

**Comprehensive Annual
Financial Report**

of the

South Hunterdon Regional School District

County of Hunterdon, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**South Hunterdon Regional School District
Department of Administration**

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INTRODUCTORY SECTION



South Hunterdon Regional School District

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www.shrsd.org

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Kerry Sevilis, Business Administrator/Board Secretary	(609) 397-0323	(609) 397-2508 Fax
William Ross, Director of Curriculum, Instruction & Assessment	(609) 397-0819	(609) 397-2470 Fax

December 7, 2015

Honorable President and Members
 Of the Board of Education
 South Hunterdon Regional School District
 County of Hunterdon, New Jersey

Dear Board Members:

State law requires that school districts publish a complete set of financial statements presented in conformity with accounting principals generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the South Hunterdon Regional High School for the fiscal year ended June 30, 2015.

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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A) and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

The comprehensive annual financial report is presented in four sections:

- A. The Introductory Section: Introduces the reader to the report and includes this transmittal letter, a list of principal officials, the district's organizational charts.

Lambertville Public School – Geoff Hewitt, Principal	(609) 397-0183	(609) 397-4607 Fax
South Hunterdon Regional High School – Mark Collins, Principal	(609) 397-2060	(609) 397-2366 Fax
Stockton Borough Elementary School – Jennifer MacKnight, Principal	(609) 397-2012	(609) 397-2602 Fax
West Amwell Township Elementary School – Jennifer MacKnight, Principal	(609) 397-0819	(609) 397-4350 Fax

- B. The Financial Section: Consists of the independent auditor’s report, management’s discussion and analysis, the basic financial statements and combining individual fund statements and schedules.
- C. The Statistical Section: Contains selected financial and demographic information, generally presented on a multi-year basis.
- D. The Single Audit: Includes the auditor’s report on the internal control structure, compliance with applicable laws and regulations and findings and recommendations.

The District is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act Amendments and the US. Office of Management and Budget Circular A-133 (Revised) “Audits of States, Local Governments and Non-Profit Organizations” and New Jersey OMB’s Circular 04-04, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments.” Information related to the single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

DESCRIPTION OF THE DISTRICT

South Hunterdon Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the district are included in this report. The South Hunterdon Regional School District and its PreK-12 comprehensive elementary, middle and high schools constitute the District’s reporting entity.

The district has four buildings located in the Township of West Amwell, City of Lambertville and Stockton Borough. The State of New Jersey requires submission of enrollment data as of October 15 of each year. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, as well as education for special needs students. The District completed the 2014-15 fiscal year with an enrollment of 969, ending with seven more students than the previous year. The following details the changes in the student enrollment of the District over the last two years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2014-15	969	0.7%
2013-14	962	

Economic Condition and Outlook

In January of 2014 the New Board of Education voted to eliminate the Vote on the Annual School Budget and to move the election of School Board Members to the General Election in November. The municipal council's of the City of Lambertville, West Amwell Township and Stockton Borough, also voted to eliminate the Annual School Budget. The Additional School Choice Aid allowed the 2014-2015 budget to remain within the 2% cap limit on tax levy.

The district returned \$133,309 from unreserved fund balance in 2014-15 due to rigid controls on spending and the mandatory **\$1701** law enacted in 2004 limiting unreserved fund balance to two percent. The district will return \$179,789 in 2015-16.

The district received approximately ninety six (96) School Choice students for the 2014-15 school year.

The district continued to contract with Maschio's Food Services, Inc. to provide lunches to our students for the 2014-15 school year with a clause to break even for the year. The 2014-2015 school year saw a decrease in student participation. This is believed to be the result of Federal mandated changes to a healthier meal program.

