Education Aid	1,432,582.00		1,432,582.00	1,432,582.00	
Equalization Aid	10,551,002.00		10,551,002.00	10,551,002.00	
Categorical Security Aid	274,755.00		274,755.00	274,755.00	
PARCC Readiness Aid	23,460.00		23,460.00	23,460.00	
Per Pupil Growth Aid	23,460.00		23,460.00	23,460.00	
Under Adequacy Aid	500,000.00		500,000.00	500,000.00	
Extraordinary Aid				221,819.00	221,819.00
Non-public transportation aid				13,341.00	13,341.00
TPAF - pension contribution (on behalf - non budgeted)				1,018,741.00	1,018,741.00
TPAF - post retirement medical (on-behalf - non budgeted)				1,213,039.00	1,213,039.00
Reimbursed TPAF social security contributions (non-budgeted)				943,699.49	943,699.49
	<u>12,905,120.00</u>		<u>12,905,120.00</u>	<u>16,315,759.49</u>	<u>3,410,639.49</u>
Total - state sources					
Federal sources:					
Medical Assistance Program	51,237.00		51,237.00	73,794.77	22,557.77
	<u>51,237.00</u>		<u>51,237.00</u>	<u>73,794.77</u>	<u>22,557.77</u>
Total - federal sources					
Total revenues	\$ 27,506,290.00		\$ 27,506,290.00	\$ 31,267,442.86	\$ 3,761,152.86

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 438,750.00	\$ (17,011.46)	\$ 421,738.54	\$ 421,298.79	\$ 439.75
Grades 1 - 5	2,457,388.00	108,142.85	2,565,530.85	2,551,718.85	13,812.00
Grades 6 - 8	1,936,900.00	112,074.33	2,048,974.33	2,027,209.58	21,764.75
Grades 9 - 12	<u>2,635,132.00</u>	<u>117,565.89</u>	<u>2,752,697.89</u>	<u>2,746,676.25</u>	<u>6,021.64</u>
Total Regular Programs - Instruction	<u>7,468,170.00</u>	<u>320,771.61</u>	<u>7,788,941.61</u>	<u>7,746,903.47</u>	<u>42,038.14</u>
Home instruction:					
Salaries of teachers	20,000.00	9,085.70	29,085.70	29,085.70	
Purchased professional - education services	<u>37,500.00</u>		<u>37,500.00</u>	<u>7,805.00</u>	<u>29,695.00</u>
Total home instruction	<u>57,500.00</u>	<u>9,085.70</u>	<u>66,585.70</u>	<u>36,890.70</u>	<u>29,695.00</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	10,000.00	(6,715.00)	3,285.00	3,250.20	34.80
Purchased professional - educational services	10,855.00		10,855.00	5,264.00	5,591.00
Purchased technical services	16,124.00		16,124.00	13,674.20	2,449.80
Other purchased services (400-500 series)	82,499.00	(9,789.47)	72,709.53	60,429.75	12,279.78
General supplies	234,530.00	(677.00)	233,853.00	213,873.12	19,979.88
Textbooks	9,965.00	17,710.90	27,675.90	27,565.94	109.96
Other objects	<u>3,674.00</u>	<u>(2,595.00)</u>	<u>1,079.00</u>	<u>385.00</u>	<u>694.00</u>
Total regular programs - undistributed instruction	<u>367,647.00</u>	<u>(2,065.57)</u>	<u>365,581.43</u>	<u>324,442.21</u>	<u>41,139.22</u>
Total regular programs	<u>7,893,317.00</u>	<u>327,791.74</u>	<u>8,221,108.74</u>	<u>8,108,236.38</u>	<u>112,872.36</u>
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	412,722.00	(66,516.64)	346,205.36	346,205.36	
Other salaries for instruction	139,896.00	(16,070.92)	123,825.08	122,473.60	1,351.48
General supplies	<u>2,080.00</u>		<u>2,080.00</u>	<u>2,062.10</u>	<u>17.90</u>
Total learning and/or language disabilities	<u>\$ 554,698.00</u>	<u>\$ (82,587.56)</u>	<u>\$ 472,110.44</u>	<u>\$ 470,741.06</u>	<u>\$ 1,369.38</u>

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Visual impairments:					
Salaries of teachers	\$ 61,050.00	\$ (19,358.67)	\$ 41,691.33	\$ 41,691.33	
Other salaries for instruction	18,252.00		18,252.00	96.88	\$ 18,155.10
General Supplies	373.00		373.00		373.00
<b>Total Visual impairments</b>	<b>79,675.00</b>	<b>(19,358.67)</b>	<b>60,316.33</b>	<b>41,788.21</b>	<b>18,528.10</b>
Resource room/resource center:					
Salaries of teachers	1,667,467.00	259,749.42	1,927,216.42	1,921,706.86	5,509.56
Other salaries for instruction	294,696.00	(79,085.33)	215,610.67	211,504.51	4,106.16
General supplies	12,144.00		12,144.00	11,755.22	388.78
<b>Total resource room/resource center</b>	<b>1,974,307.00</b>	<b>180,664.09</b>	<b>2,154,971.09</b>	<b>2,144,966.59</b>	<b>10,004.50</b>
Autism:					
Salaries of teachers	100,055.00	5,063.75	105,118.75	105,118.75	
Other salaries for instruction	138,924.00	(24,553.78)	114,370.22	111,027.78	3,342.44
General Supplies	339.00		339.00	265.45	73.55
<b>Total Autism</b>	<b>239,318.00</b>	<b>(19,490.03)</b>	<b>219,827.97</b>	<b>216,411.98</b>	<b>3,415.99</b>
Preschool disabilities - part-time:					
Salaries of teachers	208,483.00	(31,485.00)	176,998.00	176,347.20	650.80
Other salaries for instruction	80,735.00	(22,615.72)	58,119.28	57,979.02	140.26
General supplies	1,432.00		1,432.00	1,006.85	425.15
<b>Total preschool disabilities</b>	<b>290,650.00</b>	<b>(54,100.72)</b>	<b>236,549.28</b>	<b>235,333.07</b>	<b>1,216.21</b>
<b>Total special education - instruction</b>	<b>3,138,648.00</b>	<b>5,127.11</b>	<b>3,143,775.11</b>	<b>3,109,240.91</b>	<b>34,534.18</b>
Basic skills/remedial:					
Salaries of teachers	260,331.00	1,000.00	261,331.00	251,471.69	9,859.31
<b>Total basic skills/remedial</b>	<b>260,331.00</b>	<b>1,000.00</b>	<b>261,331.00</b>	<b>251,471.69</b>	<b>9,859.31</b>
Bilingual education:					
Salaries of teachers	186,450.00	20,866.12	207,316.12	205,001.12	2,315.00
General supplies	3,931.00	517.00	4,448.00	4,426.94	21.06
<b>Total bilingual education</b>	<b>\$ 190,381.00</b>	<b>\$ 21,383.12</b>	<b>\$ 211,764.12</b>	<b>\$ 209,428.06</b>	<b>\$ 2,336.06</b>

