

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

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual  
Financial Report**

**of the**

**High Bridge School District**

**High Bridge, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

**High Bridge School District  
Board of Education**

HIGH BRIDGE SCHOOL DISTRICT  
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INTRODUCTORY SECTION

# ***HIGH BRIDGE SCHOOL DISTRICT***

High Bridge, New Jersey 08829

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



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

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

October 4, 2017

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

Dear Board Members:

The comprehensive annual financial report of the High Bridge School District (the "District") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The High Bridge School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The High Bridge School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 8. These include regular as well as special education for classified children. The District completed the 2016-17 fiscal year with an average daily enrollment of 392 students, which is an increase of 14 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

The Borough of High Bridge has a population of about 5,000. It extends 5.94 square miles, and is a small suburban community. It is primarily residential with small percentages of its land dedicated for commercial business and open space. The Mayor and Council have worked diligently to develop and upgrade the downtown business area by creating a merchant center through zoning changes and incentives. This combined effort has resulted in a much more picturesque Main Street.

### 3) MAJOR INITIATIVES:

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

Major district initiatives include the following:

- Utilize an adaptive benchmarking program (i-Ready) to monitor student progress, drive instruction and provide individualized support.
- Work directly with the high school to ensure a successful transition for our students into 9th grade. This will be accomplished through regular articulation and partnerships including the support of High School coaches in the area of math and ELA who will visit High Bridge weekly to assist teachers and provide guidance, dialogue and ideas.
- Add an Intramural Sports elective one period per week at the Middle School.
- Expand our Enrichment for All program to include Makerspaces as a means of bringing together design, engineering and education.
- Provide for a period of Career and Study Skills to cultivate students' executive functioning skills (including time management, goal setting, note-taking, and study strategies) as well as expose students to compatible modern-day careers.
- Add a new Spanish Fun option during Activity Period at Middle School.
- Expand enrichment opportunities with mini-courses at the Elementary School.
- Implement Next Generation Science Standards at the Elementary School.

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

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

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



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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2017.

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

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

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

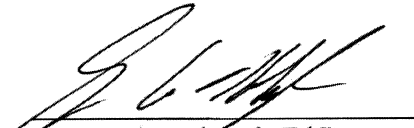
9) OTHER INFORMATION:

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

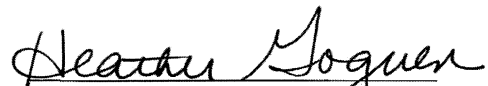
The Honorable President and Members  
of the Board of Education  
High Bridge School District  
Page 4  
October 4, 2017

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

Respectfully submitted,



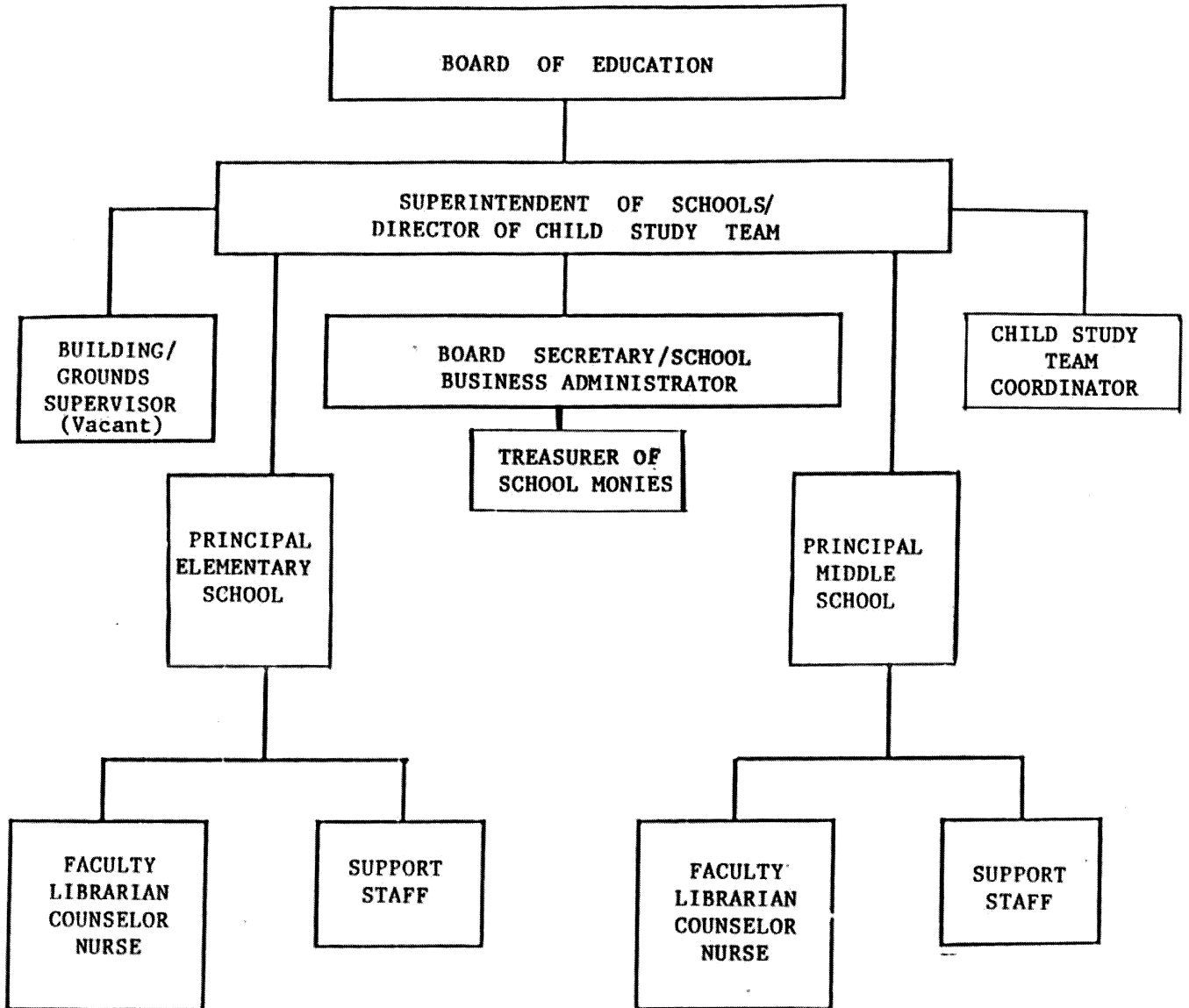
Gregory A. Hobaugh, Ed.D.  
Superintendent of Schools



Heather Goguen  
Business Administrator/Board Secretary

# HIGH BRIDGE SCHOOL DISTRICT

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



HIGH BRIDGE SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2017

Members of the Board of Education

Term Expires

Robert Imhoff, President	2017
Todd Honeycutt, Vice President	2019
Stephen Johnson	2018
Karyn Gove	2019
Cindy Sharkey	2017
Michael Estrada	2018
Alan Schwartz	2018

Other Officials

Title

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

HIGH BRIDGE SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS  
JUNE 30, 2017

**Architects**

Gianfranco Architects and Engineers  
555 East Main Street, Suite 1  
Chester, NJ 07930

**Audit Firm**

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

**Attorneys**

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

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

**Official Depository**

Peapack-Gladstone Bank  
PO Box 700  
Bedminster, NJ 07921

FINANCIAL SECTION

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the High Bridge School District (the "District") in the County of Hunterdon, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The Honorable President and Members  
of the Board of Education  
High Bridge School District  
Page 3


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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 4, 2017  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
\_\_\_\_\_  
Francis Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant

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

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

This section of High Bridge School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- Overall revenue was \$10.82 million.
- Overall expenses were \$ 11.07 million.
- The net position of the business-type activity – food services – decreased by \$13,837 due to a net loss from operations in the District's business-type activity – food services.

**Overview of the Financial Statements**

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

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

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

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

**Figure A-1  
Organization of High Bridge School District's Financial Report**

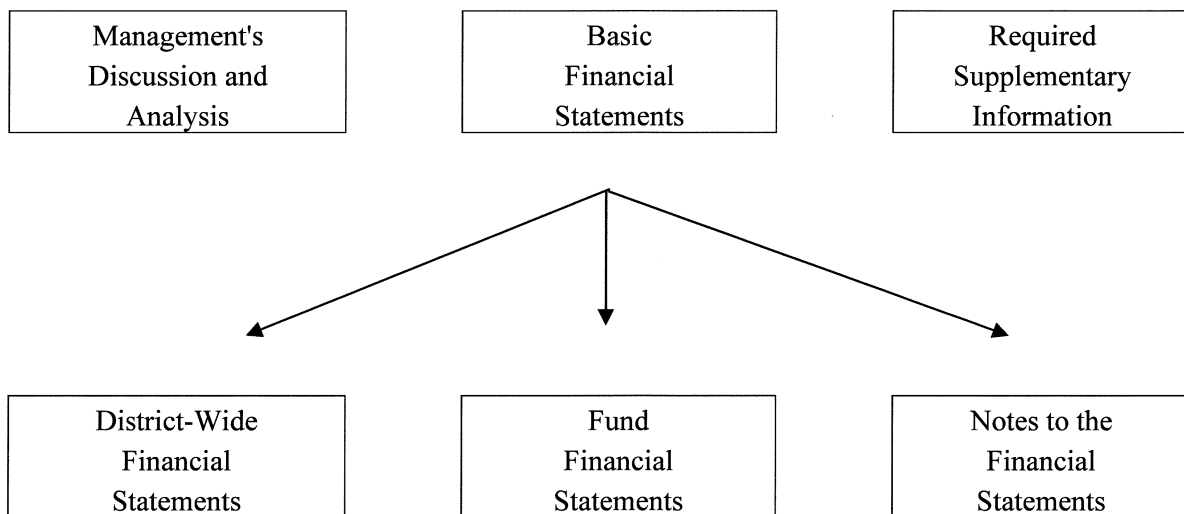


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

**Figure A-2**

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

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

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

***District-wide Statements***

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

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

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

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

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

***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

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

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

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

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

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

*Net Position*. The District's combined net position decreased \$293,402. Net position from governmental activities decreased \$279,565 and net position from business-type activities decreased \$13,837. Net position investment in capital assets increased \$46,062, restricted net position increased \$226,170, and unrestricted net position decreased by \$565,634.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change 2016/17
Current and							
Other Assets	\$ 1,705,064	\$ 1,820,531	\$ 22,326	\$ 32,267	\$ 1,727,390	\$ 1,852,798	-6.77%
Capital Assets, Net	10,751,795	11,020,733			10,751,795	11,020,733	-2.44%
Total Assets	12,456,859	12,841,264	22,326	32,267	12,479,185	12,873,531	-3.06%
Deferred Outflows of Resources	728,213	511,930			728,213	511,930	42.25%
Long-Term Liabilities							
Outstanding	5,829,986	6,318,080			5,829,986	6,318,080	-7.73%
Other Liabilities	317,928	143,942	6,220	2,324	324,148	146,266	121.62%
Total Liabilities	6,147,914	6,462,022	6,220	2,324	6,154,134	6,464,346	-4.80%
Deferred Inflows of Resources	458,842	33,291			458,842	33,291	1278.28%
Net Position:							
Net Investment in							
Capital Assets	6,956,795	6,910,733			6,956,795	6,910,733	0.67%
Restricted	1,228,281	1,002,111			1,228,281	1,002,111	22.57%
Unrestricted/(Deficit)	(1,606,760)	(1,054,963)	16,106	29,943	(1,590,654)	(1,025,020)	-55.18%
Total Net Position	\$ 6,578,316	\$ 6,857,881	\$ 16,106	\$ 29,943	\$ 6,594,422	\$ 6,887,824	-4.26%

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

*Changes in Net Position.* The District's *combined* net position was \$6,594,422 on June 30, 2017, \$293,402 or 3.53% lower than it was the year before. (See Figure A-3). Net position invested in capital assets increased by \$46,062 or 0.67% as a result of \$315,000 of long-term debt maturities and capital asset additions of \$18,896; offset by depreciation of \$287,834 in its governmental activities. Restricted net position increased by \$226,170 or 3.91% due to a decrease of \$89,441 in Capital Reserve offset by an increase of \$50,282 in Maintenance Reserve, and an increase of \$265,329 of restricted excess surplus. Unrestricted net position decreased by \$565,634 due primarily to normal operations and changes in pensions. (See Figure A-3).