Major Initiatives

There are a number of initiatives of note which are a source of pride for our school and we hope, for our community. These include:

1. Facilities

The following projects/upgrades were completed:

- New roof at Lambertville Public School.
- New metal fence at Stockton Borough School.
- Driveway and walkway repairs.
- Concrete flooring in storage barn.
- Stone driveway creating an emergency path for vehicles behind middle school.
- New electronic message sign in front of high school property.
- Glass window / wall divider installed in technology / shop classroom.

Projects for the future 2015-16 budget:

- Remodel shipping/receiving area by building a wall to better define teaching space for agriculture classroom.
- Renovate Agriculture classroom: new floor, cabinets, lighting, furniture, paint.
- Renovate boys and girls locker rooms at high school: new lockers, toilets, shower stalls, lighting, ceiling tiles, electric fixtures, flooring, expansion to teacher/coach office spaces, new student entrances to locker rooms.
- Add vestibule entrance to Lambertville Public School for increased safety.

During the 2015-2016 school year a “Facilities Study Committee” will be formed to examine current and future use of the buildings that comprise the new district. Building upgrades, maintenance, grade configuration and more will be reviewed.

2. Administrative Reorganization

In July 2014 a superintendent was selected from a pool of applicants to serve as the new superintendent for the new regionalized district. He served as the interim superintendent during the 2013-2014 school year.

The Business Administrator expands her role in overseeing the three sending elementary schools, they now join the grade seven to twelve middle and high school building in creating this new district.

In July 2014 a new K-12 Director of Curriculum and Instruction was hired, joining the administrative team of 3 Elementary Principals, Supervisor of Athletics, Director of Technology and Child Study Team Supervisor.

3. Strategic Planning

With the onset of a newly formed regionalized school district as of July 1, 2014 the district established goals in the summer of 2014 to address curriculum needs, professional development and facility needs.

Plans to create a new district “Strategic Plan” with community input will be addressed in the 2015-2016 school year.

4. Student Achievement

As noted above, increasing student achievement is the major goal at South Hunterdon Regional High School. Teachers in all classrooms deliver a content rich, standards based curriculum and are urged to develop professionally and continually improve pedagogy. *New Jersey Monthly* magazine ranked South Hunterdon Regional High School 21st in September, 2012 and the top high school in Hunterdon County. More recently we have received an “A” ranking in the new ratings.

Students at South Hunterdon are exposed to resources and classes at all levels. Differentiation and inclusion are the norm and students have the opportunity to achieve and excel. Advanced Placement courses are offered at the high school level in each of the core areas and students often pursue college level courses online.

Middle school students have the opportunity to participate in a gifted humanities based program and to take high school level courses if they meet certain criteria.

South Hunterdon Regional High School has welcomed approximately 60 students from nearby districts by participating in the Inter-District Choice program In addition to providing revenue, the program has increased the diversity among youngsters who attend the school.

Programs have been put in place to close educational gaps that the children may have.

During the 2014-2015 school year the district volunteered to participate in the practice PARCC Assessment. In addition, in-service was provided to staff in anticipation of the actual testing windows scheduled for the Spring 2015.

5. Academic Partnerships

Teachers from South Hunterdon Regional School District now have a greater opportunity to collaborate since the formation of the regionalized district. Emphasis is being placed on articulation and alignment of curriculum Pre K-12. Professional development outside the district continues to grow providing staff with opportunities to enrich and enhance their instruction.

Additionally, South participates in Hunterdon County consortiums that share, among other topics, information about technology and to host college admission representatives. South also has a close relationship with TCNJ and often hosts their student teachers.

South has signed articulation agreements with Delaware Valley College, Rutgers University and SUNY providing opportunities for South students to receive college credit upon completion of high school coursework in agriculture science.

South also continues its relationship with colleges across the country who take part in a college visitation day and evening, prepping our students for their post- high school experiences.

6. Communication with Public

The South Hunterdon Board of Education encourages and supports communication with all the stakeholders that comprise the local communities of Lambertville, Stockton, and West Amwell. Daily, weekly and monthly messages regarding all aspects of our public schools are communicated via our SHRSD website, Facebook, letters to parents and Listserve.