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
School sponsored co/extracurricular activities:					
Salaries	\$ 89,597.00	\$ 12,839.67	\$ 102,436.67	\$ 102,436.67	
Purchased services (300-500 series)	6,667.00	178.00	6,845.00	5,845.00	\$ 1,000.00
Supplies and materials	335.00		335.00	148.17	186.83
Other objects	5,145.00	(3,120.00)	2,025.00	630.00	1,395.00
<b>Total school sponsored co/extracurricular activities</b>	<b>101,744.00</b>	<b>9,897.67</b>	<b>111,641.67</b>	<b>109,059.84</b>	<b>2,581.83</b>
School sponsored athletic activities:					
Salaries	401,701.00	(21,026.90)	380,674.10	380,043.82	630.28
Purchased services (300-500 series)	20,867.00	(239.76)	20,627.24	17,978.13	2,649.11
Supplies and materials	27,043.00	6,403.99	33,446.99	33,446.99	(0.00)
Other objects	73,232.00	1,499.47	74,731.47	74,223.17	508.30
<b>Total school sponsored athletic activities</b>	<b>522,843.00</b>	<b>(13,363.20)</b>	<b>509,479.80</b>	<b>505,692.11</b>	<b>3,787.69</b>
<b>Total instructional programs</b>	<b>12,107,264.00</b>	<b>351,836.44</b>	<b>12,459,100.44</b>	<b>12,293,128.99</b>	<b>165,971.43</b>
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular		26,832.64	26,832.64	26,832.64	
Tuition to other LEAs within the state - special		36,895.00	36,895.00	36,894.88	0.12
Tuition to CSSD and regular day schools	668,356.00	(300,679.54)	367,676.46	275,588.00	92,088.46
Tuition to private schools-disabled within the state	921,806.00		921,806.00	880,115.10	41,690.90
Tuition to state facilities	86,811.00		86,811.00	86,811.00	
Tuition - other	53,110.00	97,437.00	150,547.00	150,547.00	
<b>Total undistributed expenditures - instruction</b>	<b>1,730,083.00</b>	<b>(139,514.90)</b>	<b>1,590,568.10</b>	<b>1,456,788.62</b>	<b>133,779.48</b>
Attendance and social work:					
Salaries	47,981.00	1,785.14	49,766.14	49,516.14	250.00
Purchased professional and technical services	900.00		900.00	795.00	105.00
<b>Total attendance and social work</b>	<b>48,881.00</b>	<b>1,785.14</b>	<b>50,666.14</b>	<b>50,311.14</b>	<b>355.00</b>
Health services:					
Salaries	195,450.00	18,473.75	213,923.75	213,923.75	
Purchased professional and technical services	10,122.00		10,122.00	7,495.00	2,627.00
Supplies and materials	6,463.00		6,463.00	3,963.83	2,499.17
<b>Total health services</b>	<b>\$ 212,035.00</b>	<b>\$ 18,473.75</b>	<b>\$ 230,508.75</b>	<b>\$ 225,382.58</b>	<b>\$ 5,126.17</b>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures: (Continued)					
Other support services - student-related services:					
Salaries	\$ 209,200.00	\$ 17,209.12	\$ 226,409.12	\$ 226,119.37	\$ 289.75
Purchased professional - educational services	40,164.00	(12,258.00)	27,906.00	24,727.50	3,178.50
Supplies and materials	6,667.00		6,667.00	6,284.94	382.06
<b>Total other support services - student-related services</b>	<b>256,031.00</b>	<b>4,951.12</b>	<b>260,982.12</b>	<b>257,131.81</b>	<b>3,850.31</b>
Other support services - student-extra. services:					
Purchased professional - educational services	382,309.00	(172,176.00)	210,133.00	206,505.36	3,627.64
<b>Total other support services - student-extra services</b>	<b>382,309.00</b>	<b>(172,176.00)</b>	<b>210,133.00</b>	<b>206,505.36</b>	<b>3,627.64</b>
Other support services - students - regular:					
Salaries of other professional staff	492,633.00	23,422.04	516,055.04	505,792.54	10,262.50
Salaries of secretarial and clerical assistants	81,935.00		81,935.00	78,696.30	3,238.70
Purchased professional - educational services		1,900.00	1,900.00	1,900.00	
Other purchased services (400-500 series)	1,952.00		1,952.00	1,047.05	904.95
Supplies and materials	11,368.00	2,177.76	13,545.76	13,166.64	379.12
Other objects	3,640.00	52.58	3,692.58	3,692.58	
<b>Total other support services - students - regular</b>	<b>591,528.00</b>	<b>27,552.38</b>	<b>619,080.38</b>	<b>604,295.11</b>	<b>14,785.27</b>
Other support services - students - special:					
Salaries of other professional staff	778,655.00	60,274.40	838,929.40	830,782.38	8,147.02
Salaries of secretarial and clerical assistants	43,798.00	13,803.92	57,601.92	54,804.06	2,797.86
Purchased professional - educational services	208,710.00	(52,164.00)	156,546.00	130,119.26	26,426.74
Other purchased professional and tech services		2,797.00	2,797.00	2,797.00	
Other Purchased Services (400-500 Series)	1,225.00		1,225.00		1,225.00
Supplies and materials	14,942.00	2,600.00	17,542.00	16,682.79	859.21
Other objects	1,775.00		1,775.00	1,183.40	591.60
<b>Total other support services - students - special</b>	<b>1,049,105.00</b>	<b>27,311.32</b>	<b>1,076,416.32</b>	<b>1,036,368.89</b>	<b>40,047.43</b>
Improvement of instructional services:					
Salaries of supervisors of instruction	156,500.00	30,000.00	186,500.00	177,554.47	8,945.53
Salaries of other professional staff	28,500.00	34,324.00	62,824.00	60,761.50	2,062.50
Salaries of secretarial and clerical assistants	22,626.00	3,148.00	25,774.00	25,774.00	
Supplies and materials	4,000.00	(367.00)	3,633.00	1,299.55	2,333.45
Other objects	600.00		600.00	259.00	341.00
<b>Total improvement of instructional services</b>	<b>\$ 212,226.00</b>	<b>\$ 67,105.00</b>	<b>\$ 279,331.00</b>	<b>\$ 265,648.52</b>	<b>\$ 13,682.48</b>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Undistributed expenditures (continued):					
Educational media/school library:					
Salaries	\$ 160,299.00	\$ (37,436.60)	\$ 122,862.40	\$ 120,482.40	\$ 2,380.00
Purchased professional and technical services	1,400.00		1,400.00	1,400.00	
Other purchased services (400-500 series)	700.00		700.00	700.00	
Supplies and materials	14,627.00		14,627.00	11,754.14	2,872.86
<b>Total educational media/school library</b>	<b>177,026.00</b>	<b>(37,436.60)</b>	<b>139,589.40</b>	<b>134,336.54</b>	<b>5,252.86</b>
Instructional staff training services:					
Purchased professional - educational services	21,700.00		21,700.00	21,594.00	106.00
Other purchased services (400-500 series)	14,024.00	(1,500.00)	12,524.00	9,152.77	3,371.23
Supplies and materials	2,766.00	1,000.00	3,766.00	1,819.71	1,946.29
<b>Total instructional staff training services</b>	<b>38,490.00</b>	<b>(500.00)</b>	<b>37,990.00</b>	<b>32,566.48</b>	<b>5,423.52</b>
Support services - general administration:					
Salaries	266,724.00	3,414.00	270,138.00	262,637.08	7,500.92
Legal services	59,000.00	17,026.00	76,026.00	64,284.26	11,741.74
Audit fees	40,000.00		40,000.00	33,920.00	6,080.00
Architectural/Engineer Services	10,000.00	(300.00)	9,700.00	4,748.70	4,951.30
Other purchased professional services	5,000.00	1,150.00	6,150.00	5,817.50	332.50
Purchased technical services		4,400.00	4,400.00	4,400.00	
Communications/telephone	85,000.00	300.00	85,300.00	60,173.35	25,126.65
BOE other purchased services	6,000.00		6,000.00	3,154.80	2,845.20
Other purchased services (400-500 series)	28,000.00	(2,034.66)	25,965.34	7,277.24	18,688.10
Supplies and materials	6,000.00	(2,400.00)	3,600.00	2,622.80	977.20
Judgments against the school district	8,000.00		8,000.00		8,000.00
Miscellaneous expenditures	6,500.00	(1,000.00)	5,500.00	4,564.54	935.46
BOE membership dues and fees	15,000.00		15,000.00	14,204.80	795.20
<b>Total support services - general administration</b>	<b>535,224.00</b>	<b>20,555.34</b>	<b>555,779.34</b>	<b>467,805.07</b>	<b>87,974.27</b>
Support services - school administration:					
Salaries of principals/assistant principals	932,379.00		932,379.00	932,085.16	293.84
Salaries of secretarial and clerical assistants	335,794.00	6,183.33	341,977.33	338,712.58	3,264.75
Other purchased services (400-500 series)	6,230.00	(76.00)	6,154.00	2,473.72	3,680.28
Supplies and materials	12,972.00	231.90	13,203.90	8,074.32	5,129.58
Other objects	200.00		200.00		200.00
<b>Total support services - school administration</b>	<b>\$ 1,287,575.00</b>	<b>\$ 6,339.23</b>	<b>\$ 1,293,914.23</b>	<b>\$ 1,281,345.78</b>	<b>\$ 12,568.45</b>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Undistributed expenditures (continued):					
Central services:					
Salaries	\$ 325,800.00	\$ 13,151.36	\$ 338,951.36	\$ 337,018.15	\$ 1,933.21
Purchased Technical Services	48,000.00	9,600.00	57,600.00	46,782.54	10,817.46
Miscellaneous purchased services (400-500 series)	5,000.00		5,000.00	3,616.62	1,383.38
Supplies and materials	12,500.00	1,489.47	13,989.47	13,955.04	34.43
Other objects	1,000.00		1,000.00	227.88	772.12
<b>Total central services</b>	<b>392,300.00</b>	<b>24,240.83</b>	<b>416,540.83</b>	<b>401,600.23</b>	<b>14,940.60</b>
Administration information technology:					
Salaries	129,000.00	8,681.00	137,681.00	137,681.00	
Other purchased services (400-500 series)	4,975.00		4,975.00	4,287.50	687.50
Supplies and materials	4,070.00	4,477.87	8,547.87	8,322.14	225.73
<b>Total administration information technology</b>	<b>138,045.00</b>	<b>13,158.87</b>	<b>151,203.87</b>	<b>150,290.64</b>	<b>913.23</b>
Undistributed expenditures (continued):					
Required maintenance for school facilities:					
Salaries	445,711.00	14,776.68	460,487.68	442,300.06	18,187.62
Cleaning, repair and maintenance services	314,657.00	(43,629.64)	271,027.36	207,959.68	63,067.68
General supplies	135,700.00	756.49	136,456.49	136,109.83	346.66
Other objects	5,400.00	198.00	5,598.00	5,598.00	
<b>Total required maintenance for school facilities</b>	<b>901,468.00</b>	<b>(27,898.47)</b>	<b>873,569.53</b>	<b>791,967.57</b>	<b>81,601.96</b>
Other operation and maintenance of plant:					
Salaries		38,415.00	38,415.00	37,695.00	720.00
Salaries of Non-Instructional Aides	102,380.00	1,335.20	103,715.20	94,471.30	9,243.90
Cleaning, repair and services	523,601.00	17,734.00	541,335.00	524,738.15	16,596.85
Rental of Land & Bldg. Other than Lease Purchase Agreement	2,000.00		2,000.00	1,132.30	867.70
Other purchased property services	323,829.00	0.44	323,829.44	314,891.57	8,937.87
Insurance	183,500.00	(0.44)	183,499.56	182,339.93	1,159.63
Miscellaneous purchased services	1,540.00	1,266.00	2,806.00	2,141.02	664.98
Energy (Electricity)	886,000.00		886,000.00	857,771.50	28,228.50
Energy (Gasoline)	4,700.00		4,700.00	2,577.23	2,122.77
Energy (Natural Gas)	233,300.00		233,300.00	100,571.43	132,728.57
<b>Total operation and maintenance of plant</b>	<b>\$ 2,260,850.00</b>	<b>\$ 58,750.20</b>	<b>\$ 2,319,600.20</b>	<b>\$ 2,118,329.43</b>	<b>\$ 201,270.77</b>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Undistributed expenditures (continued):					
Care and up keep of grounds					
Clearing, Repair and Maintenance of services	\$ 26,500.00		\$ 26,500.00	\$ 26,489.95	\$ 10.05
General Supplies	19,500.00		19,500.00	17,162.12	2,337.88
<b>Total Care and upkeep of grounds</b>	<b>46,000.00</b>		<b>46,000.00</b>	<b>43,652.07</b>	<b>2,347.93</b>
Student transportation services:					
Management Fee - ESC & CTSA Trans. Program	45,000.00		45,000.00	35,980.17	9,019.83
Contracted services (between home and school) - vendors	156,263.00	\$ (5,059.90)	151,203.10	92,071.00	59,132.10
Contracted services (other than between home and school) - vendors	114,115.00	290.00	114,405.00	102,814.16	11,590.84
Contracted services (between home and school) - joint statements	33,827.00		33,827.00	24,166.40	9,660.60
Contracted services (special education students) - joint statements	297,362.00	(10,000.00)	287,362.00	259,605.41	27,756.60
Contracted Services (regular students) - ESC and CTSA	34,029.00	59,816.00	93,845.00	93,845.00	
Contracted services (special education students) - ESC and CTSA	642,985.00	(50,894.44)	592,090.56	576,125.60	15,964.96
Contract Services - Aide in Lieu Pymts - Non public Schools	95,000.00	(44,816.00)	50,184.00	42,848.65	7,335.35
<b>Total student transportation</b>	<b>1,418,581.00</b>	<b>(50,664.34)</b>	<b>1,367,916.66</b>	<b>1,227,456.39</b>	<b>140,460.28</b>
Unallocated benefits- employee benefits:					
Social security contribution	330,000.00	432.09	330,432.09	330,228.14	203.95
Other retirement contributions - regular	265,000.00	(21,394.23)	243,605.77	235,000.00	8,605.77
Unemployment compensation	25,000.00		25,000.00	25,000.00	
Workmen's compensation	160,000.00	(23,782.00)	136,218.00	131,459.34	4,758.66
Health benefits	3,998,741.00	(184,664.77)	3,814,076.23	3,736,206.38	77,869.85
Tuition reimbursement	30,000.00	(12,243.00)	17,757.00	15,501.00	2,256.00
Other employee benefits	45,000.00	21,212.14	66,212.14	66,212.14	
<b>Total unallocated benefits- employee benefits</b>	<b>4,853,741.00</b>	<b>(220,439.77)</b>	<b>4,633,301.23</b>	<b>4,539,607.00</b>	<b>93,694.23</b>
On behalf - TPAF - pension contributions (non budgeted)				1,018,741.00	(1,018,741.00)
On behalf - TPAF - post retirement medical (non budgeted)				1,213,039.00	(1,213,039.00)
Reimbursed TPAF social security contributions (non budgeted)				943,699.49	(943,699.49)
<b>Total on behalf - Contributions</b>				<b>3,175,479.49</b>	<b>(3,175,479.49)</b>
<b>Total undistributed expenditures</b>	<b>16,531,498.00</b>	<b>(378,406.90)</b>	<b>16,153,091.10</b>	<b>18,466,868.72</b>	<b>(2,313,777.61)</b>
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>\$ 28,638,762.00</b>	<b>\$ (26,570.46)</b>	<b>\$ 28,612,191.54</b>	<b>\$ 30,759,997.71</b>	<b>\$ (2,147,806.18)</b>



**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Athletics Equipment		\$ 4,785.00	\$ 4,785.00	\$ 4,785.00	
Business Office Equipment		3,600.00	3,600.00	3,599.00	\$ 1.00
Plant Services		<u>18,291.02</u>	<u>18,291.02</u>	<u>18,291.02</u>	
Total equipment		<u>26,676.02</u>	<u>26,676.02</u>	<u>26,675.02</u>	<u>1.00</u>
Facilities acquisition and construction services:					
Assessment for Debt Service on SDA Funding	\$ 107,452.00		<u>107,452.00</u>	<u>107,452.00</u>	
Total facilities acquisition and construction services	<u>107,452.00</u>		<u>107,452.00</u>	<u>107,452.00</u>	
TOTAL EXPENDITURES - CAPITAL OUTLAY	<u>107,452.00</u>	<u>26,676.02</u>	<u>134,128.02</u>	<u>134,127.02</u>	<u>1.00</u>
Transfer of funds to charter schools	<u>210,076.00</u>	<u>(3,800.00)</u>	<u>206,276.00</u>	<u>199,526.00</u>	<u>6,750.00</u>
Total transfer of funds to charter schools	<u>210,076.00</u>	<u>(3,800.00)</u>	<u>206,276.00</u>	<u>199,526.00</u>	<u>6,750.00</u>
TOTAL GENERAL FUND EXPENDITURES	<u>28,956,290.00</u>	<u>\$ (3,694.44)</u>	<u>28,952,595.56</u>	<u>31,093,650.73</u>	<u>(2,141,055.18)</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(1,450,000.00)</u>	<u>3,694.44</u>	<u>(1,446,305.56)</u>	<u>173,792.13</u>	<u>1,620,097.68</u>
Other financing sources/(uses):					
Operating Transfers in/(out):					
Transfers in - Capital Projects Fund Interest				<u>2,105.43</u>	<u>(2,105.43)</u>
Total other financing sources/(uses)				<u>2,105.43</u>	<u>(2,105.43)</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	<u>\$ (1,450,000.00)</u>	<u>\$ 3,694.40</u>	<u>\$ (1,446,305.56)</u>	<u>\$ 175,897.56</u>	<u>\$ 1,617,992.25</u>
Fund balance, July 1	<u>2,943,511.33</u>		<u>2,943,511.33</u>	<u>2,943,511.33</u>	
Fund balance, June 30	<u>\$ 1,493,511.33</u>	<u>\$ 3,694.40</u>	<u>\$ 1,497,205.77</u>	<u>\$ 3,119,408.89</u>	<u>\$ 1,617,992.25</u>

BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Reconciliation of Original Budget:					
Fund Balance Appropriated	\$ <u>1,450,000.00</u>				
Excess/(deficiency of revenues) over/(under) expenditures	\$ <u><u>1,450,000.00</u></u>				
Recapitulation of Fund Balance:					
Restricted-Capital reserve				\$ 170,476.64	
Restricted-Excess Surplus designated for subsequent year's expenditure				518,892.21	
Assigned -designated for subsequent year's expenditures				1,031,107.79	
Restricted-Reserve for excess surplus				589,110.88	
Assigned ARRA/SEMI - designated for subsequent year's expenditures				16,297.95	
Unassigned				<u>793,523.42</u>	
				\$ 3,119,408.89	
Reconciliation to governmental funds statements (GAAP):					
Last two (2) State Aid Payments not recognized on GAAP basis				<u>1,259,914.00</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 1,859,494.89</u>	

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 1,284,500.00	\$ 285,319.50	\$ 1,569,819.50	\$ 1,418,459.01	\$ 151,360.49
State Sources	67,640.00	32,046.00	99,686.00	88,215.00	11,471.00
Local Sources		5,102.00	5,102.00	6,512.94	(1,410.94)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 1,352,140.00	\$ 322,467.50	\$ 1,674,607.50	\$ 1,513,186.95	\$ 161,420.55
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 514,500.00	\$ 16,539.42	\$ 531,039.42	\$ 490,692.28	\$ 40,347.14
Other Salaries for Instruction	83,000.00	1,272.50	84,272.50	80,654.84	3,617.66
Other Salaries	14,000.00	(55.00)	13,945.00	10,802.54	3,142.46
Purchased Professional and Technical Services	55,240.00	30,058.50	85,298.50	74,961.50	10,337.00
Other Purchased Services	300,000.00	35,000.00	335,000.00	335,000.00	
General Supplies	24,000.00	119,914.28	143,914.28	113,206.54	30,707.74
Textbooks	12,400.00	733.00	13,133.00	11,226.00	1,907.00
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction	1,003,140.00	203,462.70	1,206,602.70	1,116,543.70	90,059.00
Support Services:					
Salaries of Other Professional Staff	5,000.00	49,151.63	54,151.63	54,151.63	
Salaries of Secretarial and Clerical Assistants	48,000.00	152.00	48,152.00	48,152.00	
Personal Services - Employee Benefits	112,000.00	2,310.52	114,310.52	107,506.20	6,804.32
Purchased Professional - Educational Services	65,000.00	15,107.09	80,107.09	65,981.04	14,126.05
Purchased Professional - Technical Services	105,000.00	11,583.00	116,583.00	71,956.01	44,626.99
Other Purchased Services	1,000.00	10,633.92	11,633.92	9,990.95	1,642.97
Cleaning, Repair and Maintenance		5,750.00	5,750.00	5,098.00	652.00
Supplies and Materials	13,000.00	20,348.65	33,348.65	29,958.10	3,390.55
Other Objects		994.99	994.99	876.32	118.67
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Support Services	349,000.00	116,031.80	465,031.80	393,670.25	71,361.55
Facilities Acquisition and Construction Services:					
Instructional Equipment		2,973.00	2,973.00	2,973.00	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition and Construction Services		2,973.00	2,973.00	2,973.00	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 1,352,140.00	\$ 322,467.50	\$ 1,674,607.50	\$ 1,513,186.95	\$ 161,420.55