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

	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District	Total Percentage Change
	2016/17	2016/17	2016/17	2015/16	2015/16	2015/16	2016/17
Revenue:							
Program Revenue:							
Charges for Services	\$ 96,990	\$ 59,454	\$ 156,444	\$ 150,729	\$ 38,862	\$ 189,591	-17.48%
Operating Grants and Contributions	4,607,591	28,816	4,636,407	3,661,977	33,041	3,695,018	25.48%
General Revenue:							
Property Taxes	5,937,817		5,937,817	5,829,372		5,829,372	1.86%
Other	92,681	11	92,692	138,024	14,069	152,093	-39.06%
Total Revenue	10,735,079	88,281	10,823,360	9,780,102	85,972	9,866,074	9.70%
Expenses:							
Instruction	6,828,722		6,828,722	5,718,943		5,718,943	19.41%
Pupil and Instruction Services	2,174,526		2,174,526	1,501,105		1,501,105	44.86%
Administrative and Business	787,233		787,233	677,757		677,757	16.15%
Maintenance and Operations	853,821		853,821	782,789		782,789	9.07%
Pupil Transportation	77,383		77,383	97,142		97,142	-20.34%
Other	242,959	102,118	345,077	247,822	80,014	327,836	5.26%
Total Expenses	10,964,644	102,118	11,066,762	9,025,558	80,014	9,105,572	21.54%
Transfers	(50,000)						
Increase/(Decrease) in Net Position	\$ (279,565)	\$ (13,837)	\$ (243,402)	\$ 754,544	\$ 5,958	\$ 760,502	-132.01%

*Revenue Sources.* The District's total revenue for the 2016/17 school year was \$10,823,360 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$5,937,817 of the total, or 54.86 percent. (See Figure A-5). Another 42.83 percent came from state and federal aid and the remaining 2.31% of revenues came from charges for services and miscellaneous sources. The High Bridge School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.



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

**Figure A-5**

**Sources of Revenue for Fiscal Year 2017**

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
Property Taxes	\$ 5,937,817	54.86%
Federal and State Categorical Grants	4,636,407	42.83%
Charges for Services	156,444	1.45%
Other	92,692	0.86%
	<u>\$ 10,823,360</u>	<u>100.00%</u>

The total cost of all programs and services was \$11,066,762. The District's expenses are predominantly related to instructing, caring for and transporting pupil services (82.05 percent instruction). The administrative and business activities of the schools were 7.11 percent. (See Figure A-6.) The District's maintenance and operations accounted for 7.72 percent of total costs. It is important to note that depreciation is included in expenses for the year under this accounting reporting model; expenses therefore include \$287,834 in depreciation of which a large portion was charged to Maintenance and Operations.

**Figure A-6**

**Expenses for Fiscal Year 2017**

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 6,828,722	61.70%
Pupil and Instruction Services	2,174,526	19.65%
Administrative and Business	787,233	7.11%
Maintenance and Operations	853,821	7.72%
Transportation	77,383	0.70%
Other	345,077	3.12%
	<u>\$ 11,066,762</u>	<u>100.00%</u>

***Governmental Activities***

As discussed elsewhere in this commentary, the financial position of the District decreased by \$279,565. The District will continue sound fiscal management in order to maintain its existing programs, provide programs and services for students with special needs and meet the rising costs of fixed obligations.

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

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

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

**Figure A-7**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2016/17</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2015/16</u>
Instruction	\$ 6,828,722	\$ 2,920,051	\$ 5,718,943	\$ 2,036,627
Pupil and Instruction Services	2,174,526	1,469,424	1,501,105	1,373,122
Administrative and Business	787,233	712,180	677,757	677,757
Maintenance and Operations	853,821	853,821	782,789	782,789
Transportation	77,383	61,628	97,142	94,735
Other	242,959	242,959	247,822	247,822
	<u>\$ 10,964,644</u>	<u>\$ 6,260,063</u>	<u>\$ 9,025,558</u>	<u>\$ 5,212,852</u>

***Governmental Type Activities***

- The cost of all governmental activities this year was \$10.96 million.
- The federal and state governments subsidized certain programs with grants and aid (\$4.61 million).
- Most of the District's costs, however, were financed by District taxpayers (\$5.94 million).
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

***Business-Type Activities***

Net position from the District's business-type activity decreased \$13,837 (Refer to Figure A-4). Factors contributing to these results included:

- Food service expenses exceeded revenues by \$13,837 which accounted for the overall decrease in the net position of the business-type activities.

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

The District's financial position decreased during the year mostly due to having increased salaries and retro-pays due to a new contract being settled for the teaching staff of the District. Programs were reduced in order to balance the budget. The Board of Education meets monthly to review any items that may have a significant financial impact on the District, and address each item accordingly.

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

**General Fund Budgetary Highlights**

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

**Capital Asset and Long Term Liabilities**

**Figure A-8**

	<b>Capital Assets (Net of Depreciation)</b>				Percentage
	Governmental Activities		Total School District		Change
	2016/17	2015/16	2016/17	2015/16	2016/17
Land	\$ 4,826,600	\$ 4,826,600	\$ 4,826,600	\$ 4,826,600	0.00%
Site Improvements	65,832	102,089	65,832	102,089	-35.52%
Buildings and Building Improvements	5,848,185	6,092,044	5,848,185	6,092,044	-4.00%
Machinery and Equipment	11,178		11,178		100.00%
<b>Total Capital Assets (Net of Depreciation)</b>	<b><u>\$ 10,751,795</u></b>	<b><u>\$ 11,020,733</u></b>	<b><u>\$ 10,751,795</u></b>	<b><u>\$ 11,020,733</u></b>	<b>-2.44%</b>

During the fiscal year, total depreciation expense was \$287,834 for governmental activities and \$-0- for business-type activities. There were additions of \$18,896 and no deletions recorded in the governmental-type activities, and there were no additions or deletions recorded by the business-type activities during the fiscal year.

**Long-term Liabilities**

At year-end, the District had \$3,795,000 in general obligation bonds outstanding – a decrease of \$315,000 in bonds from last year as well as a decrease of \$482 in compensated absences liability from last year mostly due to a normal accrual and usage of accrued time by employees of the District – as shown in Figure A-9 and a net decrease of \$172,612 in the net pension liability. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-9**

	<b>Outstanding Long-Term Liabilities</b>		Percentage
	2016/17	2015/16	Change
Bonds Payable	\$ 3,795,000	\$ 4,110,000	-7.66%
Net Pension Liability	1,897,974	2,070,586	-8.34%
Compensated Absences Payable	137,012	137,494	-0.35%
	<b><u>\$ 5,829,986</u></b>	<b><u>\$ 6,318,080</u></b>	<b>-7.73%</b>

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

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

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 40 Fairview Avenue, High Bridge, NJ 08829.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 457,350	\$ 1,898	\$ 459,248
Receivables from Other Governments:			
Federal	24,006	1,486	25,492
State	275,341	59	275,400
Internal Balances	(14,585)	14,585	
Inventory		4,298	4,298
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	601,157		601,157
Maintenance Reserve Account - Cash and Cash Equivalents	361,795		361,795
Capital Assets, Net			
Sites (Land)	4,826,600		4,826,600
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	5,925,195		5,925,195
Total Assets	<u>12,456,859</u>	<u>22,326</u>	<u>12,479,185</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Changes in Assumptions - Pensions	393,159		393,159
Difference Between Expected and Actual Experience - Pensions	35,297		35,297
Changes in Proportions - Pensions	142,386		142,386
Investment Gains - Pensions	72,371		72,371
District Contribution Subsequent to Measurement Date - Pensions	85,000		85,000
Total Deferred Outflows of Resources	<u>728,213</u>		<u>728,213</u>
<b>LIABILITIES</b>			
Accrued Interest Payable	70,380		70,380
Accounts Payable - Vendors	190,487	3,655	194,142
Interfund Payable	50,000		50,000
Unearned Revenue	7,061	2,565	9,626
Noncurrent Liabilities:			
Due Within One Year	335,000		335,000
Due Beyond One Year	5,494,986		5,494,986
Total Liabilities	<u>6,147,914</u>	<u>6,220</u>	<u>6,154,134</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Changes in Proportion - Pensions	458,842		458,842
Total Deferred Inflow of Resources	<u>458,842</u>		<u>458,842</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,956,795		6,956,795
Restricted for:			
Capital Projects	601,157		601,157
Maintenance Reserve	361,795		361,795
Other Purposes - Subsequent Year's Expenditures	265,329		265,329
Unrestricted/(Deficit)	(1,606,760)	16,106	(1,590,654)
Total Net Position	<u>\$ 6,578,316</u>	<u>\$ 16,106</u>	<u>\$ 6,594,422</u>

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

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 4,318,019	\$ 96,990	\$ 2,751,346	\$ (1,469,683)		\$ (1,469,683)
Special Education	2,323,027		1,060,335	(1,262,692)		(1,262,692)
Other Instruction	187,676			(187,676)		(187,676)
Support Services:						
Tuition	42,148			(42,148)		(42,148)
Student & Instruction Related Services	2,132,378		705,102	(1,427,276)		(1,427,276)
General Administrative Services	293,894		25,805	(268,089)		(268,089)
School Administrative Services	340,487		49,248	(291,239)		(291,239)
Plant Operations and Maintenance	853,821			(853,821)		(853,821)
Pupil Transportation	77,383		15,755	(61,628)		(61,628)
Central Services	152,852			(152,852)		(152,852)
Interest on Long-Term Debt	196,835			(196,835)		(196,835)
Capital Outlay	46,124			(46,124)		(46,124)
Total Governmental Activities	10,964,644	96,990	4,607,591	(6,260,063)		(6,260,063)



HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Food Service	\$ 102,118	\$ 59,454	\$ 28,816		\$ (13,848)	\$ (13,848)
Total Business-Type Activities	102,118	59,454	28,816		(13,848)	(13,848)
Total Primary Government	\$ 11,066,762	\$ 156,444	\$ 4,636,407	\$ (6,260,063)	(13,848)	(6,273,911)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				5,496,652		5,496,652
Taxes Levied for Debt Service				441,165		441,165
Investment Earnings				841	11	852
Miscellaneous Income				91,840		91,840
Total General Revenues				5,980,498	11	5,980,509
Change in Net Position				(279,565)	(13,837)	(293,402)
Net Position - Beginning				6,857,881	29,943	6,887,824
Net Position - Ending				\$ 6,578,316	\$ 16,106	\$ 6,594,422

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

FUND FINANCIAL STATEMENTS

HIGH BRIDGE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 413,303	\$ 44,047	\$ 457,350
Interfund Receivable:			
General Fund		6,600	6,600
Special Revenue Fund	66,186		66,186
Receivables From Other Governments:			
Federal		24,006	24,006
State	275,341		275,341
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	601,157		601,157
Maintenance Reserve Account - Cash and Cash Equivalents	361,795		361,795
<b>Total Assets</b>	<b>\$ 1,717,782</b>	<b>\$ 74,653</b>	<b>\$ 1,792,435</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable - Vendors	\$ 103,421	\$ 2,066	\$ 105,487
Interfund Payable:			
General Fund		66,186	\$ 66,186
Special Revenue Fund	6,600		6,600
Food Service Fund	14,585		14,585
Unemployment Account	50,000		50,000
Unearned Revenue		7,061	7,061
<b>Total Liabilities</b>	<b>174,606</b>	<b>75,313</b>	<b>249,919</b>
<b>Fund Balances:</b>			
<b>Restricted for:</b>			
Capital Reserve Account	601,157		601,157
Maintenance Reserve Account	361,795		361,795
Excess Surplus	265,329		265,329
<b>Assigned to:</b>			
Subsequent Year's Expenditures	50,000		50,000
<b>Unassigned:</b>			
General Fund	264,895		264,895
Special Revenue Fund/(Deficit)		(660)	(660)
<b>Total Fund Balances</b>	<b>1,543,176</b>	<b>(660)</b>	<b>1,542,516</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,717,782</b>	<b>\$ 74,653</b>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) is Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$16,699,543 and the accumulated depreciation is \$5,947,748.	10,751,795
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(3,932,012)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(70,380)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,897,974)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	393,159
Difference between Expected and Actual Experience - Pensions	35,297
Investment Gains - Pensions	72,371
Changes in Proportions - Pensions	(316,456)
<b>Net Position of Governmental Activities</b>	<b>\$ 6,578,316</b>

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 5,496,652			\$ 441,165	\$ 5,937,817
Tuition Charges	96,990				96,990
Interest Earned on Capital Reserve Funds	559				559
Interest Earned on Maintenance Reserve Funds	282				282
Miscellaneous	9,722	\$ 5,955		76,163	91,840
Total - Local Sources	5,604,205	5,955		517,328	6,127,488
State Sources	2,735,297	6,600			2,741,897
Federal Sources		130,553			130,553
Total Revenue	8,339,502	143,108		517,328	8,999,938
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	2,328,065	48,000			2,376,065
Special Education Instruction	1,169,135	95,108			1,264,243
Other Instruction	151,743				151,743
Support Services and Undistributed Costs:					
Tuition	42,148				42,148
Student & Instruction Related Services	1,128,662				1,128,662
General Administrative Services	226,986				226,986
School Administrative Services	221,905				221,905
Central Services	127,629				127,629
Pupil Transportation	76,143				76,143