Traditional events such as “Senior Breakfast”, “Senior Holiday Luncheon”, “Senior Dinner and Musical”, and “Senior Basketball Night” continue to be well attended.

In addition, South enlisted businesses, parents, and local community talent to take part in a school and community career day scheduled for Spring 2015-2016.

7. Technology

South Hunterdon continues to make technology acquisitions and improvements to its infrastructure and security. We recently upgraded network switches for fast throughput, increase internet bandwidth and virtualized our phone system while upgrading to the most current version. We also implemented a new virtual server farm to replace most of our 10 year old physical servers and bring increased performance with scalability to grow into as well.

During 2014-2015 school year Chromebooks were purchase to be used by our students to take the PARCC assessments. More and more staff and students are also bringing their own devices in as well which is a direction we are working to better manage and support appropriately moving forward.

Continued work to provide support for both staff and students took place during this "Transitional year."

Recommendations for additional personnel hires will be made for the 2015-2016 school year as this is an area that continues to grow.

8. Parent Involvement

The Parent Teacher Student Organization continues to be a very active and an energetic support system. Parental participation levels are high and the generosity of the Elementary PTA's and High School PTSO underwrites many school activities.

The Lambertville Education Foundation continues to be a great support for the school. They sponsored major fund-raising events this year that helped fund STEM projects, cardio fitness equipment, school trips, and individual classroom teacher projects. Teachers can apply for mini grants that help support classroom learning.

The West Amwell Golf Day fundraiser continues to contribute to technology, library E-books and Info- based learning technology and other initiatives that support teaching and learning.

9. Awards

We are extremely proud of the Class of 2015; they had a high rate of college acceptances and several matriculated at the most selective colleges. Many of the students in the class received significant financial awards to help fund their post high school studies. The class of 70 students reported awards in the amount of \$2,150,000.

Internal Accounting Controls

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management. The establishment of GAAP has been able to give management a day to day actual account of all moneys being received and spent. The preparation of these monthly reports provides a clear picture of all activity generated from the District.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The last audit performed by the State found us to be in compliance.

Budgetary Controls

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section. Budget costs have been contained while maintaining sound educational programs for the children.

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 a expropriation of fund balance in the subsequent year. Those amounts to be expropriated are reported as reservations of fund balance at June 30, 2015.

Accounting System and Reports

The District's accounting records reflect GAAP, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting systems of the District are organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

Debt Administration

The District's debt service payment for principal and interest during 2014-15 school year were \$1,254,783.88 and \$488,952.54 respectively.

Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 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.

Risk Management

The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, hazard and theft, insurance on property and contents, workers compensation and fidelity bonds.

We continue to realize broader coverage for our money with the School Alliance Insurance Fund and have received many cost saving services through them. The rates for the new school year have increased by six percent.

Other Information

Independent Audit. State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 Revised and state OMB Treasury Circular Letter 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Acknowledgements

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

Respectfully submitted,



Louis Muenker
Interim Superintendent



Kerry Sevilis
Business Administrator/
Board Secretary

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION
LAMBERTVILLE, NJ 08530

ROSTER OF OFFICIALS
JUNE 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dan Seiter-President	2015
Jim Gallagher-Vice President	2016
Nicole Claus	2015
Viktor Paerg	2015
Anne Nicolas	2016
Celeste Mosby	2015
Derek Roseman	2017
Boyd Hartpence	2017
Craig Reading	2017