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	<u>General Fund</u>	<u>Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 31,267,442.86	C-2 \$ 1,513,186.95
<b>Difference - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2015	None	None
June 30, 2016	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,265,029.00	None
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,259,914.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>31,272,557.86</u>	B-2 \$ <u>1,513,186.95</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1 \$ 31,093,650.73	C-2 \$ 1,513,186.95
<b>Difference - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2015	None	None
June 30, 2016	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>31,093,650.73</u>	B-2 \$ <u>1,513,186.95</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS**

**(GASB 68)**

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST THREE (3) FISCAL YEAR \***

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.0256904111	0.0241030000 %	0.0230460420 %
District's proportionate share of the net pension liability (asset)	\$ 4,909,948	\$ 4,512,839	\$ 5,174,474
District's covered payroll	\$ 1,542,101	\$ 1,457,609	\$ 1,487,597
District's covered-employee payroll	\$ 1,713,446	\$ 1,619,566	\$ 1,652,886
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	318	309 %	347 %
Plan fiduciary net position as a percentage of the total pension liability	52.08	48.72	47.92

\* The amounts presented for each fiscal year were determined as of the fiscal year-end.

Note: Only the last three (3) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.



**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST THREE (3) FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 193,572	\$ 198,706	\$ 198,134
Contributions in relation to the contractually required contribution	<u>\$ 193,572</u>	<u>\$ 198,706</u>	<u>\$ 198,134</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>
District's covered payroll	\$ 1,542,101	\$ 1,457,609	\$ 1,487,597
District's covered-employee payroll	\$ 1,713,446	\$ 1,619,566	\$ 1,652,886
Contributions as a percentage of covered-employee payroll	12.55	13.63	13.60

Note: Only the last three (3) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHERS PENSION AND ANNUITY FUND (TPAF)**  
**LAST THREE (3) FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.1234879961 %	0.1211042219 %	0.1243058644 %
District's proportionate share of the net pension liability (asset)	None	None	None
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 62,409,862</u>	<u>\$ 64,726,265</u>	<u>\$ 78,566,615</u>
Total	<u><u>\$ 62,409,862</u></u>	<u><u>\$ 64,726,265</u></u>	<u><u>\$ 78,566,615</u></u>
District's covered-payroll	\$ 12,707,624	\$ 13,198,273	\$ 13,150,301
District's covered-employee payroll	\$ 13,838,243	\$ 14,004,664	\$ 14,181,217
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	None	None	None
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

Note: Only the last three (3) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

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

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Total Brought Forward (Exh. E-1a)	I.D.E.A. Part B				Title I		Totals 2016
		2015-2016 Regular Program	Regular Program Carryover	2015-2016 Preschool	Preschool Carryover	2015-2016	Carryover	
<b>REVENUES:</b>								
State sources	\$ 88,215.00							\$ 88,215.00
Federal sources	228,892.80	\$ 521,894.30	\$ 26,778.76	\$ 11,623.04	\$ 318.00	\$ 557,308.80	\$ 71,643.31	1,418,459.01
Local sources	6,512.94							6,512.94
<b>Total revenues</b>	<b>323,620.74</b>	<b>521,894.30</b>	<b>26,778.76</b>	<b>11,623.04</b>	<b>318.00</b>	<b>557,308.80</b>	<b>71,643.31</b>	<b>1,513,186.95</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of teachers	109,809.00					372,357.36	8,525.92	490,692.28
Other salaries for instruction		80,654.84						80,654.84
Other salaries				10,802.54				10,802.54
Purchased professional and technical services	69,802.50					5,159.00		74,961.50
Other purchased services		335,000.00						335,000.00
General supplies	16,375.35	3,454.47				73,569.02	19,489.70	113,206.54
Textbooks	11,226.00							11,226.00
<b>Total instruction</b>	<b>207,212.85</b>	<b>419,109.31</b>		<b>10,802.54</b>	<b>318.00</b>	<b>451,085.38</b>	<b>28,015.62</b>	<b>1,116,543.70</b>
<b>Support services:</b>								
Salaries of other professional staff	54,151.63							54,151.63
Salaries of secretarial and clerical assistants		24,000.00				24,152.00		48,152.00
Personal services-employee benefits	21,969.16	8,011.98		820.50		76,090.31	614.25	107,506.20
Purchased professional/educational services	10,471.00		19,638.04			3,591.92	32,280.08	65,981.04
Purchased professional/technical services	6,024.00	65,932.01						71,956.01
Cleaning, repair and maintenance services	5,098.00							5,098.00
Other purchased services	9,990.95							9,990.95
Supplies and materials	2,735.82	4,841.00	7,140.72			2,389.19	7,749.37	24,856.10
Other objects	865.33						10.99	876.32
<b>Total support services</b>	<b>111,305.89</b>	<b>102,784.99</b>	<b>26,778.76</b>	<b>820.50</b>		<b>106,223.42</b>	<b>40,654.69</b>	<b>388,568.25</b>
<b>Facilities acquisition and construction services:</b>								
Instructional equipment	5,102.00						2,973.00	8,075.00
<b>Total facilities acquisition and construction services</b>	<b>5,102.00</b>						<b>2,973.00</b>	<b>8,075.00</b>
<b>Total expenditures</b>	<b>\$ 323,620.74</b>	<b>\$ 521,894.30</b>	<b>\$ 26,778.76</b>	<b>11,623.04</b>	<b>\$ 318.00</b>	<b>\$ 557,308.80</b>	<b>\$ 71,643.31</b>	<b>\$ 1,513,186.95</b>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Total Brought Forward (Exh. E-1b)	Title II		Title III				Adult Basic Education	Totals Carried Forward 2016
		2015-2016 Part A	Part A Carryover	2015-2016	Carryover	Immigrant	Immigrant Carryover		
<b>REVENUES:</b>									
State sources	\$ 88,215.00								\$ 88,215.00
Federal sources	61,271.28	\$ 68,101.73	\$ 9,690.92	\$ 33,426.67	\$ 4,543.13	\$ 3,786.87	\$ 3,570.91	\$ 44,501.29	228,892.80
Local sources	6,512.94								6,512.94
<b>Total revenues</b>	<b>155,999.22</b>	<b>68,101.73</b>	<b>9,690.92</b>	<b>33,426.67</b>	<b>4,543.13</b>	<b>3,786.87</b>	<b>3,570.91</b>	<b>44,501.29</b>	<b>323,620.74</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of teachers		50,000.00		29,094.00	1,207.50	2,445.00	1,305.00	25,757.50	109,809.00
Other salaries for instruction									
Other salaries									
Purchased professional and technical services	69,802.50								69,802.50
Other purchased services									
General supplies	8,133.48			981.25	2,794.79	1,176.39	2,165.91	1,123.53	16,375.35
Textbooks	11,226.00								11,226.00
<b>Total instruction</b>	<b>89,161.98</b>	<b>50,000.00</b>		<b>30,075.25</b>	<b>4,002.29</b>	<b>3,621.39</b>	<b>3,470.91</b>	<b>26,881.03</b>	<b>207,212.85</b>
<b>Support services:</b>									
Salaries of other professional staff	39,576.63							14,575.00	54,151.63
Salaries of secretarial and clerical assistants									
Personal services-employee benefits	3,027.49	12,470.00		2,620.09	540.84	165.48	100.00	3,045.26	21,969.16
Purchased professional/educational services	5,971.00	3,243.00	1,257.00						10,471.00
Purchased professional/technical services	6,024.00								6,024.00
Cleaning, repair and maintenance services	5,098.00								5,098.00
Other purchased services	395.00	2,388.73	6,607.22	600.00					9,990.95
Supplies and materials	909.12		1,826.70						2,735.82
Other objects	734.00			131.33					865.33
<b>Total support services</b>	<b>61,735.24</b>	<b>18,101.73</b>	<b>9,690.92</b>	<b>3,351.42</b>	<b>540.84</b>	<b>165.48</b>	<b>100.00</b>	<b>17,620.26</b>	<b>111,305.89</b>
<b>Facilities acquisition and construction services:</b>									
Instructional equipment	5,102.00								5,102.00
<b>Total facilities acquisition and construction services</b>	<b>5,102.00</b>								<b>5,102.00</b>
<b>Total expenditures</b>	<b>\$ 155,999.22</b>	<b>\$ 68,101.73</b>	<b>\$ 9,690.92</b>	<b>\$ 33,426.67</b>	<b>\$ 4,543.13</b>	<b>\$ 3,786.87</b>	<b>\$ 3,570.91</b>	<b>\$ 44,501.29</b>	<b>\$ 323,620.74</b>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Total Brought Forward (Exh. E-1c)	Exxon Grant	NJSBAIG Buildings Grant	Foundation for Educational Excellence Grant	Race to The Top	Perkins Grant	Nonpublic Technology	Nonpublic Textbooks	Totals Carried Forward 2016
<b>REVENUES:</b>									
State sources	\$ 71,018.00						\$ 5,971.00	\$ 11,226.00	\$ 88,215.00
Federal sources	42,903.94				\$ 6,024.00	\$ 12,343.34			61,271.28
Local sources		\$ 32.94	\$ 5,102.00	\$ 1,378.00					6,512.94
<b>Total revenues</b>	<b>113,921.94</b>	<b>32.94</b>	<b>\$ 5,102.00</b>	<b>1,378.00</b>	<b>\$ 6,024.00</b>	<b>12,343.34</b>	<b>5,971.00</b>	<b>\$ 11,226.00</b>	<b>155,999.22</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of teachers									
Other salaries for instruction									
Other salaries									
Purchased professional and technical services	65,920.00					3,882.50			69,802.50
Other purchased services									
General supplies		32.94		249.00		7,851.54			8,133.48
Textbooks								11,226.00	11,226.00
<b>Total instruction</b>	<b>65,920.00</b>	<b>32.94</b>		<b>249.00</b>		<b>11,734.04</b>		<b>11,226.00</b>	<b>89,161.98</b>
<b>Support services:</b>									
Salaries of other professional staff	39,010.63					566.00			39,576.63
Salaries of secretarial and clerical assistants									
Personal services-employee benefits	2,984.19					43.30			3,027.49
Purchased professional/educational services							5,971.00		5,971.00
Purchased professional/technical services					6,024.00				6,024.00
Cleaning, repair and maintenance services	5,098.00								5,098.00
Other purchased services				395.00					395.00
Supplies and materials	909.12								909.12
Other objects				734.00					734.00
<b>Total support services</b>	<b>48,001.94</b>			<b>1,129.00</b>	<b>6,024.00</b>	<b>609.30</b>	<b>5,971.00</b>		<b>61,735.24</b>
<b>Facilities acquisition and construction services:</b>									
Instructional equipment			5,102.00						5,102.00
<b>Total facilities acquisition and construction services</b>			<b>5,102.00</b>						<b>5,102.00</b>
<b>Total expenditures</b>	<b>\$ 113,921.94</b>	<b>\$ 32.94</b>	<b>\$ 5,102.00</b>	<b>\$ 1,378.00</b>	<b>\$ 6,024.00</b>	<b>\$ 12,343.34</b>	<b>\$ 5,971.00</b>	<b>\$ 11,226.00</b>	<b>\$ 155,999.22</b>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	New Jersey Chapter 226	New Jersey Chapter 192 Auxiliary		Chapter 193 Handicapped			Nonpublic Security Grant	NJ Achievement Coaches Program Grant	Totals Carried Forward 2016
	Nonpublic Nursing Services	Nonpublic Comp. Education	Nonpublic E.S.L.	Nonpublic Transp.	Nonpublic Exam. and Class.	Nonpublic Supplemental Instruction			
<b>REVENUES:</b>									
State sources	\$ 20,502.00	\$ 19,459.00	\$ 12,079.00	\$ 3,583.00	\$ 4,260.00	\$ 1,857.00	\$ 4,180.00	\$ 5,098.00	\$ 71,018.00
Federal sources								\$ 42,903.94	42,903.94
Local sources									
<b>Total revenues</b>	<u>20,502.00</u>	<u>19,459.00</u>	<u>12,079.00</u>	<u>3,583.00</u>	<u>4,260.00</u>	<u>1,857.00</u>	<u>4,180.00</u>	<u>5,098.00</u>	<u>113,921.94</u>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of teachers									
Other salaries for instruction									
Other salaries									
Purchased professional and technical services	20,502.00	19,459.00	12,079.00	3,583.00	4,260.00	1,857.00	4,180.00		65,920.00
Other purchased services									
General supplies									
Textbooks									
<b>Total instruction</b>	<u>20,502.00</u>	<u>19,459.00</u>	<u>12,079.00</u>	<u>3,583.00</u>	<u>4,260.00</u>	<u>1,857.00</u>	<u>4,180.00</u>		<u>65,920.00</u>
<b>Support services:</b>									
Salaries of other professional staff								39,010.63	39,010.63
Salaries of secretarial and clerical assistants								2,984.19	2,984.19
Personal services-employee benefits									
Purchased professional/educational services									
Purchased professional/technical services									
Cleaning, repair and maintenance services							5,098.00		5,098.00
Other purchased services									
Supplies and materials								909.12	909.12
Other objects									
<b>Total support services</b>							<u>5,098.00</u>	<u>42,903.94</u>	<u>48,001.94</u>
<b>Facilities acquisition and construction services:</b>									
Instructional equipment									
<b>Total facilities acquisition and construction services</b>									
<b>Total expenditures</b>	<u>\$ 20,502.00</u>	<u>\$ 19,459.00</u>	<u>\$ 12,079.00</u>	<u>\$ 3,583.00</u>	<u>\$ 4,260.00</u>	<u>\$ 1,857.00</u>	<u>\$ 4,180.00</u>	<u>\$ 5,098.00</u>	<u>\$ 113,921.94</u>