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES</b>					
Plant Operations and Maintenance	\$ 722,007				\$ 722,007
Benefits - Allocated and Unallocated	2,296,936				2,296,936
Debt Service:					
Principal				\$ 315,000	315,000
Interest and Other Charges				202,328	202,328
Capital Outlay	65,020				65,020
Total Expenditures	<u>8,556,379</u>	<u>\$ 143,108</u>		<u>517,328</u>	<u>9,216,815</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	<u>(216,877)</u>				<u>(216,877)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers In	1,245				1,245
Transfers Out	<u>(50,000)</u>		<u>\$ (1,245)</u>		<u>(51,245)</u>
Total Other Financing Sources/(Uses)	<u>(48,755)</u>		<u>(1,245)</u>		<u>(50,000)</u>
Net Change in Fund Balances	<u>(265,632)</u>		<u>(1,245)</u>		<u>(266,877)</u>
Fund Balance/(Deficit)—July 1	<u>1,808,808</u>	<u>(660)</u>	<u>1,245</u>		<u>1,809,393</u>
Fund Balance/(Deficit)—June 30	<u>\$ 1,543,176</u>	<u>\$ (660)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,542,516</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (266,877)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation expense	(287,834)
	Capital outlays	<u>18,896</u>
		(268,938)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		482
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		
		315,000
In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		5,493
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	172,612
	Deferred Outflows:	
	Changes in Assumptions	170,795
	Changes in Proportion	(40,852)
	Difference between Expected and Actual Experience	(14,100)
	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	105,662
	Deferred Inflows:	
	Changes in Proportion	<u>(458,842)</u>
Change in Net Position - Governmental Funds (Exhibit A-2)		<u>\$ (279,565)</u>

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

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

Business-Type  
 Activities -  
Enterprise Funds

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,898
Intergovernmental Accounts Receivable:	
State	59
Federal	1,486
Interfund Receivable	14,585
Inventories	4,298
	22,326
Total Current Assets	
Non-Current Assets:	
Capital Assets:	
Equipment	139,368
Accumulated Depreciation	(139,368)
	-0-
Total Non-Current Assets	
	22,326
Total Assets	
LIABILITIES:	
Current Liabilities:	
Accounts Payable- Vendors	3,655
Unearned Revenue	1,997
Unearned Revenue - Prepaid Sales	568
	6,220
Total Liabilities	
NET POSITION:	
Unrestricted	16,106
	\$ 16,106
Total Net Position	

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

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>
Operating revenue	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 50,502
Daily Sales - Non-Reimbursable Sales	<u>8,952</u>
Total Operating Revenue	<u>59,454</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	47,992
Cost of Sales - Non-Reimbursable Programs	5,932
Salaries, Benefits & Payroll Taxes	33,320
Supplies, Insurance & Other Costs	4,090
Management Fee	7,064
Miscellaneous Expenses	<u>3,720</u>
Total Operating Expenses	<u>102,118</u>
Operating (Loss)	<u>(42,664)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	11
State Sources:	
State School Lunch Program	870
Federal Sources:	
National School Lunch Program	21,547
Food Distribution Program	<u>6,399</u>
Total Non-Operating Revenue	<u>28,827</u>
Change in Net Position	(13,837)
Net Position - Beginning of Year	<u>29,943</u>
Net Position - End of Year	<u><u>\$ 16,106</u></u>

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



HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 59,454
Payments to Food Service Vendor	(92,201)
Net Cash Used for Operating Activities	<u>(32,747)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	966
Federal Sources	24,460
Net Cash Provided by Investing Activities	<u>25,426</u>
Cash Flows From Investing Activities:	
Interest Income	11
Net Cash Provided by Investing Activities	<u>11</u>
Net Decrease in Cash and Cash Equivalents	(7,310)
Cash and Cash Equivalents, July 1	<u>9,208</u>
Cash and Cash Equivalents, June 30	<u>\$ 1,898</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (42,664)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Food Distribution Program	6,399
Changes in Assets and Liabilities:	
(Increase) in Inventory	(378)
Increase in Accounts Payable	3,655
Increase in Unearned Revenue	349
(Decrease) in Unearned Revenue - Prepaid Sales	(108)
Net Cash Used for Operating Activities	<u>\$ (32,747)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$6,748 and \$6,399, respectively, the fiscal year ended June 30, 2017.

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

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 51,373	\$ 5,175	\$ 12,668
Interfund Receivable			50,000
Total Assets	<u>51,373</u>	<u>5,175</u>	<u>62,668</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	32,545		
Due to Student Groups	<u>18,828</u>		
Total Liabilities	<u>51,373</u>		
<u>NET POSITION:</u>			
Held in Trust for Flexible Spending Claims		5,175	
Restricted for Unemployment Claims			<u>62,668</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 5,175</u>	<u>\$ 62,668</u>

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

HIGH BRIDGE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions:		
Plan Contributions	\$ 26,844	
Employee Deductions		\$ 25,513
Board Contributions		50,000
Total Contributions	<u>26,844</u>	<u>75,513</u>
Investment Earnings:		
Interest	<u>5</u>	<u>7</u>
Net Investment Earnings	<u>5</u>	<u>7</u>
Total Additions	<u>26,849</u>	<u>75,520</u>
Deductions:		
Flexible Spending Claims	28,323	
Unemployment Compensation Claims		17,260
Total Deductions	<u>28,323</u>	<u>17,260</u>
Change in Net Position	(1,474)	58,260
Net Position - Beginning of the Year	<u>6,649</u>	<u>4,408</u>
Net Position - End of the Year	<u>\$ 5,175</u>	<u>\$ 62,668</u>

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

The District reports the following proprietary fund:

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 8,338,265	\$ 143,108
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	146,253	660
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(145,016)</u>	<u>(660)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,339,502</u>	<u>\$ 143,108</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 8,556,379</u>	<u>\$ 143,108</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,556,379</u>	<u>\$ 143,108</u>

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

H. Encumbrances: (Cont'd)

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

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

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

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

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,543,176 General Fund fund balance at June 30, 2017, \$601,157 is restricted in the capital reserve account; \$361,795 is restricted in the maintenance reserve account; \$265,329 is restricted as current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019, \$50,000 is assigned to subsequent year's expenditures, and \$264,895 is unassigned which is \$145,016 less than the Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ending June 30, 2018.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2017 is \$ (660) and is unassigned.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2017 is \$-0-.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2017 is \$ -0-.

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$145,016 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit in Net Position/Fund Balance:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2017 of \$1,606,760. This deficit primarily resulted from liabilities and deferred inflows and outflows related to pensions and compensated absences. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2017 for the changes in assumptions in pensions, the District contribution subsequent to the measurement date in pensions, difference between expected and actual experience in pensions, investment gains in pensions, and changes in proportions in pension.

The District had a deferred inflow of resources at June 30, 2017 for the changes in proportions in pensions.

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

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

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

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund for amounts assigned to subsequent year's expenditures at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

Custodial Credit Risk – The District’s policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) ; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>		<u>Total</u>
		<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	
Checking & Savings Accounts	\$ 528,464	\$ 601,157	\$ 361,795	\$ 1,491,416
	<u>\$ 528,464</u>	<u>\$ 601,157</u>	<u>\$ 361,795</u>	<u>\$ 1,491,416</u>

During the period ended June 30, 2017 the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$1,491,416 and the bank balance was \$1,733,540.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 690,598
Increased by:	
Interest Earnings	559
Board Resolution	<u>200,000</u>
	891,157
Decreased by:	
Budgeted Withdrawal	<u>(290,000)</u>
Ending Balance, June 30, 2017	<u>\$ 601,157</u>

The June 30, 2017 Capital Reserve balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve account was for use in DOE approved facilities projects, consistent with the District's LRFP.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016		\$ 311,513
Increased by:		
Interest Earnings		282
Board Resolution - June 28, 2017		50,000
Ending Balance, June 30, 2017		\$ 361,795

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District made transfers within the capital outlay accounts in the amount of \$2,228 for equipment which did not require the approval of the County Superintendent.



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 4,826,600			\$ 4,826,600
Total Capital Assets Not Being Depreciated	<u>4,826,600</u>			<u>4,826,600</u>
Capital Assets Being Depreciated:				
Site Improvements	725,140			725,140
Buildings and Building Improvements	10,845,801	\$ 6,476		10,852,277
Machinery and Equipment	283,106	12,420		295,526
Total Capital Assets Being Depreciated	<u>11,854,047</u>	<u>18,896</u>		<u>11,872,943</u>
Governmental Activities Capital Assets	<u>16,680,647</u>	<u>18,896</u>		<u>16,699,543</u>
Less Accumulated Depreciation for:				
Site Improvements	(623,051)	(36,257)		(659,308)
Buildings and Building Improvements	(4,753,757)	(250,335)		(5,004,092)
Machinery and Equipment	(283,106)	(1,242)		(284,348)
	<u>(5,659,914)</u>	<u>(287,834)</u>		<u>(5,947,748)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,020,733</u>	<u>\$ (268,938)</u>	<u>\$ - 0 -</u>	<u>\$ 10,751,795</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 139,368			\$ 139,368
Less Accumulated Depreciation	<u>(139,368)</u>			<u>(139,368)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$257,350
Operations and Maintenance of Plant	<u>30,484</u>
	<u>\$287,834</u>

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Bonds Payable	\$ 4,110,000		\$ 315,000	\$ 3,795,000
Compensated Absences Payable	137,494	\$ 53,582	54,064	137,012
Net Pension Liability	2,070,586		172,612	1,897,974
	\$ 6,318,080	\$ 53,582	\$ 541,676	\$ 5,829,986

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2017 as follows:

	<u>Serial Bonds</u>		<u>Amount</u>
Final Maturity Date	Interest Rate		
2/15/2026	4.0-5.0%		\$ 3,795,000

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

	<u>Bonds</u>		
Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 335,000	\$ 187,680	\$ 522,680
2019	355,000	171,935	526,935
2020	375,000	155,250	530,250
2021	395,000	136,500	531,500
2022	415,000	116,750	531,750
2023-2026	1,920,000	246,750	2,166,750
	\$ 3,795,000	\$ 1,014,865	\$ 4,809,865

The bonds will be liquidated by the Debt Service Fund.

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had no bonds authorized but not issued.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds and business type activities in the current year. The long-term liability balance of compensated absences is \$137,012 for Governmental Activities and \$ - 0 - for Business-type Activities.

Compensated absences will be liquidated by the General Fund.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$1,897,974. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$57,488 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$1,897,974 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.006%, which was a decrease of 0.003% from its proportion measured as of June 30, 2015.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$121,653. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 23,858	
	2015	5.72	97,489	
	2016	5.57	271,812	
			<u>393,159</u>	
Changes in Proportion	2014	6.44	117,756	
	2015	5.72	24,630	
	2016	5.57		458,842
			<u>142,386</u>	<u>458,842</u>
Difference Between Expected and Actual	2015	5.72	27,048	
	2016	5.57	8,249	
			<u>35,297</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(35,750)	
	2015	5.00	22,873	
	2016	5.00	85,248	
			<u>72,371</u>	
Contribution Subsequent to Measurement Date	2016	1.00	85,000	
			<u>\$ 728,213</u>	<u>\$ 458,842</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2017	\$ 112,757
2018	112,757
2019	130,632
2020	109,750
2021	34,931
	<u>\$ 500,827</u>

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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' target asset allocation as of June 30, 2016 are summarized in the following table:

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>District's proportionate share of the Net Pension Liability</u>	\$ 2,325,746	\$ 1,897,974	\$ 1,544,811
<u>Pension Plan Fiduciary Net Position</u>			

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$384,196 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,119,337.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$28,206,647. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.0358%, which was an increase of 0.0012% from its proportion measured as of June 30, 2015.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	28,206,647
Total	<u>\$ 28,206,647</u>

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$2,119,337 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.0	(870,618,286)	
	2015	5.0	577,926,182	
	2016	5.0	1,727,420,767	
			<u>1,434,728,663</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>	

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contribution. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 33,685,041	\$ 28,206,647	\$ 23,732,832
<u>Pension Plan Fiduciary Net Position</u>			

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$8,965 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$16,437 for the year ended June 30, 2017.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

The State's on behalf Post Retirement Medical Contributions to TPAF for the District were \$331,721, \$287,078, and \$297,251 for 2017, 2016, and 2015, respectively.