**CAPITAL PROJECTS FUND**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements (2015)					
Roof Replacement - High School	02/10/15	\$ 1,879,660.00	\$ 51,433.03	\$ 1,730,416.51	\$ 97,810.46
Roof Replacement - Elementary/Middle School	02/10/15	2,794,723.00	101,970.71	186,469.89	2,506,282.40
Security Upgrades - Elementary/Middle School	02/10/15	328,973.00	18,081.77	310,461.65	429.58
Security Upgrades - Primary School	02/10/15	<u>218,755.00</u>	<u>9,491.32</u>	<u>204,583.46</u>	<u>4,680.22</u>
		<u>\$ 5,222,111.00</u>	<u>\$ 180,976.83</u>	<u>\$ 2,431,931.51</u>	<u>\$ 2,609,202.66</u>

BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Revenues and Other Financing Sources**

Interest on investments	\$ <u>2,105.43</u>
Total revenues	\$ <u>2,105.43</u>

**Expenditures and Other Financing Uses**

Purchased professional and technical services	\$ 190,603.76
Construction services	<u>2,241,327.75</u>
Total expenditures	\$ <u>2,431,931.51</u>

Excess(deficiency) of revenues over (under) expenditures	\$ (2,429,826.08)
---	-------------------

Other financing sources/(uses):

Transfer in/(out):	
Transfer to general fund	\$ <u>(2,105.43)</u>

Net change in fund balance/(Decrease)	\$ (2,431,931.51)
---------------------------------------	-------------------

Fund balance, beginning	5,041,134.17
-------------------------	--------------

Fund balance, ending	\$ <u><u>2,609,202.66</u></u>
----------------------	-------------------------------

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
IMPROVEMENT TO SOUTH RIVER HIGH SCHOOL - ROOF REPLACEMENT  
FROM INCEPTION TO JUNE 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	\$ 996,674.38		\$ 996,674.38	\$ 996,674.38
Bond proceeds	882,985.62		882,985.62	882,985.62
Total revenues	\$ 1,879,660.00		\$ 1,879,660.00	\$ 1,879,660.00
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	\$ 51,433.03	\$ 86,631.51	\$ 138,064.54	\$ 149,360.00
Construction services		1,643,785.00	1,643,785.00	1,730,300.00
Total expenditures	51,433.03	1,730,416.51	1,781,849.54	\$ 1,879,660.00
Excess (deficiency) of revenues over/(under) expenditures	\$ 1,828,226.97	\$ (1,730,416.51)	\$ 97,810.46	
<b>Additional project information:</b>				
Project Number	4920-050-14-1002			
Grant Date	5/1/2015			
Bond Authorization Date	2/10/2015			
Bonds Authorized	\$ 882,985.62			
Bonds Issued	882,985.62			
Grant Awarded	996,674.38			
Original Authorized Cost	1,879,660.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,879,660.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	94.80%			
Original target completion date	10/1/2015			
<b>Memo: Expenditures</b>				
Grant Proceeds (K-4) (53.0242%)	\$ 944,978.17			
Bond Proceeds	836,871.37			
	\$ 1,781,849.54			

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ROOF REPLACEMENT AND BUILDING ENVELOPE UPGRADES - ELEMENTARY/MIDDLE SCHOOL  
FROM INCEPTION TO JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	\$ 1,481,879.21		\$ 1,481,879.21	\$ 1,481,879.21
Bond proceeds	1,312,714.47		1,312,714.47	1,312,714.47
Local Share	<u>129.32</u>		<u>129.32</u>	<u>129.32</u>
Total revenues	<u>\$ 2,794,723.00</u>		<u>\$ 2,794,723.00</u>	<u>\$ 2,794,723.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	\$ 101,970.71	\$ 89,619.14	\$ 191,589.85	\$ 223,000.00
Construction services		<u>96,850.75</u>	<u>96,850.75</u>	<u>2,571,723.00</u>
Total expenditures	<u>101,970.71</u>	<u>\$ 186,469.89</u>	<u>\$ 288,440.60</u>	<u>\$ 2,794,723.00</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 2,692,752.29</u>	<u>\$ (186,469.89)</u>	<u>\$ 2,506,282.40</u>	
<b>Additional project information:</b>				
Project Number	4920-055-14-1004			
Grant Date	5/1/2015			
Bond Authorization Date	2/10/2015			
Bonds Authorized	\$ 1,312,714.47			
Bonds Issued	1,312,714.47			
Grant Awarded	1,481,879.21			
Original Authorized Cost	2,794,593.68			
Additional Authorized Cost	129.32			
Revised Authorized Cost	\$ 2,794,723.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	10.32%			
Original target completion date	9/1/2016			
<b>Memo: Expenditures</b>				
Grant Proceeds (K-4) (53.0242%)	\$ 152,943.03			
Bond Proceeds	<u>135,497.03</u>			
	<u>\$ 288,440.06</u>			

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
SECURITY UPGRADES - ELEMENTARY/MIDDLE SCHOOL  
FROM INCEPTION TO JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	\$ 174,435.00		\$ 174,435.00	\$ 174,435.00
Bond proceeds	<u>154,538.00</u>		<u>154,538.00</u>	<u>154,538.00</u>
<b>Total revenues</b>	<b>\$ <u>328,973.00</u></b>		<b>\$ <u>328,973.00</u></b>	<b>\$ <u>328,973.00</u></b>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	\$ 18,081.77	\$ 7,170.65	\$ 25,252.42	25,682.00
Construction services		<u>303,291.00</u>	<u>303,291.00</u>	<u>303,291.00</u>
<b>Total expenditures</b>	<u>18,081.77</u>	<u>310,461.65</u>	<u>\$ 328,543.42</u>	<u>\$ 328,973.00</u>
<b>Excess (deficiency) of revenues over/(under) expenditures</b>	<b>\$ <u>310,891.23</u></b>	<b>\$ <u>(310,461.65)</u></b>	<b>\$ <u>429.58</u></b>	
<b>Additional project information:</b>				
Project Number	4920-055-14-G2VX			
Grant Date	5/1/2015			
Bond Authorization Date	2/10/2015			
Bonds Authorized	\$ 154,538.00			
Bonds Issued	154,538.00			
Grant Awarded	174,435.00			
Original Authorized Cost	328,973.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 328,973.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	100.00%			
Original target completion date	9/1/2015			
<b>Memo: Expenditures</b>				
Grant Proceeds (K-4) (53.0242%)	\$ 173,933.45			
Bond Proceeds	<u>154,609.97</u>			
	<b>\$ <u>328,543.42</u></b>			

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE**  
**AND PROJECT STATUS - BUDGETARY BASIS**  
**SECURITY UPGRADES - PRIMARY SCHOOL**  
**FROM INCEPTION TO JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	\$ 115,993.09		\$ 115,993.09	\$ 115,993.09
Bond proceeds	<u>102,761.91</u>		<u>102,761.91</u>	<u>102,761.91</u>
Total revenues	<u>\$ 218,755.00</u>		<u>\$ 218,755.00</u>	<u>\$ 218,755.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	\$ 9,491.32	\$ 7,182.46	\$ 16,673.78	\$ 21,354.00
Construction services		<u>197,401.00</u>	<u>197,401.00</u>	<u>197,401.00</u>
Total expenditures	<u>9,491.32</u>	<u>\$ 204,583.46</u>	<u>\$ 214,074.78</u>	<u>\$ 218,755.00</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 209,263.68</u>	<u>\$ (204,583.46)</u>	<u>\$ 4,680.22</u>	
<b>Additional project information:</b>				
Project Number	4920-070-14-1009			
Grant Date	5/1/2015			
Bond Authorization Date	2/10/2015			
Bonds Authorized	\$ 102,761.91			
Bonds Issued	102,761.91			
Grant Awarded	115,993.09			
Original Authorized Cost	218,755.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 218,755.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	100.00%			
Original target completion date	9/1/2015			
<b>Memo: Expenditures</b>				
Grant Proceeds (K-4) (53.0242%)	\$ 113,511.44			
Bond Proceeds	<u>100,563.64</u>			
	<u>\$ 214,075.08</u>			

## **FIDUCIARY FUNDS**



**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2016</u>
Middle School:				
Cash and Cash Equivalents	\$ <u>20,198.54</u>	\$ <u>43,430.17</u>	\$ <u>42,527.44</u>	\$ <u>21,101.27</u>
Total Middle School	<u>20,198.54</u>	<u>43,430.17</u>	<u>42,527.44</u>	<u>21,101.27</u>
High School:				
Cash and Cash Equivalents	\$ <u>90,948.34</u>	\$ <u>194,877.94</u>	<u>200,819.89</u>	\$ <u>85,006.39</u>
Total High School	<u>90,948.34</u>	<u>194,877.94</u>	<u>200,819.89</u>	<u>85,006.39</u>
Athletic Fund:				
Cash and Cash Equivalents	\$ <u>505.03</u>	\$ <u>461.47</u>	\$ <u>100.00</u>	\$ <u>866.50</u>
Total Other Accounts	<u>505.03</u>	<u>461.47</u>	<u>100.00</u>	<u>866.50</u>
Total All Schools	\$ <u><u>111,651.91</u></u>	\$ <u><u>238,769.58</u></u>	\$ <u><u>243,447.33</u></u>	\$ <u><u>106,974.16</u></u>



**NONCURRENT DEBT**

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
NONCURRENT DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2016**

<u>Issue</u>	<u>Original</u>		<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
	<u>Date of Original Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Amount</u>					
Construction of a New K-8 Elementary School	12/1/1995	\$ 18,959,000.00	\$ 12/1/2015	\$ 1,234,000.00	5.00%	\$ 1,234,000.00		\$ 1,234,000.00	
Improvements to the High School	6/1/2011	\$ 7,005,000.00	6/1/2017	\$ 550,000.00	2.50%				
			6/1/2018	550,000.00	2.75%				
			6/1/2019	550,000.00	3.00%				
			6/1/2020	550,000.00	3.00%				
			6/1/2021	550,000.00	3.00%				
			6/1/2022	550,000.00	3.25%				
			6/1/2023	550,000.00	3.50%				
			6/1/2024	550,000.00	4.00%				
			6/1/2025	550,000.00	4.00%				
			6/1/2026	550,000.00	4.25%				
			6/1/2027	380,000.00	4.25%	\$ 6,180,000.00		\$ 300,000.00	\$ 5,880,000.00
Series 2012 Refunding Bonds	6/1/2012	\$ 3,845,000.00	6/1/2017	370,000.00	3.00%				
			6/1/2018	385,000.00	3.00%				
			6/1/2019	385,000.00	4.00%				
			6/1/2020	405,000.00	4.00%				
			6/1/2021	410,000.00	4.00%				
			6/1/2022	425,000.00	4.00%				
			6/1/2023	445,000.00	4.00%				
School Bonds Series 2015 (Various Improvements)	5/6/2015	\$ 2,453,000.00	6/1/2017	225,000.00	1.50%				
			6/1/2018	225,000.00	1.50%				
			6/1/2019	225,000.00	2.00%				
			6/1/2020	225,000.00	2.00%				
			6/1/2021	225,000.00	2.00%				
			6/1/2022	225,000.00	2.00%				
			6/1/2023	225,000.00	2.25%				
			6/1/2024	428,000.00	2.25%				
			6/1/2025	450,000.00	2.50%				
<b>Total</b>						<u>\$ 13,042,000.00</u>	<u></u>	<u>\$ 1,884,000.00</u>	<u>\$ 11,158,000.00</u>

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE  
 JUNE 30, 2016  
 (FOR INFORMATION PURPOSES ONLY)**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2015</u>	<u>Increased by Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2016</u>
Governmental Fund:						
2011 - Various Equipment	4.87%	\$ 52,895.95	\$ 11,329.91		\$ 11,329.91	
2014 - Various Equipment	1.893%	228,000.00	183,894.53		44,688.61	\$ 139,205.92
2015 - Various Equipment	1.690%	220,000.00	<u>175,233.94</u>		<u>42,713.45</u>	<u>132,520.49</u>
			<u>\$ 370,458.38</u>		<u>\$ 98,731.97</u>	<u>\$ 271,726.41</u>
Business-Type Activities:						
2013 - Various Equipment	1.50%	\$ 295,389.00	<u>\$ 177,429.86</u>		<u>\$ 58,259.10</u>	<u>\$ 119,170.76</u>
Total			<u>\$ 547,888.24</u>		<u>\$ 156,991.07</u>	<u>\$ 390,897.17</u>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,941,922.00	_____	\$ 1,941,922.00	\$ 1,941,922.00	_____
Total - Local Sources	1,941,922.00	_____	1,941,922.00	1,941,922.00	_____
State Sources:					
Debt Service Aid Type II	\$ 347,898.00	_____	\$ 347,898.00	\$ 347,898.00	_____
Total - State Sources	347,898.00	_____	347,898.00	347,898.00	_____
Total Revenues	\$ 2,289,820.00	_____	\$ 2,289,820.00	\$ 2,289,820.00	_____
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	\$ 444,563.00	_____	\$ 444,563.00	\$ 406,186.25	\$ 38,376.75
Redemption of Principal	1,884,000.00	_____	1,884,000.00	1,884,000.00	_____
Total Regular Debt Service	2,328,563.00	_____	2,328,563.00	2,290,186.25	38,376.75
Total Expenditures	\$ 2,328,563.00	_____	\$ 2,328,563.00	\$ 2,290,186.25	\$ 38,376.75
Excess of Revenues Over Expenditures	\$ (38,743.00)	_____	\$ (38,743.00)	\$ (366.25)	\$ 38,376.75
Other Financing Sources:					
Transfer from Capital Projects Fund	_____	_____	_____	_____	_____
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (38,743.00)	_____	\$ (38,743.00)	\$ (366.25)	\$ 38,376.75
Fund Balance, July 1	71,328.81	_____	71,328.81	71,328.81	_____
Fund Balance, June 30	\$ 32,585.81	_____	\$ 32,585.81	\$ 70,962.56	\$ 38,376.75