NOTE 11. RISK MANAGEMENT

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

Property and Liability

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

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

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

The June 30, 2017 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2016 is as follows:

Total Assets	<u>\$ 38,579,014</u>
Net Position	<u>\$ 9,463,015</u>
Total Revenue	<u>\$ 41,445,355</u>
Total Expenses	<u>\$ 39,153,730</u>
Change in Net Position	<u>\$ 2,291,625</u>
Members Dividends	<u>\$ -0-</u>

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

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

Public Entity Group Administrative Services  
6000 Midlantic Drive, Suite 300  
Mt. Laurel, NJ 08054  
(609) 386-6060

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 50,000	\$ 25,520	\$ 17,260	\$ 62,668
2015-2016		9,815	20,022	4,408
2014-2015	18	8,059	19,807	14,615

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 66,186	\$ 71,185
Special Revenue Fund	6,600	66,186
Enterprise Fund	14,585	
Fiduciary Fund	50,000	
	<u>\$ 137,371</u>	<u>\$ 137,371</u>

The interfund payable in the Special Revenue Fund and the interfund receivable in the General Fund as of June 30, 2017 represents the cash deficit in the Special Revenue Fund due to the delay between the request and receipt of reimbursement on federal grants. The interfund due from the General Fund to the Enterprise Fund is for Federal and State reimbursements collected in the General Fund which were not transferred to the Enterprise Fund prior to year end.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

AXA Equitable  
Lincoln National Life

NOTE 15. TAX CALENDAR

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

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2017, there were no encumbrances.

Accounts Payable

At June 30, 2017, the District had the following accounts payable:

	Governmental Funds		District Contribution	Total	Business-Type
	General	Special	Subsequent to the	Governmental	Activities
	Fund	Revenue	Measurement	Activities	Proprietary
		Fund	Date		Funds
Vendors	\$ 103,421	\$ 2,066		\$ 105,487	\$ 3,655
Due to State of New Jersey			\$ 85,000	85,000	
	<u>\$ 103,421</u>	<u>\$ 2,066</u>	<u>\$ 85,000</u>	<u>\$ 190,487</u>	<u>\$ 3,655</u>



SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0090272079%	0.0092239230%	0.0064083651%
District's proportionate share of the net pension liability	\$ 1,690,140	\$ 2,070,586	\$ 1,897,974
District's covered employee payroll	\$ 624,463	\$ 520,502	\$ 491,789
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	270.65%	397.81%	385.93%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 74,419	\$ 79,301	\$ 57,488
Contributions in relation to the contractually required contribution	<u>(68,220)</u>	<u>(79,301)</u>	<u>(57,488)</u>
Contribution deficiency/(excess)	<u>\$ 6,199</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 604,158	\$ 624,463	\$ 520,502
Contributions as a percentage of covered employee payroll	12.32%	12.70%	11.04%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0354432720%	0.0346341701%	0.0358560443%
State's proportionate share of the net pension liability attributable to the District	\$ 18,943,275	\$ 21,890,275	\$ 28,206,647
District's covered employee payroll	\$ 3,555,755	\$ 3,591,847	\$ 3,639,669
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	532.75%	609.44%	774.98%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	33.64%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,019,326	\$ 1,336,598	\$ 2,119,337
Contributions in relation to the contractually required contribution	(187,245)	(287,078)	(384,196)
Contribution deficiency/(excess)	<u>\$ 832,081</u>	<u>\$ 1,049,520</u>	<u>\$ 1,735,141</u>
District's covered employee payroll	\$ 3,555,755	\$ 3,591,847	\$ 3,639,669
Contributions as a percentage of covered employee payroll	5.27%	7.99%	10.56%

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

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES



HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
General Fund Revenues:					
Local Sources:					
Local Tax Levy	\$ 5,496,251		\$ 5,496,251	\$ 5,496,652	\$ 401
Tuition from Other LEA's	125,000		125,000	96,990	(28,010)
Interest Earned on Capital Reserve Funds				559	559
Interest Earned on Maintenance Reserve Funds				282	282
Miscellaneous	24,000		24,000	9,722	(14,278)
Total - Local Sources	5,645,251		5,645,251	5,604,205	(41,046)
State Sources:					
Equalization Aid	1,047,717		1,047,717	1,047,717	
School Choice Aid	30,348		30,348	30,348	
Categorical Transportation Aid	14,338		14,338	14,338	
Categorical Special Education Aid	210,436		210,436	210,436	
Categorical Security Aid	29,836		29,836	29,836	
Adjustment Aid	142,509		142,509	142,509	
PARCC Readiness Aid	3,330		3,330	3,330	
Per Pupil Growth Aid	3,330		3,330	3,330	
Professional Learning Community Aid	3,580		3,580	3,580	
Nonpublic Transportation Aid				1,417	1,417
Extraordinary Aid	95,000		95,000	253,494	158,494
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				384,196	384,196
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				331,721	331,721
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				13,920	13,920
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				607	607
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				263,281	263,281
Total State Sources	1,580,424		1,580,424	2,734,060	1,153,636
Total Revenues	7,225,675		7,225,675	8,338,265	1,112,590

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	\$ 164,094	\$ 1,586	\$ 165,680	\$ 165,680	
Grades 1-5 - Salaries of Teachers	1,071,903	(35,690)	1,036,213	1,036,213	
Grades 6-8 - Salaries of Teachers	696,584	(78,839)	617,745	617,745	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	7,162	(6,949)	213	213	
Purchased Professional-Educational Services	1,000	(1,000)			
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	16,115	(4,434)	11,681	9,367	\$ 2,314
Purchased Professional-Educational Services	135,000	147,344	282,344	251,192	31,152
Purchased Professional-Technical Services	78,700	3,649	82,349	82,349	
Other Purchased Services	12,101	(3,153)	8,948	8,948	
General Supplies	130,124	11,524	141,648	135,484	6,164
Textbooks	20,000	14	20,014	20,014	
Other Objects	8,000	(6,795)	1,205	860	345
<b>Total Regular Programs - Instruction</b>	<b>2,340,783</b>	<b>27,257</b>	<b>2,368,040</b>	<b>2,328,065</b>	<b>39,975</b>
<b>Special Education - Instruction:</b>					
<b>Multiple Disabilities:</b>					
Salaries of Teachers	75,934	(6,533)	69,401	69,401	
Other Salaries for Instruction	2,000	(835)	1,165	1,165	
General Supplies	6,102	(2,542)	3,560	3,560	
Total Multiple Disabilities	84,036	(9,910)	74,126	74,126	
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	648,454	22,903	671,357	671,357	
Other Salaries for Instruction		2,335	2,335	2,335	
General Supplies	4,000	(2,379)	1,621	1,621	
Total Resource Room/Resource Center	652,454	22,859	675,313	675,313	

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Autism:					
Salaries of Teachers	\$ 156,671	\$ 59,522	\$ 216,193	\$ 208,277	\$ 7,916
Other Salaries for Instruction	46,648	(1,110)	45,538	45,538	
Other Purchased Services	100	(100)			
General Supplies	2,250	(1,063)	1,187	1,187	
Total Autism	205,669	57,249	262,918	255,002	7,916
Preschool Disabilities - Part Time:					
Salaries of Teachers	65,304	50,492	115,796	99,922	15,874
Other Salaries for Instruction	30,536	27,895	58,431	58,431	
General Supplies	2,000	(891)	1,109	1,109	
Total Preschool Disabilities - Full Time	97,840	77,496	175,336	159,462	15,874
Home Instruction:					
Salaries of Teachers - Home Instruction	7,000	(7,000)			
Purchased Professional Educational Services		5,232	5,232	5,232	
Total Home Instruction	7,000	(1,768)	5,232	5,232	
Total Special Education - Instruction	1,046,999	145,926	1,192,925	1,169,135	23,790
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	183,296	(76,069)	107,227	106,764	463
General Supplies	250	50	300	300	
Total Basic Skills/Remedial - Instruction	183,546	(76,019)	107,527	107,064	463
School-Sponsored Cocurricular Activities:					
Salaries	37,565	(2,338)	35,227	35,227	
Purchased Services	4,300	3,690	7,990	7,990	
Supplies and Materials	1,000	167	1,167	1,167	
Other Objects		295	295	295	
Total School-Sponsored Cocurricular Activities	42,865	1,814	44,679	44,679	
Total Instruction	3,614,193	98,978	3,713,171	3,648,943	64,228

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Undistributed Expenditures - Instruction:					
Tuition - State Facilities	\$ 32,000	\$ 306	\$ 32,306	\$ 32,306	
Tuition - Private Schools for the Handicapped	34,094	(306)	33,788	9,842	\$ 23,946
Total Undistributed Expenditures - Instruction	66,094		66,094	42,148	23,946
Undistributed Expend. - Attend. & Social Work:					
Salaries	48,952	3,102	52,054	52,054	
Total Undistributed Expend. - Attend. & Social Work	48,952	3,102	52,054	52,054	
Health Services:					
Salaries	136,666	1,549	138,215	133,085	5,130
Purchased Professional and Technical Services	2,000	(250)	1,750	1,750	
Other Purchased Services	500	(500)			
Supplies and Materials	3,900	1,069	4,969	3,704	1,265
Total Health Services	143,066	1,868	144,934	138,539	6,395
Speech, OT, PT and Related Services:					
Salaries	84,805	34,943	119,748	119,748	
Purchased Professional - Educational Services	13,791	(11,031)	2,760	2,362	398
Supplies and Materials	1,000	(8)	992	992	
Total Speech, OT, PT and Related Services	99,596	23,904	123,500	123,102	398
Students - Extraordinary Services:					
Salaries	65,176	172,353	237,529	225,267	12,262
Purchased Professional - Educational Services	239,400	(223,515)	15,885	5,713	10,172
Total Students - Extraordinary Services	304,576	(51,162)	253,414	230,980	22,434
Guidance Services:					
Salaries of Other Professional Staff	116,182	2,271	118,453	118,188	265
Salaries of Secretarial & Clerical Assistants	34,498	2,076	36,574	36,574	
Supplies and Materials	788	(322)	466	466	
Total Guidance Services	151,468	4,025	155,493	155,228	265

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Child Study Team:					
Salaries of Other Professional Staff	\$ 233,363	\$ 3,782	\$ 237,145	\$ 237,143	\$ 2
Salaries of Secretarial and Clerical Assistants	28,606	5,973	34,579	34,441	138
Purchased Professional - Educational Services	21,000	4,074	25,074	11,036	14,038
Other Purchased Services	8,000	(7,655)	345	100	245
Supplies and Materials	5,938	(500)	5,438	4,554	884
Other Objects	1,750	(449)	1,301	1,282	19
Total Child Study Team	298,657	5,225	303,882	288,556	15,326
Improvement of Instructional Staff:					
Salaries of Supervisor of Instruction	58,240		58,240	58,201	39
Salaries of Secretarial and Clerical Assistants	10,703	70	10,773	10,773	
Other Salaries	3,000	(3,000)			
Supplies and Materials	3,200	(3,200)			
Total Improvement of Instructional Staff	75,143	(6,130)	69,013	68,974	39
Educational Media Services/School Library:					
Salaries	55,534	(712)	54,822	54,821	1
Purchased Professional and Technical Services	7,560	4,440	12,000	12,000	
Supplies and Materials	2,450	(1,955)	495	495	
Total Educational Media Services/School Library	65,544	1,773	67,317	67,316	1
Instructional Staff Training Services:					
Purchased Professional and Educational Services		2,593	2,593	2,593	
Other Purchased Services	5,000	(3,613)	1,387	1,320	67
Total Instructional Staff Training Services	5,000	(1,020)	3,980	3,913	67

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Support Services - General Administration:					
Salaries	\$ 116,157	\$ 2,476	\$ 118,633	\$ 114,211	\$ 4,422
Legal Services	15,000	19,354	34,354	33,540	814
Audit Fees	19,000	2,500	21,500	21,500	
Architectural/Engineering Services	1,500	(1,495)	5		5
Other Purchased Professional Services	4,000	226	4,226		
Purchased Professional and Technical Services	1,500	(1,500)			
Communications/Telephone	20,000	18,814	38,814	38,814	
BOE Other Purchased Services	3,200	(1,744)	1,456	1,456	
Other Purchased Services (400-500 series)	685	469	1,154	1,154	
General Supplies	3,488	(2,813)	675	675	
Miscellaneous Expenditures	9,000	(2,109)	6,891	6,891	
BOE Membership Dues and Fees	5,000	(481)	4,519	4,519	
Total Support Services - General Administration	<u>198,530</u>	<u>33,697</u>	<u>232,227</u>	<u>226,986</u>	<u>5,241</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	139,005	1,135	140,140	139,202	938
Salaries of Secretarial and Clerical Assistants	66,396	5,107	71,503	71,503	
Other Salaries	10,538	(3,280)	7,258	7,258	
Supplies and Materials	2,000	(1,348)	652	652	
Other Objects	1,000	2,290	3,290	3,290	
Total Support Services - School Administration	<u>218,939</u>	<u>3,904</u>	<u>222,843</u>	<u>221,905</u>	<u>938</u>

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures:</b>					
<b>Support Services - Central Services:</b>					
Salaries	\$ 123,039	\$ (37,492)	\$ 85,547	\$ 85,547	
Purchased Professional Services		2,745	2,745	2,745	
Purchased Technical Services	20,000	14,733	34,733	34,733	
Miscellaneous Purchased Services	950	(154)	796	796	
Supplies and Materials	800	705	1,505	1,505	
Miscellaneous Expenditures	4,500	(2,197)	2,303	2,303	
<b>Total Support Services - Central Services</b>	<b>149,289</b>	<b>(21,660)</b>	<b>127,629</b>	<b>127,629</b>	
<b>Custodial Services:</b>					
Salaries	169,413	14,141	183,554	183,554	
Salaries of Non-Instructional Aides	8,364	3,691	12,055	11,876	\$ 179
Purchased Professional - Technical Services	31,648	(25,018)	6,630	6,630	
Cleaning, Repair and Maintenance Services	23,968	(23,150)	818	695	123
Other Purchased Property Services	14,000	1,296	15,296	15,296	
Insurance	57,000		57,000	57,000	
General Supplies	32,512	(7,492)	25,020	24,637	383
Energy (Gasoline)	500	(500)			
Energy (Electricity)	90,000	(6,771)	83,229	83,229	
Energy (Natural Gas)	50,000	(13,625)	36,375	36,375	
Other Objects	1,000	(231)	769	769	
<b>Total Custodial Services</b>	<b>478,405</b>	<b>(57,659)</b>	<b>420,746</b>	<b>420,061</b>	<b>685</b>
<b>Required Maintenance of School Facilities:</b>					
Salaries	157,808	8,326	166,134	166,133	1
Cleaning, Repair and Maintenance Services	57,776	73,484	131,260	126,834	4,426
Other Purchased Services	10,391	(10,391)			
General Supplies		9,155	9,155	8,979	176
<b>Total Required Maintenance of School Facilities</b>	<b>225,975</b>	<b>80,574</b>	<b>306,549</b>	<b>301,946</b>	<b>4,603</b>

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 4,899		\$ 4,899	\$ 4,899	
Between Home and School - Vendors	1,800	(774)	1,026		\$ 1,026
Other than Between Home and School - Vendors	9,000	(759)	8,241	8,241	
Special Education Students - Vendors	5,900	(5,900)			
Special Education Students - Joint Agreements	50,000	(47,272)	2,728	2,728	
Special Education Students - ESCs and CTSAs	30,000	19,704	49,704	49,704	
Aid in Lieu Payments - Non-Public School	6,700	884	7,584	6,189	1,395
Aid in Lieu Payments - School Choice	10,500		10,500	4,382	6,118
Total Student Transportation Services	118,799	(34,117)	84,682	76,143	8,539
Unallocated Benefits:					
Social Security Contributions	84,000	2,701	86,701	83,576	3,125
Other Retirement Contributions- PERS	81,000	(23,000)	58,000	57,488	512
Other Retirement Contributions- Regular	10,000		10,000	9,990	10
Unemployment Contributions	5,000	12,000	17,000	17,000	
Workmen's Compensation	82,492	(7,236)	75,256	75,256	
Health Benefits	1,168,110	(65,894)	1,102,216	1,020,046	82,170
Tuition Reimbursement	57,000	(31,945)	25,055	20,108	4,947
Unused Sick Pay to Term/Retired Staff	20,000	(20,000)			
Other Employee Benefits	39,108	(19,361)	19,747	19,747	
Total Unallocated Benefits	1,546,710	(152,735)	1,393,975	1,303,211	90,764



HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)	\$ 17,080	\$	17,080	\$ 384,196	\$ (367,116)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				331,721	(331,721)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				13,920	(13,920)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				607	(607)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)			17,080	263,281	(263,281)
Total On-Behalf Contributions	17,080		17,080	993,725	(976,645)
Total Personal Services - Employee Benefits	1,563,790	\$ (152,735)	1,411,055	2,296,936	(885,881)
Total Undistributed Expenditures	4,211,823	(166,411)	4,045,412	4,842,416	(797,004)
Total Current Expense	7,826,016	(67,433)	7,758,583	8,491,359	(732,776)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Custodial Services	26,000		26,000	23,792	2,208
Security	23,000		23,000		23,000
Total Equipment	49,000		49,000	23,792	25,208

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	\$ 8,000	\$	8,000		\$ 8,000
Other Objects- Debt Service Assessment	8		8		8
Infrastructure	120,000		120,000		120,000
Supplies and Materials	10,000	\$ 2,228	12,228	\$ 12,228	
Construction Services	152,000	(2,228)	149,772	29,000	120,772
Total Facilities Acquisition and Construction Services	290,008		290,008	41,228	248,780
Total Capital Outlay	339,008		339,008	65,020	273,988
Total Expenditures	8,165,024	(67,433)	8,097,591	8,556,379	(458,788)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(939,349)	67,433	(871,916)	(218,114)	653,802
Other Financing Sources:					
Operating Transfers:					
Transfer from Capital Projects Fund				1,245	1,245
Transfer to Fiduciary Funds				(50,000)	(50,000)
Total Other Financing Sources				(48,755)	(48,755)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	(939,349)	67,433	(871,916)	(266,869)	605,047
Fund Balance, July 1	1,955,061		1,955,061	1,955,061	
Fund Balance, June 30	\$ 1,015,712	\$ 67,433	\$ 1,083,145	\$ 1,688,192	\$ 605,047
Recapitulation:					
Restricted for:					
Maintenance Reserve Account				\$ 361,795	
Capital Reserve Account				601,157	
Excess Surplus				265,329	
Assigned Fund Balance:					
Subsequent Year's Expenditures				50,000	
Unassigned				409,911	
				1,688,192	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on a GAAP Basis				(145,016)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,543,176	

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 5,955	\$ 5,955	\$ 5,955	
State Sources	6,600		6,600	6,600	
Federal Sources	119,065	17,951	137,016	130,553	\$ (6,463)
Total Revenue	125,665	23,906	149,571	143,108	(6,463)
Expenditures:					
Instruction:					
Salaries of Teachers	6,600	440	7,040	7,040	
Supplies and Materials	25,966	3,353	29,319	29,301	18
Total Instruction	32,566	3,793	36,359	36,341	18
Support Services:					
Salaries of Other Professional Staff		7,910	7,910	6,910	1,000
Purchased Professional/Educational Services	93,099	5,924	99,023	94,928	4,095
Other Purchased Services		2,000	2,000	1,550	450
Travel		4,279	4,279	3,379	900
Total Support Services	93,099	20,113	113,212	106,767	6,445
Total Expenditures	125,665	23,906	149,571	143,108	6,463
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

HIGH BRIDGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 8,338,265	\$ 143,108
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	146,253	660
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(145,016)	(660)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 8,339,502	\$ 143,108
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,556,379	\$ 143,108
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,556,379	\$ 143,108

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest of (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HIGH BRIDGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	No Child Left Behind	Preschool Education Aid	IDEA Part B Preschool	IDEA Part B Basic	Local Grant Programs	Totals June 30, 2017
	Title I					
REVENUE:						
Local Sources					\$ 5,955	\$ 5,955
State Sources	\$ 25,156	\$ 6,600	\$ 4,044	\$ 91,064		6,600
Federal Sources						130,553
Total Revenue	10,289	25,156	4,044	91,064	5,955	143,108
EXPENDITURES:						
Instruction:						
Salaries of Teachers		6,600			440	7,040
General Supplies	23,606			180	5,515	29,301
Total Instruction	23,606	6,600	4,044	180	5,955	36,341
Support Services:						
Salaries of Other Professional Staff	6,910					6,910
Purchased Professional/Educational Services			4,044	90,884		94,928
Other Purchased Services	3,379					1,550
Supplies and Materials						3,379
Total Support Services	10,289	1,550	4,044	90,884		106,767
Total Expenditures	10,289	25,156	4,044	91,064	5,955	143,108

HIGH BRIDGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

District-Wide Total

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

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2016-2017 Preschool Education Aid Allocation	\$ 6,600
Total Preschool Education Aid Funds Available for 2016-2017 Budget	<u>6,600</u>
Less: 2016-2017 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(6,600)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017	-0-
Add: June 30, 2017 Unexpended Preschool Education Aid	2,665
2016-2017 Carryover - Preschool Education Aid	<u>\$ 2,665</u>
2016-2017 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2017-2018	<u>\$ 2,665</u>



CAPITAL PROJECTS FUND

MENDHAM BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE- BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Other Financing Uses:	
Operating Transfers Out:	
General Fund- Capital Reserve	\$ 1,245
	<hr/>
Total Other Financing Uses	1,245
	<hr/>
Excess of Revenue and Other Financing Sources Over	
Expenditures and Other Financing Uses	(1,245)
	<hr/>
Fund Balance - Beginning of Year	\$ 1,245
	<hr/>
Fund Balance - End of Year	\$ -0-
	<hr/> <hr/>

PROPRIETARY FUNDS

HIGH BRIDGE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2017

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 1,898
Intergovernmental Accounts Receivable:	
State	59
Federal	1,486
Interfund Receivable	14,585
Inventories	4,298

Total Current Assets	<u>22,326</u>
----------------------	---------------

## Non-Current Assets:

## Capital Assets:

Equipment	139,368
Accumulated Depreciation	<u>(139,368)</u>

Total Non-Current Assets	<u>-0-</u>
--------------------------	------------

Total Assets	<u>22,326</u>
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## LIABILITIES:

## Current Liabilities:

Accounts Payable- Vendors	3,655
Unearned Revenue	1,997
Unearned Revenue - Prepaid Sales	<u>568</u>

Total Liabilities	<u>6,220</u>
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## NET POSITION:

Unrestricted	<u>16,106</u>
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Total Net Position	<u>\$ 16,106</u>
--------------------	------------------

HIGH BRIDGE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>
Operating revenue	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 50,502
Daily Sales - Non-Reimbursable Sales	8,952
Total Operating Revenue	<u>59,454</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	47,992
Cost of Sales - Non-Reimbursable Programs	5,932
Salaries, Benefits & Payroll Taxes	33,320
Supplies, Insurance & Other Costs	4,090
Management Fee	7,064
Miscellaneous Expenses	3,720
Total Operating Expenses	<u>102,118</u>
Operating (Loss)	<u>(42,664)</u>
Non-Operating Revenue	
Local Sources:	
Interest Income	11
State Sources:	
State School Lunch Program	870
Federal Sources:	
National School Lunch Program	21,547
Food Distribution Program	6,399
Total Non-Operating Revenue	<u>28,827</u>
Change in Net Position	(13,837)
Net Position - Beginning of Year	<u>29,943</u>
Net Position - End of Year	<u>\$ 16,106</u>

HIGH BRIDGE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 59,454
Payments to Food Service Vendor	(92,201)
Net Cash Used for Operating Activities	<u>(32,747)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	966
Federal Sources	24,460
Net Cash Provided by Noncapital Financing Activities	<u>25,426</u>
Cash Flows From Investing Activities:	
Interest Income	11
Net Cash Provided by Investing Activities	<u>11</u>
Net Decrease in Cash and Cash Equivalents	(7,310)
Cash and Cash Equivalents, July 1	<u>9,208</u>
Cash and Cash Equivalents, June 30	<u>\$ 1,898</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (42,664)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	
Food Distribution Program	6,399
Changes in Assets and Liabilities:	
(Increase) in Inventory	(378)
Increase in Accounts Payable	3,655
Increase in Unearned Revenue	349
(Decrease) in Unearned Revenue - Prepaid Sales	(108)
Net Cash Used for Operating Activities	<u>\$ (32,747)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$6,748 and \$6,399, respectively, the fiscal year ended June 30, 2017.