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

**SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INTRODUCTION TO STATISTICAL TABLES (SECTION)**  
**(UNAUDITED)**

<b><u>Contents</u></b>	<b><u>Exhibit</u></b>
<b>Financial Trends</b>  These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b>  These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b>  These schedules contain information to help the reader assess the district's outstanding debt.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b>  These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 &amp; J-15</b>
<b>Operating Information</b>  These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>J-16 to J-20</b>

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



## FINANCIAL TRENDS

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**NET POSITION BY COMPONENT**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 12,638,310	\$ 13,131,801	\$ 13,809,519	\$ 14,457,360	\$ 9,169,681	\$ 17,659,301	\$ 23,919,454	\$ 25,708,837	\$ 23,918,290	\$ 26,943,881
Restricted	1,402,596	830,938	1,380,109	64,211	5,257,090	3,034,972	867,976	146,522	5,111,611	2,466,373
Unrestricted	(556,346)	(323,488)	(255,513)	244,095	2,205,276	1,224,305	370,670	363,857	(6,367,573)	(3,668,297)
<b>Total governmental activities net position</b>	<b>\$ 13,484,560</b>	<b>\$ 13,639,251</b>	<b>\$ 14,934,116</b>	<b>\$ 14,765,666</b>	<b>\$ 16,632,047</b>	<b>\$ 21,918,578</b>	<b>\$ 25,158,101</b>	<b>\$ 26,219,216</b>	<b>\$ 22,662,328</b>	<b>\$ 25,741,957</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 115,551	\$ 111,867	\$ 94,340	\$ 89,079	\$ 95,979	\$ 80,263	\$ 67,873	\$ 81,156	\$ 127,822	\$ 190,893
Unrestricted	32,867	65,432	97,565	155,875	143,362	172,442	160,263	159,277	170,039	170,343
<b>Total business-type activities net position</b>	<b>\$ 148,418</b>	<b>\$ 177,299</b>	<b>\$ 191,905</b>	<b>\$ 244,954</b>	<b>\$ 239,341</b>	<b>\$ 252,705</b>	<b>\$ 228,136</b>	<b>\$ 240,433</b>	<b>\$ 297,861</b>	<b>\$ 361,236</b>
<b>District-wide</b>										
Invested in capital assets	\$ 12,753,861	\$ 13,243,668	\$ 13,903,859	\$ 14,636,439	\$ 9,265,660	\$ 17,739,564	\$ 23,987,327	\$ 25,789,993	\$ 24,046,112	\$ 27,134,725
Restricted	1,402,596	830,938	1,380,109	64,211	5,257,090	3,034,972	867,976	146,522	5,111,611	2,466,373
Unrestricted (Deficit)	(523,479)	(258,056)	(157,947)	399,970	2,348,638	1,396,747	530,933	523,134	(6,197,534)	(3,497,193)
<b>Total district net position</b>	<b>\$ 13,632,978</b>	<b>\$ 13,816,550</b>	<b>\$ 15,126,021</b>	<b>\$ 15,100,620</b>	<b>\$ 16,871,388</b>	<b>\$ 22,171,283</b>	<b>\$ 25,386,237</b>	<b>\$ 26,459,649</b>	<b>\$ 22,960,189</b>	<b>\$ 26,103,905</b>

Source: CAFR Exhibit A-1.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 10,921,317	\$ 11,315,787	\$ 11,023,816	\$ 12,268,142	\$ 11,732,382	\$ 11,551,328	\$ 11,957,961	\$ 12,241,777	\$ 13,420,550	\$ 14,068,135
Special education	1,844,808	2,036,733	2,198,879	2,625,934	2,764,415	3,179,808	3,762,012	3,769,556	4,455,953	5,051,427
Other special education	403,482	466,624	710,525	693,288	530,370	551,501	412,509	464,961	532,647	748,801
Other instruction	789,138	833,832	799,102	832,589	703,749	799,517	822,034	821,453	921,934	998,756
Support Services:										
Tuition	1,486,743	1,415,132	1,450,886	1,324,093	1,263,360	1,584,402	1,456,134	1,459,294	1,390,316	1,456,789
Student & instruction related services	3,443,675	3,855,256	3,831,323	4,037,049	3,447,023	3,806,830	4,137,274	3,844,589	4,536,243	4,761,164
School Administrative services	783,045	1,460,438	1,022,191	1,672,687	1,678,713	1,134,349	1,257,402	1,707,108	1,963,236	2,081,738
General administration	1,432,094	940,667	1,229,571	1,103,919	1,054,703	1,832,561	1,729,541	1,429,557	1,620,069	1,656,649
Central Services	269,002	274,716	296,588							
Plant operations and maintenance	2,654,028	3,050,994	3,071,578	3,381,306	3,159,647	3,118,496	3,619,811	3,788,275	4,482,944	4,799,132
Pupil transportation	1,220,497	1,379,223	1,318,462	1,433,134	1,549,400	1,687,175	1,955,258	1,887,978	2,017,717	1,994,186
Other support services	110,098	139,326	136,889							
Charter Schools	11,106	3,643	-			4,257	41,437	160,833	198,091	199,526
Interest on long-term debt	775,202	709,342	648,023	582,693	531,758	653,737	566,576	513,367	447,051	417,363
<b>Total governmental activities expenses</b>	<b>\$ 26,144,235</b>	<b>\$ 27,881,713</b>	<b>\$ 27,737,835</b>	<b>\$ 29,954,834</b>	<b>\$ 28,415,520</b>	<b>\$ 29,903,961</b>	<b>\$ 31,717,949</b>	<b>\$ 32,088,748</b>	<b>\$ 35,986,751</b>	<b>\$ 38,233,666</b>
Business-type activities:										
Food service	\$ 676,883	\$ 748,287	\$ 766,623	\$ 778,674	\$ 797,185	\$ 827,557	\$ 859,761	\$ 874,188	\$ 885,215	\$ 910,714
<b>Total business-type activities expense</b>	<b>\$ 676,883</b>	<b>\$ 748,287</b>	<b>\$ 766,623</b>	<b>\$ 778,674</b>	<b>\$ 797,185</b>	<b>\$ 827,557</b>	<b>\$ 859,761</b>	<b>\$ 874,188</b>	<b>\$ 885,215</b>	<b>\$ 910,714</b>
<b>Total district expenses</b>	<b>\$ 26,821,118</b>	<b>\$ 28,630,000</b>	<b>\$ 28,504,458</b>	<b>\$ 30,733,508</b>	<b>\$ 29,212,705</b>	<b>\$ 30,731,518</b>	<b>\$ 32,577,710</b>	<b>\$ 32,962,936</b>	<b>\$ 36,871,966</b>	<b>\$ 39,144,380</b>

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	\$ 2,478,622	\$ 2,515,990	\$ 2,523,019	\$ 1,974,129	\$ 2,323,220	\$ 2,234,855	\$ 1,835,427	\$ 1,936,324	\$ 1,867,726	\$ 1,750,606
Total governmental activities program revenues	<u>2,478,622</u>	<u>2,515,990</u>	<u>2,523,019</u>	<u>1,974,129</u>	<u>2,323,220</u>	<u>2,234,855</u>	<u>1,835,427</u>	<u>1,936,324</u>	<u>1,867,726</u>	<u>1,750,606</u>
Business-type activities:										
Charges for services										
Food service	\$ 392,838	\$ 423,847	\$ 461,481	\$ 442,057	\$ 420,478	\$ 397,523	\$ 348,677	\$ 381,611	\$ 378,447	\$ 377,545
Operating grants and contributions	219,989	229,696	273,224	339,172	411,245	394,050	486,514	504,874	566,508	596,543
Total business type activities program revenues	<u>612,827</u>	<u>653,543</u>	<u>734,705</u>	<u>781,229</u>	<u>831,723</u>	<u>791,572</u>	<u>835,191</u>	<u>886,485</u>	<u>944,955</u>	<u>974,088</u>
Total district program revenues	<u>\$ 3,091,448</u>	<u>\$ 3,169,533</u>	<u>\$ 3,257,724</u>	<u>\$ 2,755,358</u>	<u>\$ 3,154,943</u>	<u>\$ 3,026,427</u>	<u>\$ 2,670,618</u>	<u>\$ 2,822,809</u>	<u>\$ 2,812,681</u>	<u>\$ 2,724,694</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (23,665,613)	\$ (25,365,723)	\$ (25,214,816)	\$ (25,763,707)	\$ (27,631,614)	\$ (27,669,106)	\$ (29,882,523)	\$ (30,152,424)	\$ (34,119,025)	\$ (36,483,060)
Business-type activities	(64,056)	(94,744)	(31,918)	2,555	34,538	(35,985)	(24,570)	12,297	59,740	63,374
Total district-wide net expense	<u>\$ (23,729,670)</u>	<u>\$ (25,460,467)</u>	<u>\$ (25,246,734)</u>	<u>\$ (25,761,152)</u>	<u>\$ (27,597,076)</u>	<u>\$ (27,705,091)</u>	<u>\$ (29,907,093)</u>	<u>\$ (30,140,127)</u>	<u>\$ (34,059,285)</u>	<u>\$ (36,419,686)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,439,255	\$ 11,306,839	\$ 11,908,593	\$ 11,908,593	\$ 11,908,593	\$ 12,384,937	\$ 12,885,289	\$ 13,394,657	\$ 14,015,039	\$ 14,474,933
Taxes levied for debt service	1,466,914	1,528,212	1,485,340	1,475,444	1,516,832	1,578,905	1,925,968	1,978,530	1,956,510	1,941,922
Unrestricted grants and contributions	10,025,457	10,797,584	11,912,306	13,019,525	13,711,598	13,221,029	15,359,724	15,494,146	19,334,056	20,283,606
Restricted grants	90,040	-	-	-	-	392,493	2,255,545	191,453	-	-
Tuition Received	-	-	28,906	68,648	34,640	35,340	118,229	60,266	37,155	40,411
Investment earnings	118,816	168,083	131,285	70,577	19,670	8,245	-	-	-	-
Miscellaneous income	65,454	241,094	76,955	502,410	361,831	336,098	577,291	164,350	326,392	364,650
Transfers	(10,000)	(10,000)	(30,000)	-	-	-	-	-	-	-
Write off of fixed assets	-	-	-	-	-	-	-	(183,283)	-	-
Special and extraordinary revenue	38,835	-	-	13,374	-	-	-	-	42,447	2,456,922
Total governmental activities	<u>\$ 22,234,772</u>	<u>\$ 24,031,812</u>	<u>\$ 25,513,385</u>	<u>\$ 27,058,571</u>	<u>\$ 27,553,164</u>	<u>\$ 27,957,046</u>	<u>\$ 33,122,046</u>	<u>\$ 31,100,119</u>	<u>\$ 35,711,599</u>	<u>\$ 39,562,444</u>
Business-type activities:										
Special and extraordinary revenue			\$ 12,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,311)	
Transfers	\$ 10,000	\$ 10,000	30,000	-	-	-	-	-	-	-
Total business-type activities	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 42,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,311)</u>	<u>\$ -</u>
Total district-wide	<u>\$ 22,244,772</u>	<u>\$ 24,041,812</u>	<u>\$ 25,555,848</u>	<u>\$ 27,058,571</u>	<u>\$ 27,553,164</u>	<u>\$ 27,957,046</u>	<u>\$ 33,122,046</u>	<u>\$ 31,100,119</u>	<u>\$ 35,709,288</u>	<u>\$ 39,562,444</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (1,430,842)	\$ (1,333,911)	\$ 298,569	\$ 1,294,865	\$ (78,450)	\$ 287,940	\$ 3,239,523	\$ 947,695	\$ 1,592,574	\$ 3,079,384
Business-type activities	(54,056)	(84,744)	10,545	2,555	34,538	(35,985)	(24,570)	12,297	57,429	63,374
Total district	<u>\$ (1,484,898)</u>	<u>\$ (1,418,655)</u>	<u>\$ 309,114</u>	<u>\$ 1,297,419</u>	<u>\$ (43,912)</u>	<u>\$ 251,955</u>	<u>\$ 3,214,953</u>	<u>\$ 959,992</u>	<u>\$ 1,650,003</u>	<u>\$ 3,142,758</u>

Source: CAFR Exhibit A-2.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 370,072	\$ 790	\$ 100,812	\$ 64,211						
Unreserved	1,002,240	1,058,479	1,514,414	761,129						
Restricted					\$ 712,216	\$ 1,397,130	\$ 350,081	\$ 1,153,048	\$ 1,662,184	\$ 1,843,197
Assigned						245,362			16,298	16,298
Unassigned					614,852		802,967			
<b>Total general fund</b>	<b>\$ 1,372,312</b>	<b>\$ 1,059,269</b>	<b>\$ 1,615,226</b>	<b>\$ 825,340</b>	<b>\$ 1,327,068</b>	<b>\$ 1,642,492</b>	<b>\$ 1,153,048</b>	<b>\$ 1,153,048</b>	<b>\$ 1,678,482</b>	<b>\$ 1,859,495</b>
All Other Governmental Funds										
Reserved			\$ -	\$ -						
Unreserved, reported in:										
Special revenue fund	\$ (20,275)	\$ (34,358)	-	-	-	-	-	-	-	-
Capital projects fund			-	-	-	-	-	-	-	-
Debt service fund	1		-	-	-	-	-	-	-	-
Restricted:										
Capital projects fund					13,417,338	5,651,562	517,896	138,929	5,041,134	2,609,203
Debt service fund						127,975	26,180	7,639	71,329	70,963
<b>Total all other governmental funds</b>	<b>\$ (20,274)</b>	<b>\$ (34,358)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,417,338</b>	<b>\$ 5,779,537</b>	<b>\$ 544,076</b>	<b>\$ 146,568</b>	<b>\$ 5,112,463</b>	<b>\$ 2,680,166</b>

Source: CAFR Exhibit B-1.