FIDUCIARY FUNDS

HIGH BRIDGE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Student Activities	Agency Payroll	Total Agency	Flexible Spending Trust	Unemployment Compensation Trust
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 32,545	\$ 18,828	\$ 51,373	\$ 5,175	\$ 12,668
Interfund Receivable					50,000
Total Assets	32,545	18,828	51,373	5,175	62,668
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	32,545	18,828	32,545 18,828		
Total Liabilities	32,545	18,828	51,373		
<u>NET POSITION:</u>					
Held in Trust for Flexible Spending Claims Restricted for Unemployment Claims				5,175	62,668
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 5,175	\$ 62,668



HIGH BRIDGE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions:		
Plan Contributions	\$ 26,844	
Employee Deductions		\$ 25,513
Board Contributions		50,000
	<hr/>	<hr/>
Total Contributions	26,844	75,513
	<hr/>	<hr/>
Investment Earnings:		
Interest	5	7
	<hr/>	<hr/>
Net Investment Earnings	5	7
	<hr/>	<hr/>
Total Additions	26,849	75,520
	<hr/>	<hr/>
Deductions:		
Flexible Spending Claims	28,323	
Unemployment Compensation Claims		17,260
	<hr/>	<hr/>
Total Deductions	28,323	17,260
	<hr/>	<hr/>
Change in Net Position	(1,474)	58,260
Net Position - Beginning of the Year	6,649	4,408
	<hr/>	<hr/>
Net Position - End of the Year	<u>\$ 5,175</u>	<u>\$ 62,668</u>

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 16,145	\$ 73,016	\$ 70,333	\$ 18,828
Total Assets	<u>\$ 16,145</u>	<u>\$ 73,016</u>	<u>\$ 70,333</u>	<u>\$ 18,828</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 16,145	\$ 73,016	\$ 70,333	\$ 18,828
Total Liabilities	<u>\$ 16,145</u>	<u>\$ 73,016</u>	<u>\$ 70,333</u>	<u>\$ 18,828</u>

HIGH BRIDGE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Student Activity Fund	\$ 16,145	\$ 73,016	\$ 70,333	\$ 18,828
	<u>\$ 16,145</u>	<u>\$ 73,016</u>	<u>\$ 70,333</u>	<u>\$ 18,828</u>

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 106,914	\$ 5,704,933	\$ 5,779,301	\$ 32,545
Total Assets	<u>\$ 106,914</u>	<u>\$ 5,704,933</u>	<u>\$ 5,779,301</u>	<u>\$ 32,545</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 106,914	\$ 5,704,933	\$ 5,779,301	\$ 32,545
Total Liabilities	<u>\$ 106,914</u>	<u>\$ 5,704,933</u>	<u>\$ 5,779,301</u>	<u>\$ 32,545</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2016	Matured	Balance June 30, 2017
			Date	Amount				
1999 Series Refunding Bonds	05/01/1999	\$ 6,405,000	2/15/2018	\$ 335,000	4.700%	\$ 4,110,000	\$ 315,000	\$ 3,795,000
			2/15/2019	355,000	4.700%			
			2/15/2020	375,000	4.875%			
			2/15/2021	395,000	4.875%			
			2/15/2022	415,000	4.875%			
			2/15/2023	440,000	4.875%			
			2/15/2024	465,000	4.900%			
			2/15/2025	495,000	4.900%			
			2/15/2026	520,000	4.900%			
						<u>\$ 4,110,000</u>	<u>\$ 315,000</u>	<u>\$ 3,795,000</u>

HIGH BRIDGE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

HIGH BRIDGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Final to Actual
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 441,165	\$ 441,165	\$ 441,165	
State Sources:				
Debt Service Aid Type II	76,163	76,163	76,163	
Total Revenue	<u>517,328</u>	<u>517,328</u>	<u>517,328</u>	
EXPENDITURES:				
Regular Debt Service:				
Interest	202,328	202,328	202,328	
Redemption of Principal	315,000	315,000	315,000	
Total Regular Debt Service	<u>517,328</u>	<u>517,328</u>	<u>517,328</u>	
Total Expenditures	<u>517,328</u>	<u>517,328</u>	<u>517,328</u>	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-	-0-	-0-	
Excess of Revenues and Other Financing Sources Over Expenditures	-0-	-0-	-0-	\$ -0-
Fund Balance, July 1	-0-	-0-	-0-	\$ -0-
Fund Balance, June 30	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ -0-</u>



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

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

**Contents**

**Exhibit**

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 6,666,492	\$ 6,687,114	\$ 6,757,656	\$ 6,804,279	\$ 6,716,877	\$ 6,716,877	\$ 7,150,892	\$ 6,896,677	\$ 6,910,733	\$ 6,956,795
Restricted	4,920	3,630	117,592	263,935	701,557	852,280	1,027,239	1,107,509	1,002,111	1,228,281
Unrestricted (Deficit)	282,244	307,922	296,335	472,727	(501,691)	(435,228)	(737,264)	(1,826,430)	(1,054,963)	(1,606,760)
<b>Total Governmental Activities Net Position</b>	<b>\$ 6,953,656</b>	<b>\$ 6,998,666</b>	<b>\$ 7,171,583</b>	<b>\$ 7,540,941</b>	<b>\$ 6,916,743</b>	<b>\$ 7,133,929</b>	<b>\$ 7,440,867</b>	<b>\$ 6,177,756</b>	<b>\$ 6,857,881</b>	<b>\$ 6,578,316</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 7,830	\$ 7,182	\$ 9,474	\$ 11,343	\$ 12,489	\$ 12,012	\$ 19,519	\$ 23,985	\$ 29,943	\$ 16,106
Unrestricted/(Deficit)	7,830	7,182	9,474	11,343	12,489	12,012	19,519	23,985	29,943	16,106
<b>Total Business-Type Activities Net Position</b>	<b>\$ 7,830</b>	<b>\$ 7,182</b>	<b>\$ 9,474</b>	<b>\$ 11,343</b>	<b>\$ 12,489</b>	<b>\$ 12,012</b>	<b>\$ 19,519</b>	<b>\$ 23,985</b>	<b>\$ 29,943</b>	<b>\$ 16,106</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 6,666,492	\$ 6,687,114	\$ 6,757,656	\$ 6,804,279	\$ 6,716,877	\$ 6,716,877	\$ 7,150,892	\$ 6,896,677	\$ 6,910,733	\$ 6,956,795
Restricted	4,920	3,630	117,592	263,935	701,557	852,280	1,027,239	1,107,509	1,002,111	1,228,281
Unrestricted (Deficit)	290,074	315,104	305,809	484,070	(489,202)	(423,216)	(717,745)	(1,802,445)	(1,025,020)	(1,590,654)
<b>Total District Net Position</b>	<b>\$ 6,961,486</b>	<b>\$ 7,005,848</b>	<b>\$ 7,181,057</b>	<b>\$ 7,552,284</b>	<b>\$ 6,929,232</b>	<b>\$ 7,145,941</b>	<b>\$ 7,460,386</b>	<b>\$ 6,201,741</b>	<b>\$ 6,887,824</b>	<b>\$ 6,594,422</b>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
Governmental Activities										
Instruction:										
Regular	\$ 3,124,828	\$ 3,133,809	\$ 3,267,390	\$ 3,157,305	\$ 3,660,783	\$ 3,137,938	\$ 3,618,789	\$ 3,823,787	\$ 3,634,495	\$ 4,318,019
Special Education	703,337	715,699	759,047	863,925	1,141,845	1,138,708	1,011,013	1,121,448	1,840,147	2,323,027
Other Special Instruction	324,770	323,061	264,619	275,505	294,072	286,591	202,430	206,774	244,301	187,676
School-Sponsored/Other Instruction	39,902	38,845	42,935	47,383	47,808	51,967	46,725	51,714		
Support Services:										
Tuition		86,190	12,204	3,060	76,900	79,600	62,163	110,371	14,833	42,148
Student & Instruction Related Services	1,555,834	1,467,184	1,613,185	1,519,446	1,347,699	1,463,455	1,206,011	1,843,458	1,486,272	2,132,378
General Administrative Services	473,288	481,427	452,161	433,154	458,793	456,093	374,440	481,293	332,965	293,894
School Administrative Services	231,517	199,551	197,712	232,046	263,053	318,968	257,812	290,230	171,763	340,487
Plant Operations and Maintenance	715,273	789,653	675,263	704,512	675,216	696,800	638,963	783,523	782,789	853,821
Pupil Transportation	51,163	53,349	50,055	37,784	72,022	78,740	100,735	107,887	97,142	77,383
Central Services									173,029	152,852
Capital Outlay									36,119	46,124
Interest on Long-Term Debt	322,481	310,346	297,342	283,265	280,618	251,583	236,416	224,232	211,703	196,835
Unallocated depreciation	33,320	30,960	30,960	30,960	27,779	29,699	28,253	28,594		
Total Governmental Activities Expenses	7,575,713	7,630,074	7,662,873	7,588,345	8,346,588	7,990,142	7,783,750	9,073,311	9,025,558	10,964,644
Business-Type Activities:										
Food Service	126,344	105,765	103,428	86,913	90,284	85,920	96,055	87,505	80,014	102,118
Preschool Program								21,000		
Total Business-type Activities Expense	126,344	105,765	103,428	86,913	90,284	85,920	96,055	108,505	80,014	102,118
Total District Expenses	\$ 7,702,057	\$ 7,735,839	\$ 7,766,301	\$ 7,675,258	\$ 8,436,872	\$ 8,076,062	\$ 7,879,805	\$ 9,181,816	\$ 9,105,572	\$ 11,066,762

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction - Regular	\$ 103,854	\$ 118,857	\$ 94,129	\$ 143,788	\$ 139,017	\$ 142,770	\$ 111,371	\$ 125,491	\$ 150,729	\$ 96,990
Business and other support services	2,690,895	2,345,104	2,497,936	2,404,297	2,479,005	2,563,578	2,470,246	3,362,228	3,661,977	4,607,591
Operating Grants and Contributions	2,794,749	2,463,961	2,592,065	2,548,085	2,618,022	2,706,348	2,581,617	3,487,719	3,812,706	4,704,581
<b>Total Governmental Activities Program Revenues</b>										
Business-Type Activities:										
Charges for Services:										
Food Service	79,644	73,537	66,259	58,112	63,391	52,426	64,688	55,917	38,862	59,454
Preschool Program	23,932	25,506	31,111	24,336	27,031	27,616	36,602	26,250	33,041	28,816
Operating Grants and Contributions	103,576	99,043	97,370	82,448	90,422	80,042	101,290	116,846	71,903	88,270
<b>Total Business-type Activities Program Revenues</b>										
<b>Total District Program Revenues</b>										
Net (Expense)/Revenue	\$ (4,780,964)	\$ (5,166,113)	\$ (5,070,808)	\$ (5,040,260)	\$ (5,728,566)	\$ (5,283,794)	\$ (5,202,133)	\$ (5,585,592)	\$ (5,212,852)	\$ (6,260,063)
Governmental Activities	(22,768)	(6,722)	(6,058)	(4,465)	138	(5,878)	5,235	8,341	(8,111)	(13,848)
Business-type Activities	(4,803,732)	(5,172,835)	(5,076,866)	(5,044,725)	(5,728,428)	(5,289,672)	(5,196,898)	(5,577,251)	(5,220,963)	(6,273,911)
<b>Total District-wide Net Expense</b>										
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 4,483,896	\$ 4,636,252	\$ 4,728,192	\$ 4,822,157	\$ 4,811,071	\$ 4,851,221	\$ 5,055,774	\$ 5,281,889	\$ 5,388,481	\$ 5,496,652
Taxes Levied for Debt Service	493,937	495,135	502,755	523,926	532,656	540,344	412,224	454,250	440,891	441,165
Federal and State Aid not Restricted	9,413	3,877	4,087	4,187	(150,255)	11,823	1,548	2,047	2,351	841
Investment Earnings	150	75,859	8,691	59,348	3,305	1,351	39,525	14,665	135,673	91,840
Miscellaneous Income					81,216	96,241				
Transfers										
<b>Total Governmental Activities</b>										
Net (Expense)/Revenue	\$ 4,987,396	\$ 5,211,123	\$ 5,243,725	\$ 5,409,618	\$ 5,277,993	\$ 5,500,980	\$ 5,509,071	\$ 5,752,851	\$ 5,967,396	\$ 5,980,498

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type Activities:										
Investment Earnings	\$ 4,508	\$ 6,074	\$ 8,350	\$ 6,334	\$ 1,008	\$ 5,401	\$ 2,272	\$ 1,375	\$ 23	\$ 11
Miscellaneous Income	4,508	6,074	8,350	6,334	1,008	5,401	2,272	1,375	14,046	
Total Business-Type Activities	4,991,904	5,217,197	5,252,075	5,415,952	5,279,001	5,506,381	5,511,343	5,754,226	5,981,465	5,980,509
Total District-Wide General Revenue										
Change in Net Position:										
Governmental Activities	206,432	45,010	172,917	369,358	(450,573)	217,186	306,938	167,259	754,544	(279,565)
Business-type Activities	(18,260)	(648)	2,292	1,869	1,146	(477)	7,507	9,716	5,958	(13,837)
Total District	\$ 188,172	\$ 44,362	\$ 175,209	\$ 371,227	\$ (449,427)	\$ 216,709	\$ 314,445	\$ 176,975	\$ 760,502	\$ (293,402)