Note: GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See Notes to financial statements - Note 2G 15(a-c). Prior years have not been restated above and are not required to be.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 12,835,051	\$ 13,393,933	\$13,384,037	\$13,425,425	\$13,963,842	\$14,538,482	\$14,811,257	\$15,373,187	\$15,971,549	\$16,416,855
Tuition		28,906	68,648	34,640	35,340	93,655	118,229	60,266	37,155	40,411
Interest earnings	168,083	131,285	70,577		1,111	5,648	3,161	386	756	2,105
Miscellaneous	241,094	76,954	502,911	387,547	345,953	354,343	177,576	163,964	325,636	369,058
State sources	12,208,603	13,502,406	13,827,611	12,555,940	13,790,037	14,575,126	15,796,792	15,920,661	16,407,002	16,756,987
Federal sources	1,104,971	932,920	1,165,542	3,472,832	1,702,734	1,665,558	1,402,591	1,509,809	1,631,621	1,492,254
<b>Total revenue</b>	<b>26,557,802</b>	<b>28,066,404</b>	<b>29,019,326</b>	<b>29,876,384</b>	<b>29,839,018</b>	<b>31,232,812</b>	<b>32,309,606</b>	<b>33,028,273</b>	<b>34,373,719</b>	<b>35,077,670</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	7,903,164	8,152,678	8,389,684	9,299,999	9,041,218	8,502,541	8,796,081	9,374,943	9,250,349	9,224,780
Special education instruction	1,290,288	1,414,692	1,638,658	1,933,694	2,070,460	2,288,231	2,700,404	2,728,685	2,886,019	3,109,241
Other special instruction	282,178	324,111	529,501	510,526	397,231	396,867	296,103	336,579	344,984	460,900
Other instruction	551,870	579,188	595,511	613,105	527,086	575,343	590,063	594,624	597,115	614,752
<b>Support Services:</b>										
Tuition	1,486,743	1,415,132	1,450,886	1,324,093	1,263,360	1,584,402	1,456,134	1,459,294	1,390,316	1,456,789
Student & inst. related services	2,522,255	2,813,105	2,912,013	3,048,110	2,640,183	2,792,811	3,039,156	2,978,436	3,093,400	3,098,710
General administration	466,704	569,454	761,762	812,907	789,940	816,292	902,574	1,046,271	1,049,282	1,019,696
School administrative services	1,001,455	1,014,382	825,914	1,231,739	1,257,303	1,318,734	1,241,479	1,249,407	1,271,543	1,281,346
Central services	269,002	274,716	311,417							
Plant operations and maintenance	1,856,003	2,119,149	2,289,015	2,489,937	2,366,477	2,244,109	2,598,331	2,772,582	2,903,500	2,953,949
Pupil transportation	852,507	958,447	982,550	1,055,336	1,160,452	1,214,113	1,403,501	1,381,783	1,306,829	1,227,456
Other Support Services	77,000	96,764	102,013							
Employee benefits	5,893,993	6,508,700	5,441,565	6,134,831	5,674,157	6,622,522	7,232,586	6,412,842	7,020,944	7,822,593
<b>Special Schools</b>										
Charter Schools	11,106	3,643				4,257	41,437	160,833	198,091	199,526
Capital outlay	51,460	125,038	215,302	173,633	958,185	7,994,083	5,289,667	756,417	598,934	2,569,031
<b>Debt service:</b>										
Principal	1,280,000	1,280,000	1,330,000	1,450,000	1,500,000	1,530,000	1,890,000	1,890,000	1,915,000	1,884,000
Interest and other charges	774,190	714,330	653,220	588,360	519,110	670,885	571,863	508,425	431,625	406,186
<b>Total expenditures</b>	<b>26,569,918</b>	<b>28,363,529</b>	<b>28,429,012</b>	<b>30,666,270</b>	<b>30,165,162</b>	<b>38,555,190</b>	<b>38,049,379</b>	<b>33,651,121</b>	<b>34,257,931</b>	<b>37,328,955</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(12,116)</b>	<b>(297,125)</b>	<b>590,314</b>	<b>(789,886)</b>	<b>(326,144)</b>	<b>(7,322,378)</b>	<b>(5,739,773)</b>	<b>(622,848)</b>	<b>115,788</b>	<b>(2,251,285)</b>

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing										
Capital leases (non-budgeted)					53,646				220,000	
Bond Proceeds					7,005,000		14,868	227,500	2,453,000	
State Sources					7,186,565					
Grant Awarded									2,768,982	
Grant Receivable Cancelled									(68,601)	
Transfers in						5,648	3,161	386		
Transfers out	(10,000)	(30,000)				(5,648)	(3,161)	(386)		
<b>Total other financing sources (uses)</b>	(10,000)	(30,000)	-	-	14,245,211	-	14,868	227,500	5,373,381	-
<b>Net change in fund balances</b>	<u>\$ (22,116)</u>	<u>\$ (327,125)</u>	<u>\$ 590,314</u>	<u>\$ (789,886)</u>	<u>\$ 13,919,066</u>	<u>\$ (7,322,378)</u>	<u>\$ (5,724,905)</u>	<u>\$ (395,348)</u>	<u>\$ 5,489,169</u>	<u>\$ (2,251,285)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	7.75%	7.06%	7.03%	6.68%	6.91%	7.20%	7.51%	7.29%	6.97%	6.59%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Miscellaneous</u>	<u>Athletic Events</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Annual Totals</u>
2007	168,083	98,995	8,350	128,228	3,864	407,520
2008	131,285	64,586	6,657	5,711	28,906	237,145
2009	70,577	43,877	5,220	453,314	-	572,988
2010	19,310	67,856	5,836	253,858	34,640	381,500
2011	42,091	9,660	4,903	279,472	35,340	371,466
2012	5,887	145,371	5,262	193,140	93,655	443,315
2013	6,197	174,540	-	-	118,229	298,966
2014	2,400	41,586	5,026	114,953	60,266	224,231
2015	1,978	73,430	6,024	229,663	37,155	348,250
2016	2,401	39,980	6,823	272,930	40,411	362,545

Source: District records



## REVENUE CAPACITY

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN (10) FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2007	3,317,000	367,922,900	-	-	25,623,500	19,514,000	9,644,200	426,021,600	293,382	47,862,000	474,176,982	1,602,062,347	3.144
2008	3,482,800	368,031,400	-	-	25,641,000	19,514,000	9,675,200	426,344,400	284,126	50,738,800	477,367,326	1,719,884,764	3.136
2009	3,372,100	368,722,400	-	-	25,533,400	19,303,000	9,572,300	426,503,200	308,699	50,705,400	477,517,299	1,676,492,016	3.145
2010	3,001,300	368,742,000	-	-	25,338,600	19,287,800	8,906,300	425,276,000	318,179	50,809,400	476,403,579	1,620,353,673	3.281
2011	3,008,200	367,827,300	-	-	25,293,500	17,614,100	8,749,400	422,492,500	272,585	50,860,900	473,625,985	1,559,875,073	3.439
2012	3,024,600	366,234,400	-	-	25,329,600	17,585,400	8,633,700	420,807,700	293,382	50,654,200	471,755,282	1,441,461,958	3.517
2013	3,031,600	360,459,700	-	-	24,176,900	17,289,900	8,392,700	413,350,800	287,694	50,529,600	464,168,094	1,331,956,265	3.717
2014	2,926,800	360,673,400	-	-	24,320,900	17,247,100	8,774,700	413,942,900	198,325	97,657,100	511,798,325	1,319,732,478	3.857
2015	2,965,000	358,560,500	-	-	24,954,400	17,237,400	8,774,700	412,492,000	-	49,583,200	462,075,200	1,293,849,676	3.980
2016	2,929,800	357,919,900	-	-	24,922,700	17,141,900	8,774,700	411,689,000	-	48,880,600	460,569,600	1,314,187,237	3.995

Source: Municipal Tax Assessor

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

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100 of assessed valuation

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	<u>Borough of South River School District Direct Rate</u>			<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate <sup>a</sup></u>	<u>General Obligation Debt Service <sup>b</sup></u>	(From J-6) Total Direct School Tax Rate	<u>Municipality of South River</u>	<u>County of Middlesex</u>	
2007	2.795	0.349	3.144	1.626	1.080	5.850
2008	2.791	0.345	3.136	1.943	1.198	6.277
2009	2.790	0.355	3.145	1.938	1.166	6.249
2010	2.910	0.370	3.281	1.987	1.133	6.401
2011	2.988	0.451	3.439	1.986	1.241	6.666
2012	3.060	0.447	3.517	1.978	1.221	6.716
2013	3.238	0.479	3.717	1.962	1.231	6.910
2014	3.385	0.472	3.857	1.994	1.267	7.118
2015	3.509	0.471	3.980	2.057	1.248	7.285
2016	3.639	0.356	3.995	2.181	1.276	7.452

Source: Municipal Tax Collector

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE (9) YEARS AGO  
 (UNAUDITED)**

	2016				2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Lit Industrial LP	\$ 7,266,200	1	1.76%	Lit Northend LLC	\$ 13,980,000	1	3.29%
Lit Northend LLC	4,942,500	2	1.20%	Leonardine Associates LLC	2,500,000	2	0.59%
Lighthouse South River LG LLC	2,350,000	3	0.57%	Emmess Apts., Ltd.	1,890,000	3	0.44%
Emess Apts Ltd.	1,571,400	4	0.38%	StoneHurst Court Associates Ltd.	1,716,000	4	0.40%
East Coast Village Green Apts	1,200,000	5	0.29%	425 Whitehead LLC	980,000	5	0.23%
425 Whitehead Ave LLC	980,000	6	0.24%	Sherwood Court	765,000	6	0.18%
Zifovski, Zlatan & Luba	800,300	7	0.19%	Diosnorides Diaz	712,800	7	0.17%
Felmore Associates	700,000	8	0.17%	Felmore Associates	700,000	8	0.16%
Sherwood Court	633,100	9	0.15%	Bram M&C	662,400	9	0.16%
Patrick and Barbara DiNicola	622,500	10	0.15%	Zlatan & Luba Zifovski	641,100	10	0.15%
<b>Total</b>	<b>\$ 21,066,000</b>		<b>5.12%</b>		<b>\$ 24,547,300</b>		<b>5.77%</b>
<b>Total Assessed Valuation</b>	<b>\$ 411,689,000</b>				<b>\$ 425,531,400</b>		

Source: Municipal Tax Assessor

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	24,964,955	24,490,621	98.10%	481,303
2008	26,615,159	25,925,826	97.41%	693,199
2009	26,694,630	26,139,382	97.92%	517,149
2010	27,258,682	26,541,779	97.37%	632,115
2011	28,202,908	27,520,398	97.58%	498,818
2012	28,288,692	27,553,186	97.40%	569,445
2013	28,611,549	27,553,240	97.40%	633,864
2014	29,524,807	28,976,314	97.49%	640,721
2015	30,073,830	29,350,585	97.60%	488,129
2016	30,676,842	N/A	97.33% <i>Anticipated</i>	500,000 <i>Anticipated</i>

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

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

## **DEBT CAPACITY**

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	16,477,000	-	-	-	-	-	16,477,000	4.55%	1,075
2008	15,197,000	-	-	-	-	-	15,197,000	4.20%	992
2009	13,867,000	-	-	-	-	-	13,867,000	3.82%	905
2010	12,417,000	-	-	-	-	-	12,417,000	3.42%	810
2011	17,922,000	-	-	-	-	-	17,922,000	4.72%	1,120
2012	16,284,000	-	42,257	-	-	-	16,326,257	4.19%	1,123
2013	14,394,000	-	32,436	-	295,389	-	14,721,825	3.26%	920
2014	12,504,000	-	250,134	-	234,822	-	12,988,956	2.53%	811
2015	13,042,000	-	370,458	-	177,430	-	13,589,888	3.02%	849
2016	11,158,000	-	271,726	-	119,171	-	11,548,897	2.56%	721

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

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

General Bonded Debt Outstanding

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value <sup>a</sup> of Property</u>	<u>Per Capita <sup>b</sup></u>
2007	16,477,000	-	16,477,000	3.47%	1,075
2008	15,197,000	-	15,197,000	3.18%	992
2009	13,867,000	-	13,867,000	2.90%	905
2010	12,417,000	-	12,417,000	2.60%	810
2011	17,922,000	-	17,922,000	3.78%	1,120
2012	16,284,000	-	16,284,000	2.68%	1,017
2013	14,394,000	-	14,394,000	3.10%	899
2014	12,504,000	-	12,504,000	2.44%	781
2015	13,042,000	-	13,042,000	3.31%	815
2016	11,158,000	-	11,158,000	3.98%	697

**Notes:**

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

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

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

---

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.