Source: School District Financial Reports

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>										
Reserved/ Restricted	\$ 178,247	\$ 109,694	\$ 147,872	\$ 389,179	\$ 707,058	\$ 852,399	\$ 1,113,880	\$ 1,446,063	\$ 1,002,111	\$ 1,228,281
Assigned									649,349	50,000
Unassigned	84,729	169,874	266,700	317,418	199,214	129,959	135,390	84,384	157,348	264,895
<b>Total General Fund</b>	<b>\$ 262,976</b>	<b>\$ 279,568</b>	<b>\$ 414,572</b>	<b>\$ 706,597</b>	<b>\$ 906,272</b>	<b>\$ 982,358</b>	<b>\$ 1,249,270</b>	<b>\$ 1,530,447</b>	<b>\$ 1,808,808</b>	<b>\$ 1,543,176</b>
<b>All Other Governmental Funds:</b>										
Unassigned/(Deficit), Reported in:										
Special Revenue Fund		\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)
Capital Projects Fund	\$ 202,996	202,996	202,996	202,996		1,245	1,245	1,245	1,245	
Debt Service Fund	1,500						(15,342)			
<b>Total All Other Governmental Funds</b>	<b>\$ 204,496</b>	<b>\$ 202,336</b>	<b>\$ 202,336</b>	<b>\$ 202,336</b>	<b>\$ (660)</b>	<b>\$ 585</b>	<b>\$ (14,757)</b>	<b>\$ 585</b>	<b>\$ 585</b>	<b>\$ (660)</b>
<b>Governmental Funds:</b>										
Reserved/ Restricted	\$ 178,247	\$ 109,694	\$ 147,872	\$ 389,179	\$ 707,058	\$ 852,399	\$ 1,113,880	\$ 1,446,063	\$ 1,002,111	\$ 1,228,281
Assigned									649,349	50,000
Committed										
Unassigned	204,496	202,336	202,336	519,754	198,554	130,544	(14,757)	84,969	157,933	264,235
<b>Total Governmental Funds</b>	<b>\$ 382,743</b>	<b>\$ 312,030</b>	<b>\$ 350,208</b>	<b>\$ 908,933</b>	<b>\$ 905,612</b>	<b>\$ 982,943</b>	<b>\$ 1,099,123</b>	<b>\$ 1,531,032</b>	<b>\$ 1,809,393</b>	<b>\$ 1,542,516</b>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Tax Levy	\$ 4,977,833	\$ 5,131,387	\$ 5,230,947	\$ 5,346,083	\$ 5,343,727	\$ 5,391,565	\$ 5,467,998	\$ 5,736,139	\$ 5,829,372	\$ 5,937,817
Tuition Charges	103,854	118,857	94,129	143,788	139,017	142,770	111,371	125,491	150,729	96,990
Interest Earnings									2,351	841
Miscellaneous	9,563	79,736	12,778	63,535	84,521	97,592	41,073	16,712	135,673	91,840
State Sources	2,558,942	2,222,875	2,206,067	2,126,918	2,140,107	2,449,089	2,342,436	2,409,014	2,465,912	2,741,897
Federal Sources	131,953	122,229	291,869	277,379	188,643	126,312	127,810	121,133	146,546	130,553
<b>Total Revenue</b>	<b>7,782,145</b>	<b>7,675,084</b>	<b>7,835,790</b>	<b>7,957,703</b>	<b>7,896,015</b>	<b>8,207,328</b>	<b>8,090,688</b>	<b>8,408,489</b>	<b>8,730,583</b>	<b>8,999,938</b>
<b>Expenditures:</b>										
<b>Instruction</b>										
Regular Instruction	2,490,261	2,645,082	2,737,184	2,596,671	2,514,912	2,444,147	2,982,108	2,632,722	2,216,279	2,376,065
Special Education Instruction	624,808	666,524	700,605	786,763	1,034,608	998,682	883,640	886,081	938,450	1,264,243
Other Special Instruction	288,509	300,864	244,245	250,898	266,454	251,349	176,927	163,377	187,850	151,743
School-Sponsored/Other Instruction	35,447	36,176	39,629	43,151	43,318	45,577	40,838	40,860		
<b>Support Services:</b>										
Tuition		86,190	12,204	3,060	76,900	79,600	62,163	110,371	14,833	42,148
Student & Instruction Related Services	1,382,122	1,366,375	1,488,979	1,383,736	1,221,129	1,283,495	1,054,071	1,456,557	1,109,566	1,128,662
General Administrative Services	420,444	448,349	417,347	394,467	408,406	390,770	327,266	380,280	278,400	226,986
School Administrative Services	205,668	185,840	182,489	211,321	238,348	279,745	225,331	229,317	116,444	221,905
Plant Operations and Maintenance	631,806	710,397	623,272	641,588	611,803	611,115	558,463	619,079	677,398	722,007
Pupil Transportation	51,163	53,349	50,055	37,784	72,022	78,740	100,735	107,887	97,142	76,143
Central Services									154,422	127,629
Allocated and Unallocated Benefits	800,406	491,217	559,925	646,044	740,927	928,482	926,773	926,628	2,108,441	2,296,936
Capital Outlay	81,017	70,219	37,379	56,405	46,481	105,252	8	44,716	36,119	65,020
<b>Debt Service:</b>										
Principal	270,000	285,000	305,000	325,000	350,000	375,000	260,000	285,000	300,000	315,000
Interest and Other Charges	326,928	315,070	302,473	288,790	274,028	258,043	240,795	229,095	216,878	202,328
<b>Total Expenditures</b>	<b>7,608,579</b>	<b>7,660,652</b>	<b>7,700,786</b>	<b>7,665,678</b>	<b>7,899,336</b>	<b>8,129,997</b>	<b>7,839,118</b>	<b>8,111,970</b>	<b>8,452,222</b>	<b>9,216,815</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>173,566</b>	<b>14,432</b>	<b>135,004</b>	<b>292,025</b>	<b>(3,321)</b>	<b>77,331</b>	<b>251,570</b>	<b>296,519</b>	<b>278,361</b>	<b>(216,877)</b>
Transfers Out										
<b>Total Other Financing Sources/(Uses)</b>										<b>(50,000)</b>
										<b>(50,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 173,566</b>	<b>\$ 14,432</b>	<b>\$ 135,004</b>	<b>\$ 292,025</b>	<b>\$ (3,321)</b>	<b>\$ 77,331</b>	<b>\$ 251,570</b>	<b>\$ 296,519</b>	<b>\$ 278,361</b>	<b>\$ (266,877)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	7.9%	7.9%	7.9%	8.1%	7.9%	7.9%	6.4%	6.4%	6.1%	5.7%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund Prior</u> <u>Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 9,413		\$ 103,854		\$ 113,267
2009	3,877	\$ 57,861	118,857	\$ 16,763	197,358
2010	4,087		94,129	8,691	106,907
2011	4,187	27,685	143,788	31,663	207,323
2012	3,305	63,429	139,017	17,787	223,538
2013	1,351	11,505	142,770	84,736	240,362
2014	1,548	19,683	142,770	19,842	183,843
2015	2,047		125,491	14,665	142,203
2016	2,351		150,729	57,571	210,651
2017	2,372		96,990	9,722	109,084

Source: High Bridge School District records



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

Year Ended December 31,	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2007	\$ 4,188,800	\$ 350,188,600	\$ 1,084,200	\$ 10,530,400	\$ 10,728,706	\$ 3,782,200	\$ 380,517,106	\$ 28,891,200	\$ 1,045,806	\$ 380,517,106	1.31	\$ 447,196,154
2008	7,594,000	355,408,106	1,084,200	11,947,400	8,024,000	509,600	384,581,506	28,891,200	1,045,806	384,581,506	1.33	446,007,901
2009	2,203,100	354,311,900	1,084,200	11,947,400	8,024,000	509,600	378,094,400	34,077,900	904,211	378,998,611	1.38	429,523,246
2010	2,183,000	354,003,700	1,084,200	11,947,800	7,338,600	509,600	377,081,100	34,077,900	934,634	378,015,734	1.42	425,978,607
2011	2,000,900	353,222,800	1,084,200	11,947,800	7,338,600	509,600	376,118,100	33,990,900	925,117	377,043,217	1.42	410,415,386
2012	1,961,400	348,613,800	1,478,600	11,964,200	7,338,600	509,600	371,875,454	34,119,500	921,445	372,796,899	1.45	387,670,007
2013	1,478,400	339,991,100	1,478,600	11,767,400	7,906,400	509,600	363,140,754	30,292,700	951,120	364,091,874	1.51	359,381,771
2014	1,635,700	337,046,400	1,478,600	11,767,400	7,221,000	509,600	359,667,954	30,292,700	359,667,954	359,667,954	1.60	349,430,504
2015	1,392,500	305,140,100	1,353,700	12,732,800	8,751,500	1,087,000	330,466,854	25,575,667	330,466,854	330,466,854	1.76	360,146,317
2016	1,396,400	304,820,800	1,353,700	12,862,200	8,751,500	1,087,000	330,280,154	25,575,667	330,280,154	330,280,154	1.80	361,164,047

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	High Bridge Borough School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional School District	High Bridge Borough	Library	Hunterdon County	
2007	\$ 1.18	\$ 0.13	\$ 1.31	\$ 0.54	\$ 0.75	\$ 0.03	\$ 0.36	\$ 2.99
2008	1.20	0.13	1.33	0.52	0.79	0.03	0.36	3.03
2009	1.25	0.13	1.38	0.51	0.78	0.03	0.36	3.06
2010	1.28	0.14	1.42	0.57	0.78	0.03	0.36	3.16
2011	1.28	0.14	1.42	0.58	0.79	0.03	0.35	3.16
2012	1.30	0.15	1.45	0.54	0.82	0.03	0.34	3.17
2013	1.36	0.15	1.51	0.62	0.84	0.03	0.33	3.33
2014	1.47	0.13	1.60	0.60	0.88	0.03	0.33	3.43
2015	1.63	0.13	1.76	0.58	0.93	0.03	0.40	3.71
2016	1.66	0.13	1.80	0.60	0.98	0.03	0.40	3.81

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

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

	2016	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value

N/A - INFORMATION NOT AVAILABLE

	2007	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value

N/A - INFORMATION NOT AVAILABLE

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 4,977,833	\$ 4,977,833	100.00%	-0-
2009	5,131,387	5,131,387	100.00%	-0-
2010	5,230,947	5,230,947	100.00%	-0-
2011	5,346,083	5,346,083	100.00%	-0-
2012	5,343,727	5,343,727	100.00%	-0-
2013	5,391,565	5,391,565	100.00%	-0-
2014	5,467,998	5,467,998	100.00%	-0-
2015	5,736,139	5,736,139	100.00%	-0-
2016	5,829,372	5,829,372	100.00%	-0-
2017	5,937,817	5,937,817	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases			
2008	\$ 6,595,000	\$ 88,108	\$ 6,683,108	2.62%	\$ 1,800
2009	6,310,000	62,934	6,372,934	2.62%	1,722
2010	6,005,000	37,760	6,042,760	2.49%	1,635
2011	5,680,000	12,586	5,692,586	2.24%	1,561
2012	5,330,000		5,330,000	1.97%	1,468
2013	4,955,000		4,955,000	1.82%	1,373
2014	4,695,000		4,695,000	1.73%	1,305
2015	4,410,000		4,410,000	1.52%	1,229
2016	4,110,000		4,110,000	1.44%	1,161
2017	3,795,000		3,795,000	1.33%	1,072

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 6,595,000	-0-	\$ 6,595,000	1.741%	\$ 1,777
2009	6,310,000	-0-	6,310,000	1.658%	1,705
2010	6,005,000	-0-	6,005,000	1.561%	1,624
2011	5,680,000	-0-	5,680,000	1.499%	1,557
2012	5,330,000	-0-	5,330,000	1.410%	1,468
2013	4,955,000	-0-	4,955,000	1.314%	1,373
2014	4,695,000	-0-	4,695,000	1.259%	1,305
2015	4,410,000	-0-	4,410,000	1.211%	1,229
2016	4,110,000	-0-	4,110,000	1.143%	1,161
2017	3,795,000	-0-	3,795,000	1.148%	1,072

Source: School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.  
b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

HIGH BRIDGE SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2016  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
High Bridge Borough	\$ 11,287,978	100.00%	\$ 11,287,978
North Hunterdon-Voorhees Regional High School District Debt	755,000	4.42%	33,345
Hunterdon County General Obligation Debt	75,793,752	1.70%	<u>1,288,494</u>
Subtotal, Overlapping Debt			12,609,816
High Bridge School District Direct Debt			<u>3,795,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 16,404,816</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2016	\$ 356,866,725
2015	\$ 358,735,187
2014	\$ 356,742,664
	<u>\$ 1,072,344,576</u>
	<u>\$ 357,448,192</u>

Average Equalized Valuation of Taxable Property

	\$ 10,723,446
	3,795,000
	<u>\$ 6,928,446</u>

Debt Limit (a) (3% of Average Equalization Value)

	3,795,000
	<u>\$ 6,928,446</u>

Net Bonded School Debt

	3,795,000
	<u>\$ 6,928,446</u>

Legal Debt Margin

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 12,297,014	\$ 12,833,652	\$ 12,917,489	\$ 12,648,955	\$ 12,188,203	\$ 11,599,807	\$ 11,027,429	\$ 10,712,546	\$ 10,657,631	\$ 10,723,446
Total Net Debt Applicable to Limit	6,595,000	6,310,000	6,005,000	5,680,000	5,680,000	4,955,000	4,695,000	4,410,000	4,110,000	3,795,000
Legal Debt Margin	<u>\$ 5,702,014</u>	<u>\$ 6,523,652</u>	<u>\$ 6,912,489</u>	<u>\$ 6,968,955</u>	<u>\$ 6,508,203</u>	<u>\$ 6,644,807</u>	<u>\$ 6,332,429</u>	<u>\$ 6,302,546</u>	<u>\$ 6,547,631</u>	<u>\$ 6,928,446</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	53.63%	49.17%	46.49%	44.90%	46.60%	42.72%	42.58%	41.17%	38.56%	35.39%

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

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



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

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Hunterdon County Per Capita Personal Income<sup>b</sup></u>	<u>Total County Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2008	3,712	\$ 68,747	\$ 255,188,864	4.00%
2009	3,700	65,699	243,086,300	7.20%
2010	3,697	65,691	242,859,627	7.40%
2011	3,647	69,717	254,257,899	7.30%
2012	3,631	74,534	270,632,954	7.50%
2013	3,608	75,523	272,486,984	8.40%
2014	3,599	75,523	271,807,277	5.50%
2015	3,588	80,759	289,763,292	5.40%
2016	3,541	80,759 *	285,967,619 ***	4.70%
2017	3,541 **	80,759 *	285,967,619 ***	N/A

\* - Latest Hunterdon County per capita personal income available (2015) was used for calculation purposes.