**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2016**  
**(UNAUDITED)**

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable <sup>a</sup></u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
Debt repaid with property taxes			
Borough of South River	\$ 30,259,380	100.000%	\$ 30,259,380
County of Middlesex	521,584,305	1.3065%	6,814,499
Other debt			<u>None</u>
Subtotal, overlapping debt			37,073,879
<b>Borough of South River District Direct Debt:</b>			
Issued and outstanding - Bonds	\$ 11,158,000	100%	
Authorized but not Issued - Bonds and Notes	<u>1,388,371</u>	100%	<u>12,546,371</u>
<b>Total direct and overlapping debt</b>			<b><u>\$ 49,620,250</u></b>

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

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

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN (10) FISCAL YEARS  
 (UNAUDITED)**

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

	Equalized valuation basis	
	2015	\$ 1,338,389,682
	2014	1,292,763,585
	2013	<u>1,311,808,315</u>
		\$ <u>3,942,961,582</u>
	Average equalized valuation of taxable property	\$ 1,314,320,527
	Debt limit (4 % of average equalization value)	52,572,821 <sup>a</sup>
	Total Net Debt Applicable to Limit	<u>12,546,371</u>
	Legal debt margin	\$ <u>40,026,450</u>

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 62,466,019	\$ 66,364,887	\$ 66,687,682	\$ 64,715,983	\$ 61,607,935	\$ 61,607,935	\$ 58,040,039	\$ 54,699,271	\$ 52,716,622	\$ 52,572,821
Total net debt applicable to limit	<u>16,477,000</u>	<u>15,197,000</u>	<u>13,867,000</u>	<u>12,417,000</u>	<u>25,108,565</u>	<u>21,136,285</u>	<u>19,305,557</u>	<u>13,000,172</u>	<u>15,810,982</u>	<u>12,546,371</u>
Legal debt margin	<u>\$ 45,989,019</u>	<u>\$ 51,167,887</u>	<u>\$ 52,820,682</u>	<u>\$ 52,298,983</u>	<u>\$ 36,499,370</u>	<u>\$ 40,471,650</u>	<u>\$ 38,734,482</u>	<u>\$ 41,699,099</u>	<u>\$ 36,905,640</u>	<u>\$ 40,026,450</u>
Total net debt applicable to the limit as a percentage of debt limit	26.38%	22.90%	20.79%	19.19%	40.76%	34.31%	33.26%	23.77%	29.99%	23.86%

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

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2007	15,322	362,886,248	23,684	6.60%
2008	15,322	362,886,248	23,684	5.80%
2009	15,322	362,886,248	23,684	4.10%
2010	15,322	362,886,248	23,684	11.90%
2011	16,008	451,073,424	28,178	11.90%
2012	16,008	451,073,424	28,178	11.60%
2013	16,008	451,073,424	28,178	11.70%
2014	16,008	451,073,424	28,178	13.40%
2015	16,008	451,073,424	28,178	8.20%
2016	16,008	451,073,424	28,178	7.10%

**Source:**

<sup>a</sup> Population information provided by 2000 US Census for 2007-2010 and the 2010 census for 2011-2016.

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

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census for 2007 to 2010 and the 2010 Census for 2011-2016 published by the US Bureau of Economic Analysis.

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE (9) YEARS AGO**  
**(UNAUDITED)**

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
South River Board of Education	243	1	0.00%	212	1	0.00%
Borough of South River	103	2	0.00%	205	2	0.00%
U.S. Postal Service	26	3	0.00%	-		0.00%
Wawa	18	4	0.00%	-		0.00%
Rite Aid	9	5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
R&S Strauss			-	180	3	0.00%
Laffin Chevrolet			-	37	4	0.00%
Sunshine Biscuits			-	21	5	0.00%
	<u>399</u>		<u>0.00% (1)</u>	<u>655</u>		<u>0.00%</u>

Source: Borough of South River

(1) Total employment within Municipality not available from authoritative source.

## **OPERATING INFORMATION**

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN (10) FISCAL YEARS  
 (UNAUDITED)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	145	145	157	128	128	128	128	131	131	131
Special education	13	11	9	34	34	34	34	38	38	48
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	30	32	32	25	26	26	26	26	26	26
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	16	16	16	16	16	16	16	16	16	17
Other administrative services										
Central services	5	5	5	5	5	5	5	6	6	6
Administrative Information Technology										
Plant operations and maintenance	8	8	8	8	7	7	7	6	6	6
Pupil transportation										
Other support services	6	6	6	6	6	6	6	6	6	6
Special Schools	-									
Food Service										
Child Care										
<b>Total</b>	<u>226.00</u>	<u>226.00</u>	<u>236.00</u>	<u>225.00</u>	<u>225.00</u>	<u>225.00</u>	<u>225.00</u>	<u>232.00</u>	<u>232.00</u>	<u>243.00</u>

Source: District Personnel Records

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 OPERATING STATISTICS  
 LAST TEN (10) FISCAL YEARS  
 (UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Primary (K-2) <sup>e</sup>	Elementary (3-5)	Middle School (6-8)	Senior High School				
2007	2,161	24,464,268	11,321	20.85%	183.00	1:19	1:23	1:26	1:17	2021.0	2,015	-7.89%	99.70%
2008	2,217	26,244,162	11,838	4.57%	181.00	1:19	1:23	1:26	1:17	2191.0	2,052	8.41%	93.66%
2009	2,264	26,230,490	11,586	-2.13%	181.00	1:21	1:21	1:25	1:17	2239.0	2,117	2.19%	94.55%
2010	2,343	28,454,276	12,144	4.82%	173.00	1:19	1:19	1:17	1:17	2298.0	2,170	2.64%	94.43%
2011	2,336	27,187,867	11,639	-4.16%	173.00	1:19	1:19	1:17	1:17	2341.0	2,205	1.87%	94.19%
2012	2,319	28,360,222	12,230	5.08%	176.00	1:19	1:20	1:17	1:17	2317.0	2,189	-1.03%	94.48%
2013	2,329	30,297,849	13,009	6.37%	176.00	1:19	1:20	1:17	1:17	2338.0	2,202	0.91%	94.18%
2014	2,323	30,496,279	13,128	0.91%	176.00	1:19	1:20	1:17	1:17	2321.0	2,245	-0.73%	96.73%
2015	2,277	31,312,373	13,752	4.75%	176.00	1:18	1:20	1:16	1:17	2280.0	2,151	-1.77%	94.34%
2016	2,218	32,469,737	14,639	6.45%	179.00	1:18	1:20	1:16	1:17	2211.0	2,103	-3.03%	95.12%

Sources: District records

Note: Enrollment based on June district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.



**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 SCHOOL BUILDING INFORMATION  
 LAST TEN (10) FISCAL YEARS  
 (UNAUDITED)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>District Building</u></b>										
<b><u>Primary (2005)</u></b>										
Square Feet	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350
Capacity (Students)	440	440	440	440	440	440	440	440	440	440
Enrollment	484	446	503	474	474	557	555	535	507	501
<b><u>Elementary (1997)</u></b>										
Square Feet	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	524	618	580	622	622	622	606	623	616	587
<b><u>Middle School (1997)</u></b>										
Square Feet	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180
Capacity (Students)	559	559	559	559	559	559	559	559	559	559
Enrollment	542	547	564	552	552	497	539	552	542	516
<b><u>High School (1957)</u></b>										
Square Feet	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768
Capacity (Students)	625	625	625	625	625	625	625	625	625	625
Enrollment	584	606	617	642	642	643	629	613	611	614
<b><u>Other</u></b>										
<b>Central Administration</b>										
Square Feet	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274
Number of Schools at June 30, 2016										
Primary = 1										
Elementary = 1										
Middle School = 1										
Senior High School = 1										

**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 end of fiscal year district count.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx  
 11-000-262-xxx

	* School Facilities Project # (s)	High School	Middle School	Elementary School	K-2 Primary School	Administration Office	Total
2007	N/A	\$ 303,845	\$ 298,843	\$ 288,843	\$ 140,443	\$ 10,907	\$ 1,042,881
2008	N/A	384,802	290,127	298,802	165,646	10,500	1,149,877
2009	N/A	306,720	223,881	278,820	219,940	17,564	1,046,925
2010	N/A	241,132	196,719	255,272	181,945	21,214	896,282
2011	N/A	245,000	202,000	207,794	158,048	15,100	827,942
2012	N/A	248,914	198,400	197,850	163,750	14,260	823,174
2013	N/A	324,600	261,000	270,247	210,250	20,198	1,086,295
2014	N/A	249,938	229,762	236,623	98,066	27,455	841,844
2015	N/A	257,256	207,698	206,528	115,288	39,125	825,895
2016	N/A	262,150	192,800	180,100	133,500	23,418	791,968
Total School Facilities		<u>\$ 2,824,357</u>	<u>\$ 2,301,230</u>	<u>\$ 2,420,879</u>	<u>\$ 1,586,876</u>	<u>\$ 199,741</u>	<u>\$ 9,333,083</u>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**BOARD OF EDUCATION**  
**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2016**  
**UNAUDITED**

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
<b>MULTI PERIL PACKAGE POLICY</b>		
<b>PROPERTY</b>		
Blanket Building and Contents	\$ 76,897,864	\$ 5,000
Extra Expense	50,000,000	
Computers and Media	500,000	
<b>ENERGY SYSTEMS</b>		
Boiler and Machinery	Included	
<b>COMMERCIAL LIABILITY</b>		
Bodily Injury/Property Damage	11,000,000	Each occurrence
Products and Completed Operation	11,000,000	
Personal Injury/Advertising Inj.	Statutory	
Medical Expense	10,000	
Employee Benefits Liability	11,000,000	
<b>CRIME</b>		
Money and Securities	50,000	Inside/Outside 500
Employee Dishonesty	100,000	500
Forgery or Alteration	100,000	1,000
<b>BUSINESS AUTO</b>		
Bodily Injury/Prop Damage Liab.	11,000,000	
Personal Injury Protection	Statutory	
Medical Payments (PIP)	10,000	
Uninsured/Underinsured	1,000,000	
Comprehensive Deductible		1,000
Collision Deductible		1,000
<b>SCHOOL BOARD LEGAL</b>		
Coverage A		
Limit of Liability	11,000,000	
Each Claim	5,000	
Coverage B		
Limit of Liability	300,000	5,000
Each Claim	100,000	

**BOARD OF EDUCATION**  
**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2016**  
**UNAUDITED**

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
<b>CATASTROPHE ACCESS PLAN</b>		
Limit of Liability	\$ 50,000,000	
<b>WORKERS COMPENSATION</b>		
Section B	2,000,000	
<b>ENVIRONMENTAL LIABILITY</b>		
Limit of Liability	1,000,000 Each Loss 20,000,000 Aggregate	\$ 25,000
<b>STUDENT ACCIDENT</b>		
Limit of Liability	1,000,000	
Interscholastic Sports	10,000,000	
<b>BONDS</b>		
Board Secretary - Ken Kokoszka	25,000	
Treasurer of School Monies - Joseph Zanga	236,592	

**SINGLE AUDIT SECTION**

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

Honorable President and Members  
of the Board of Education  
Borough of South River Board of Education  
County of Middlesex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of South River Board of Education, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Borough of South River Board of Education'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 the South River Borough School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South River Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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.

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Borough of South River School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 entity'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.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
November 30, 2016

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

Exhibit K-2  
Sheet 1 of 3

## **INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08**

The Honorable President and Members  
of the Board of Education  
Borough of South River Board of Education  
County of Middlesex, New Jersey

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

We have audited the Borough of South River Board of Education's compliance with the types of compliance requirements described in *the OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance supplement* that could have a direct and material effect on each of District's major federal and state programs for the year ended June 30, 2016. The Borough of South River School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of South River Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 US 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 Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and NJOMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Borough of South River Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08  
(CONTINUED)**

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 Borough of South River Board of Education's compliance.

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

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

**Report on Internal Control over Compliance**

Management of the Borough of South River Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of South River Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey State Aid/Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of South River Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 non compliance with a type of compliance requirement of a federal and 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 and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08  
(CONTINUED)**

Purpose of Report

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 Circular 15-08. Accordingly, this report is not suitable for any other purposes.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

November 30, 2016  
Freehold, New Jersey

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2015		Cash Received	Budgetary Expenditures	Adjustment	June 30, 2016		Due to Grantor
					Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	
General Fund:												
Medical Assistance Program	93.778	1605NJ5MAP	7/1/14-6/30/15	\$ 89,291.90		\$ (28,065.95)	\$ 28,065.95					
Medical Assistance Program	93.778	1605NJ5MAP	7/1/15-6/30/16	73,794.77			69,442.26	\$ (73,794.77)			\$ (4,352.51)	
Total General Fund						\$ (28,065.95)	\$ 97,508.21	\$ (73,794.77)			\$ (4,352.51)	
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-Through State Department of Education:												
Food Distribution Program	10.555	16161NJ304N1099	7/1/15-6/30/16	\$ 87,450.04			\$ 87,450.04	\$ (83,135.28)		\$ 4,314.76		
Food Distribution Program	10.555	16161NJ304N1099	7/1/14-6/30/15	59,218.71	\$ 3,242.31			(3,242.31)				
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16	401,666.27			330,723.95	(401,666.27)			\$ (70,942.32)	
National School Lunch Program	10.555	16161NJ304N1099	7/1/14-6/30/15	433,125.88		\$ (85,616.62)	85,616.62				(19,978.72)	
School Breakfast Program	10.553	16161NJ304N1099	7/1/15-6/30/16	97,116.31			77,137.59	(97,116.31)				
School Breakfast Program	10.553	16161NJ304N1099	7/1/14-6/30/15	63,197.85		(19,735.36)	19,735.36					
Total Enterprise Fund					\$ 3,242.31	\$ (105,351.98)	\$ 600,663.56	\$ (585,160.17)		\$ 4,314.76	\$ (90,921.04)	

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2015		Cash Received	Budgetary Expenditures	Adjustment	June 30, 2016		Due to Grantor
					Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	
Special Revenue Fund:												
U.S. Department of Education:												
Passed-Through State Department of Education:												
Title I, Part A	84.010A	S010A150030	7/1/15-6/30/16	\$ 647,347.00			\$ 459,866.00	\$ (557,308.80)	\$ (72,085.00)		\$ (169,527.80)	
Title I, Part A	84.010A	S010A150030	7/1/14-6/30/15	627,337.00	(135,556.42)		135,115.00	(71,643.31)	72,084.73			
I.D.E.A. Preschool	84.173	H173A150114	7/1/15-6/30/16	15,012.00			11,623.00	(11,623.04)	(317.96)		(318.00)	
I.D.E.A. Preschool	84.173	H173A150114	7/1/14-6/30/15	14,301.00	(2,602.70)		2,602.00	(318.00)	318.70			
I.D.E.A. Part B	84.027	H027A150100	7/1/14-6/30/15	541,709.00	(54,842.27)		61,341.00	(26,778.76)	20,280.03			
I.D.E.A. Part B	84.027	H027A150100	7/1/15-6/30/16	567,005.00			437,200.00	(521,894.30)	(20,280.03)		(104,974.33)	
Title II, Part A	84.367A	S367A150029	7/1/14-6/30/15	73,506.00	(14,074.44)		21,066.00	(9,690.92)	2,699.36			
Title II, Part A	84.367A	S367A150029	7/1/15-6/30/16	70,504.00			51,567.00	(68,101.73)	(2,699.36)		(19,234.09)	
Title III	84.365A	S365A150030	7/1/14-6/30/15	39,141.00	(6,929.86)		10,984.00	(4,543.13)	488.99			
Title III	84.365A	S365A150030	7/1/15-6/30/16	34,368.00			27,970.00	(33,426.67)	(488.99)		(5,945.66)	
Title III Immigrant	84.365A	S365A150030	7/1/14-6/30/15	5,697.00			3,349.00	(3,570.91)	221.91			
Title III Immigrant	84.365A	S365A150030	7/1/15-6/30/16	7,244.00			3,982.00	(3,786.87)	(222.13)		(27.00)	
Race to The Top	84.413A	B413A120008	9/1/15-6/30/16	6,024.00			6,024.00	(6,024.00)				
NJ Achievement Coaches	84.413A	B413A120008	2/1/15-8/31/15	67,890.00	(24,784.68)		67,688.00	(42,903.94)	0.62			
Perkins Grant	84.048A	V048A140030	7/1/15-6/30/16	12,343.34			12,343.00	(12,343.34)	0.34			
Perkins Grant	84.048A	V048A140030	7/1/14-6/30/15	19,170.62	(9,158.70)		9,158.00		0.70			
Adult Basic Education	84.002A	N/A	7/1/15-6/30/16	44,501.29			13,006.00	(44,501.29)	0.29		(31,495.00)	
Adult Basic Education	84.002A	N/A	9/1/14-6/30/15	38,315.40	(18,170.40)		18,170.00		0.40			
Total Special Revenue Fund						\$ (266,119.47)	\$ 1,353,054.00	\$ (1,418,459.01)	\$ 2.60		\$ (331,521.88)	
Total Federal Financial Assistance					\$ 3,242.31	\$ (399,537.40)	\$ 2,051,225.77	\$ (2,077,413.95)	\$ 2.60	\$ 4,314.76	\$ (426,795.43)	

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2015			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2016			MEMO	
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Categorical Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 1,432,582.00				\$ 1,432,582.00	\$ (1,432,582.00)					\$ (139,862.00)	\$ (1,432,582.00)
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	274,755.00				274,755.00	(274,755.00)					(26,824.00)	(274,755.00)
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	10,551,002.00				10,551,002.00	(10,551,002.00)					(1,030,084.00)	(10,551,002.00)
Categorical Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	99,861.00				99,861.00	(99,861.00)					(9,749.00)	(99,861.00)
Educational Adequacy Aid	16-495-034-5120-083	7/1/15-6/30/16	500,000.00				500,000.00	(500,000.00)					(48,815.00)	(500,000.00)
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	23,460.00				23,460.00	(23,460.00)					(2,290.00)	(23,460.00)
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	23,460.00				23,460.00	(23,460.00)					(2,290.00)	(23,460.00)
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	221,819.00					(221,819.00)			\$ (221,819.00)			(221,819.00)
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	299,012.00		\$ (299,012.00)		299,012.00							
Nonpublic Transportation	15-495-034-5120-014	7/1/14-6/30/15	23,380.00		(23,380.00)		23,380.00							
Nonpublic Transportation	16-495-034-5120-014	7/1/15-6/30/16	13,341.00					(13,341.00)			(13,341.00)			(13,341.00)
Reimbursed T.P.A.F. Social Security Contribution	15-495-034-5095-002	7/1/14-6/30/15	950,108.93		(46,926.14)		46,926.14							
Reimbursed T.P.A.F. Social Security Contribution	16-495-034-5095-002	7/1/15-6/30/16	943,699.49				897,664.72	(943,699.49)			(46,034.77)			(943,699.49)
<b>Total General Fund</b>					<b>\$ (369,318.14)</b>		<b>\$ 14,172,102.86</b>	<b>\$ (14,083,979.49)</b>			<b>\$ (281,194.77)</b>		<b>\$ (1,259,914.00)</b>	<b>\$ (14,083,979.49)</b>
Enterprise Fund:														
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	\$ 10,310.06				\$ 8,546.73	\$ (10,310.06)			\$ (1,763.33)			\$ (10,310.06)
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	10,965.27		\$ (2,150.85)		2,150.85							
<b>Total Enterprise Fund</b>					<b>\$ (2,150.85)</b>		<b>\$ 10,697.58</b>	<b>\$ (10,310.06)</b>			<b>\$ (1,763.33)</b>			<b>\$ (10,310.06)</b>

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2015			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2016			MEMO	
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Capital Projects Fund:														
NJSDA ROD Grant														
Improvement to High School:														
Gymnasium Roof Replacement	4920-050-10-1001	7/26/10-9/30/12	\$ 121,592.00		\$ (236.31)	\$ 236.31								
Air Conditioning Upgrades	4920-050-10-1002	7/26/10-9/30/12	2,477,929.00		(4,807.29)	4,807.29								
Electrical System Upgrades	4920-050-10-1003	7/26/10-9/30/12	165,987.00		(575.13)	575.13								
Gymnasium Upgrades	4920-050-10-1004	7/26/10-9/30/12	278,997.00		(4.12)	3.06		\$ 1.06						
Security Upgrades	4920-050-10-1005	7/26/10-9/30/12	85,488.00		(202.55)	202.55								
Window & Exterior Door Replacement	4920-050-10-1007	7/26/10-9/30/12	985,008.00		(1,911.11)	1,911.11								
Music Room and Auditorium Upgrades	4920-050-10-1008	7/26/10-9/30/12	889,751.00		(1,725.62)	1,725.62								
Science Lab Upgrades	4920-050-10-1009	7/26/10-9/30/12	882,290.00		(1,711.90)	1,711.90								
Library Alteration	4920-050-10-1010	7/26/10-9/30/12	287,747.00		(5,417.50)	5,417.50								
Locker Room Upgrades	4920-050-10-1011	7/26/10-9/30/12	416,732.00		(809.23)	809.23								
Technology Infrastructure Upgrades	4920-050-10-1012	7/26/10-9/30/12	77,879.00		(151.13)	151.13								
Lighting Upgrades	4920-050-10-1013	7/26/10-9/30/12	38,181.00		(74.18)	74.18								
Toilet Room Upgrades	4920-050-10-1015	7/26/10-9/30/12	312,870.00		(2,131.05)	2,131.05								
Fire Stair Upgrades	4920-050-10-1016	7/26/10-9/30/12	20,657.00		(39.84)	39.84								
Roof Replacement:														
High School	4920-050-14-1002	5/1/15-11/1/16	966,674.38		(27,271.90)	944,978.17	\$ (917,706.27)						\$ (944,978.17)	
Elementary/Middle School	4920-050-14-1004	5/1/15-11/1/16	1,481,879.21		(54,069.10)	148,188.00	(98,873.93)		\$ (4,755.03)				(152,943.03)	
Security Upgrades:														
Elementary/Middle School	4920-055-14-G2VX	5/1/15-11/1/16	174,735.00		(9,587.70)	173,933.45	(164,345.75)						(173,933.45)	
Primary School	4920-070-14-1009	5/1/15-11/1/16	115,993.09		(5,032.60)	113,511.44	(108,478.84)						(113,511.44)	
<b>Total Capital Projects Fund</b>					<b>\$ (115,758.26)</b>	<b>\$ 1,400,406.96</b>	<b>\$ (1,289,404.79)</b>	<b>\$ 1.06</b>		<b>\$ (4,755.03)</b>			<b>\$ (1,385,366.09)</b>	
Debt Service Fund:														
Debt Service Aid Type II	16-100-034-5120-125	7/1/15-6/30/16	\$ 347,898.00			\$ 347,898.00	\$ (347,898.00)						\$ (383,898.00)	
<b>Total Debt Service Fund</b>						<b>\$ 347,898.00</b>	<b>\$ (347,898.00)</b>						<b>\$ (383,898.00)</b>	

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2015			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2016			MEMO		
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>Special Revenue Fund:</b>															
<b>N.J. Nonpublic Aid:</b>															
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	12,333.00	\$ 175.00				\$ (175.00)							
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	13,133.00			\$ 13,133.00	\$ (11,226.00)				\$ 1,907.00		\$ (11,226.00)		
Nonpublic Nursing	16-100-034-5120-070	7/1/15-6/30/16	20,700.00			20,700.00	(20,502.00)				198.00		(20,502.00)		
Nonpublic Nursing	15-100-034-5120-070	7/1/14-6/30/15	19,634.00	16.00				(16.00)							
Nonpublic Security	16-100-034-5120-509	7/1/15-6/30/16	5,750.00			5,750.00	(5,098.00)				652.00		(5,098.00)		
Nonpublic Technology	16-100-034-5120-070	7/1/15-6/30/16	5,980.00			5,980.00	(5,971.00)				9.00		(5,971.00)		
<b>Auxiliary Services:</b>															
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	21,151.00			21,151.00	(19,459.00)				1,692.00		(19,459.00)		
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	17,737.00	1,274.00				(1,274.00)							
Transportation Aid	16-100-034-5120-067	7/1/15-6/30/16	3,583.00			3,583.00	(3,583.00)						(3,583.00)		
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	15,530.00			15,530.00	(12,079.00)				3,451.00		(12,079.00)		
<b>Handicapped Services:</b>															
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	1,857.00			1,857.00	(1,857.00)						(1,857.00)		
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	6,986.00			6,986.00	(4,260.00)				2,726.00		(4,260.00)		
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	5,224.00	1,444.00				(1,444.00)							
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	5,016.00			5,016.00	(4,180.00)				836.00		(4,180.00)		
Home Instruction	15-100-034-5120-007	7/1/14-6/30/15	8,156.85		\$ (8,156.85)	8,156.85									
<b>Total Special Revenue Fund</b>				\$ 2,909.00	\$ (8,156.85)	\$ 107,842.85	\$ (88,215.00)	\$ (2,909.00)			\$ 11,471.00		\$ (88,215.00)		
<b>Total State Financial Assistance</b>				\$ 2,909.00	\$ (495,384.10)	\$ 16,038,948.25	\$ (15,819,807.34)	\$ (2,907.94)			\$ (287,713.13)	\$ 11,471.00	\$ (1,259,914.00)	\$ (15,951,768.64)	

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2016**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of South River School District. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. The Board of Education is defined in Note 1 (A) 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 schedules or expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two (2) state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) 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.



**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)  
 YEAR ENDED JUNE 30, 2016**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$5,115.00 for the General Fund. See Note 1 (the 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 73,794.77	\$ 16,320,874.49	\$ 16,394,669.26
Special Revenue Fund	1,418,459.01	88,215.00	1,506,674.01
Debt Service Fund		347,898.00	347,898.00
Capital Projects Fund		1,289,404.79	1,289,404.79
Food Service Fund	<u>585,160.17</u>	<u>10,310.06</u>	<u>595,470.23</u>
	<u>\$ 2,077,413.95</u>	<u>\$ 18,056,702.34</u>	<u>\$ 20,134,116.29</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The District had no loans outstanding payable to federal or state entities at June 30, 2016.

**6. OTHER**

The amount reported as TPAF Pension Contributions and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share social security contributions for TPAF members for the year ended June 30, 2016.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 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, dated  
November 30, 2016

Internal control over financial reporting:

1. Material weakness(es) identified? \_\_\_\_\_ yes   X   no
2. Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   none reported
- Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes   X   no
2. Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated  
November 30, 2016

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of *Uniform Guidance*? \_\_\_\_\_ yes   X   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>None</u>	<u>None</u>
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**State Financial Assistance**

Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes  X  no
2. Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs:  Unmodified, dated November 30, 2016

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>16-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-495-034-5094-003</u>	<u>Reimbursed TPAF FICA Contribution</u>
<u>4920-050/050/070-1002/1004/G2VX/1009</u>	<u>ROD School Construction</u>

Dollar threshold used to distinguish between Type A and Type B programs:  \$750,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**Section II - Schedule of Financial Statement Findings**

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

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

No federal or state award findings or questioned costs noted that are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2016**

**FOR THE YEAR ENDED JUNE 30, 2015:**

There were no findings for the year ended June 30, 2015.