\*\* - Latest population data available (2016) was used for calculation purposes.

\*\*\* - Latest County Personal Income data available (2015) was used for calculation purposes.

N/A - Information unavailable.

Source:

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

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

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

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

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

2016		2007	
Employer	Employees	Employer	Employees
		Percentage of Total Employment	Percentage of Total Employment
		Employer	Employment

N/A - INFORMATION NOT AVAILABLE

Source: Hunterdon County Economic Development Corporation

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	43.74	43.88	40.48	34.19	34.78	31.60	31.80	31.80	31.80	30.24
Special Education	30.93	30.78	28.70	30.96	33.53	33.00	34.70	34.70	34.70	42.74
Support Services:										
School Administrative Services	2.85	2.85	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
General and Business Administrative Services	3.95	3.45	4.98	4.50	4.70	4.70	4.70	4.70	4.70	4.70
Plant Operations and Maintenance	5.50	5.68	4.90		5.30	5.30	5.30	5.30	5.30	6.00
Pupil transportation	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.00
<b>Total</b>	<b>87.07</b>	<b>86.74</b>	<b>82.26</b>	<b>72.85</b>	<b>81.51</b>	<b>77.80</b>	<b>79.70</b>	<b>79.70</b>	<b>79.70</b>	<b>86.78</b>

Source: District Personnel Records

HIGH BRIDGE SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN 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>e</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	402	\$ 6,930,634	\$ 17,240	10.80%	51.0	1:7.9	394	381	-6.14%	96.65%
2009	409	6,990,363	17,091	-0.86%	50.0	1:8.2	402	387	1.95%	96.29%
2010	406	7,055,934	17,379	1.68%	49.0	1:8.4	399	382	-0.70%	95.72%
2011	392	6,995,483	17,846	2.68%	49.0	1:8.0	390	372	-2.18%	95.29%
2012	394	7,228,827	18,347	2.81%	51.0	1:7.7	389	375	-0.41%	96.45%
2013	367	7,391,702	20,141	9.78%	47.0	1:7.8	348	337	-10.49%	96.84%
2014	375	7,391,702	19,711	-2.13%	45.0	1:8.3	368	353	5.75%	95.92%
2015	380	7,553,159	19,877	0.84%	45.0	1:8.4	377	360	2.42%	95.52%
2016	380	7,899,225	20,787	4.58%	45.0	1:8.4	378	361	0.29%	95.50%
2017	392	8,634,467	22,027	5.96%	50.0	1:8.0	390	372	3.17%	95.38%

Sources: High Bridge School District records

Note: Enrollment based on annual October district count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

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

<sup>d</sup> The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

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

<u>District Building</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary										
Square Feet	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment	260	269	259	226	253	258	270	265	263	271
Mountain View School										
Square Feet	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584
Capacity (students)	126	126	126	126	126	126	126	126	126	126
Enrollment	142	140	147	145	136	109	107	115	115	121

Number of Schools at June 30, 2017:

Elementary = 1

Middle School = 1

Source: High Bridge School District Facilities Office

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>High Bridge Elementary</u> <u>School</u>	<u>High Bridge Middle</u> <u>School</u>	<u>Total</u>
2008	\$ 35,688	\$ 40,244	\$ 75,932
2009	44,040	49,662	93,702
2010	44,040	49,662	93,702
2011	77,892	87,836	165,728
2012	100,956	113,845	214,801
2013	149,600	168,698	318,298
2014	60,045	67,710	127,755
2015	57,806	65,185	122,991
2016	143,593	168,705	312,298
2017	67,743	87,745	155,488

Source: High Bridge School District records

HIGH BRIDGE BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2017  
UNAUDITED

	Coverage	Deductible
Commercial Package Policy - School Alliance Insurance Fund:		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 250,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	5,000,000	
Automobile Liability	5,000,000	
Employee Benefit Liability	5,000,000	1,000
<u>EXCESS LIABILITY:</u>		
Excludes School Board Legal Liability	5,000,000	
<u>CRIME:</u>		
Blanket Employee Dishonesty	100,000	1,000
Per Loss Aggregate Limit	400,000	
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside	50,000	1,000
Outside	50,000	1,000
Chartis (SAIF):		
<u>SCHOOL BOARD LEGAL LIABILITY</u>	5,000,000	5,000
<u>EXCESS SCHOOL BOARD LEGAL LIABILITY</u>	5,000,000	
ACE American Insurance Company (SAIF):		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
<u>WORKERS' COMPENSATION (SAIF):</u>		
(a) Statutory Benefits	Included	
(a) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	
Public Employees' Faithful Performance Blanket Position Bond -		
Treasurer - J. Favino - RLI Insurance Company	170,000	
Business Administrator - H. Goguen - RLI Insurance Company	170,000	

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the High Bridge School District, in the County of Hunterdon (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2017.

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

October 4, 2017  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP



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Francis Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant

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

Independent Auditors' Report

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

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

### Report on Internal Control Over Compliance

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

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

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

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

October 4, 2017  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
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Francis Jones

Licensed Public School Accountant #1154  
Certified Public Accountant

HIGH BRIDGE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title:	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Unearned Revenue	Balance at June 30, 2017		Amount Provided to Subrecipients
											(Accounts Receivable)	Due to Grantor	
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	\$ 6,748			\$ 6,748	\$ (4,751)		\$ 1,997		\$ (1,486)	
Federal School Lunch Program	10.555	N/A	7/1/16-6/30/17	21,547		20,061	(21,547)						
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	6,204	\$ 1,648			(1,648)					
Federal School Lunch Program	10.555	N/A	7/1/15-6/30/16	25,911	(4,116)		4,116						
Total U.S. Department of Agriculture Child Nutrition Cluster					(2,468)		30,925	(27,946)		1,997		(1,486)	
Total Enterprise Funds					(2,468)		30,925	(27,946)		1,997		(1,486)	
U.S. Department of Education													
Passed-through State Department of Education:													
NCLB Consolidated:													
Title II - Part A	84.278A	NCLB-2140-15	7/1/16-6/30/17	11,189			6,122	(10,289)				(4,167)	
Title II - Part A	84.278A	NCLB-2140-16	7/1/15-6/30/16	10,973	(2,807)		2,807						
Title I	84.010A	NCLB-2140-15	7/1/16-6/30/17	24,435	(9,029)		15,029	(25,156)				(10,127)	
Title I	84.010A	NCLB-2140-16	7/1/15-6/30/16	30,945	(11,836)		5,907	\$ 3,122					
Total NCLB Consolidated					(11,836)		29,865	(35,445)		3,122		(14,294)	
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027	IDEA-2140-16	7/1/16-6/30/17	94,979			81,352	(91,064)				(9,712)	
I.D.E.A. Part B, Basic	84.027	IDEA-2140-16	7/1/15-6/30/16	103,458	(4,555)		4,555						
I.D.E.A. Part B, Preschool	84.173	IDEA-2140-16	7/1/16-6/30/17	4,044			4,044	(577)		3,467			
I.D.E.A. Part B, Preschool	84.173	IDEA-2140-16	7/1/15-6/30/16	4,019	3,287			(3,467)					
Total Special Education Cluster					(1,268)		89,951	(95,108)		180		(9,712)	
Total U.S. Department of Education					(13,104)		119,816	(130,553)		3,302		(24,006)	
Total Special Revenue Fund					(13,104)		119,816	(130,553)		3,302		(24,006)	
Total Federal Financial Awards					(15,572)		150,741	(158,499)		3,302		(25,492)	
													\$ -0-

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

HIGH BRIDGE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title General Fund:	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Balance June 30, 2017		Memo
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor	GAAP Unearned Revenue (Accounts Receivable)	Budgetary Unearned Revenue	
State Department of Education:								
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 1,047,717			\$ (1,047,717)	\$ (1,047,717)	\$ 1,047,717
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	30,348			(30,348)	(30,348)	30,348
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	14,338			(14,338)	(14,338)	14,338
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	210,436			(210,436)	(210,436)	210,436
Security Aid	17-100-034-5120-084	7/1/16-6/30/17	29,836			(29,836)	(29,836)	29,836
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	119,023			(119,023)	(119,023)	119,023
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	23,486			(23,486)	(23,486)	23,486
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	3,330			(3,330)	(3,330)	3,330
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	3,330			(3,330)	(3,330)	3,330
Professional Learning Community Aid	17-495-034-5120-097	7/1/16-6/30/17	3,580			(3,580)	(3,580)	3,580
Nonpublic Transportation Aid	17-495-034-5120-068	7/1/16-6/30/17	1,417			(1,417)	(1,417)	1,417
Extraordinary Aid	17-495-034-5120-057	7/1/16-6/30/17	253,494			(253,494)	(253,494)	253,494
TPAF Pension Contributions (On-Behalf - Non-Budgeted)	17-495-034-5094-002	7/1/16-6/30/17	384,196			(384,196)	(384,196)	384,196
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	17-495-034-5094-001	7/1/16-6/30/17	331,721			(331,721)	(331,721)	331,721
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	17-495-034-5094-004	7/1/16-6/30/17	13,920			(13,920)	(13,920)	13,920
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	17-495-034-5094-004	7/1/16-6/30/17	607			(607)	(607)	607
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16-6/30/17	263,281			(263,281)	(263,281)	263,281
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	1,041,918	\$ (104,174)			(20,430)	1,041,918
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	20,232	(2,010)				20,232
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	14,219	(1,413)				14,219
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	207,062	(20,572)				207,062
Security Aid	16-100-034-5120-084	7/1/15-6/30/16	29,645	(2,945)				29,645
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	122,223	(12,143)				122,223
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	23,486	(2,334)				23,486
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	3,330	(331)				3,330
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	3,330	(331)				3,330
Nonpublic Transportation Aid	16-495-034-5120-068	7/1/15-6/30/16	2,407	(2,407)				2,407
Extraordinary Aid	16-495-034-5120-057	7/1/15-6/30/16	131,694	(131,694)				131,694
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15-6/30/16	235,384	(12,011)				235,384
Total General Fund				(292,365)		(2,734,060)	(420,357)	4,568,990
Special Revenue Fund:								
State Department of Education:								
Preschool Education Aid	17-495-034-5120-086	7/1/16-6/30/17	6,600	(660)		(3,935)	(660)	3,935
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	6,600	(660)		(3,935)	(660)	6,600
Total Special Revenue Fund								10,535
Debt Service Fund:								
Debt Service Type II Aid	17-100-034-5120-124	7/1/16-6/30/17	76,163			(76,163)		76,163
Total Debt Service Fund								76,163



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, High Bridge School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,237 for the general fund and \$-0- for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds.



HIGH BRIDGE SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,735,297	\$ 2,735,297
Special Revenue Fund	\$ 130,552	3,935	134,487
Debt Service Fund		76,163	76,163
Enterprise Fund	<u>27,946</u>	<u>870</u>	<u>28,816</u>
Total	<u>\$ 158,498</u>	<u>\$ 2,816,265</u>	<u>\$ 2,974,763</u>

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

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017.

HIGH BRIDGE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

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

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
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State Programs:

Reimbursed TPAF Social

Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	\$ 263,281	\$ 263,281
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- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HIGH BRIDGE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior period audit findings.