Other Officials

Louis T. Muenker , D.Ed., Superintendent of Schools

Kerry Sevilis, Business Administrator/Board Secretary

**SOUTH HUNTERDON REGIONAL HIGH SCHOOL
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

SUPLEE CLOONEY & COMPANY
308 East Broad St
Westfield, NJ 07090-2122

ATTORNEY

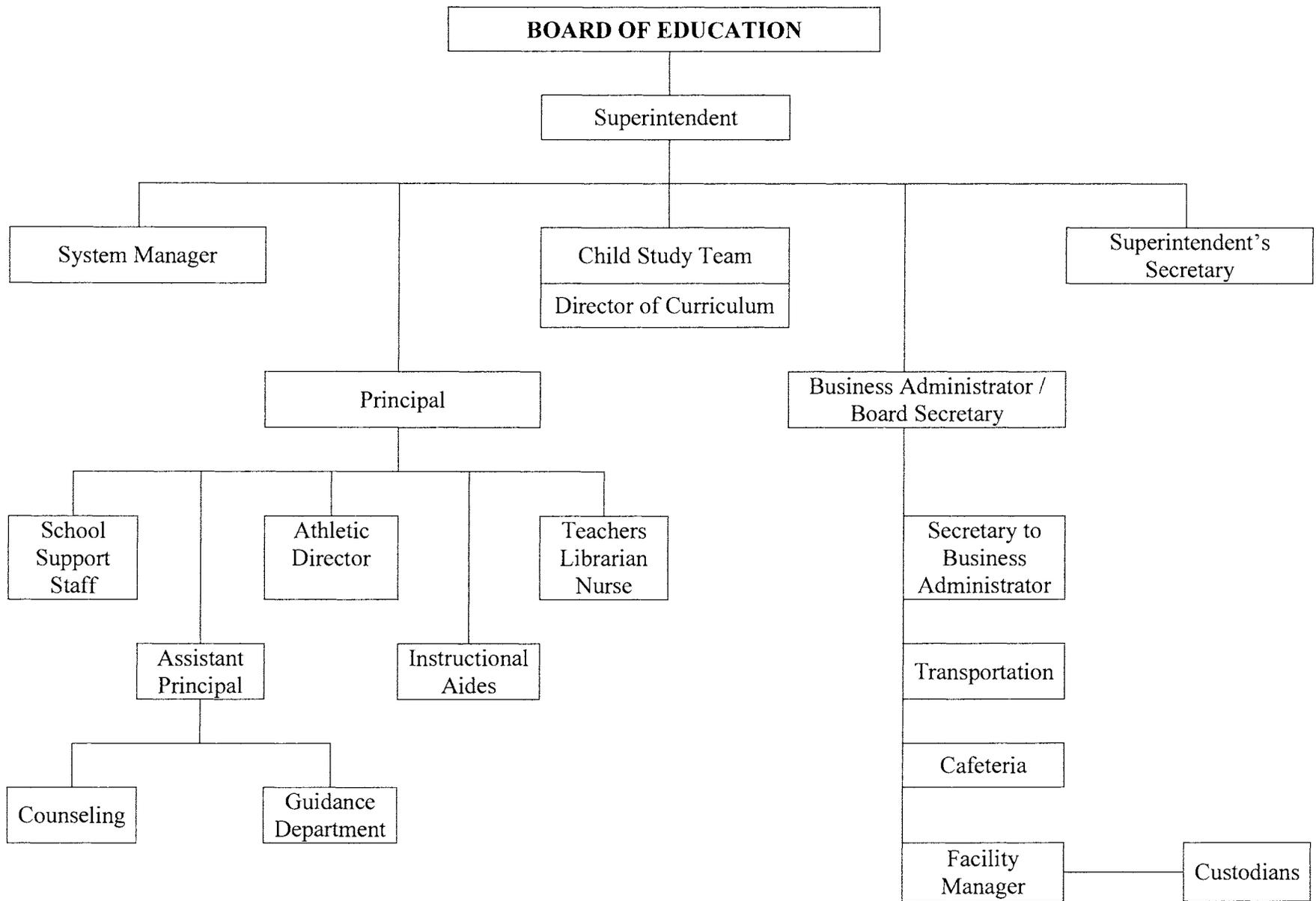
SCHWARTZ SIMON EDELSTEIN & CELSO, LLC
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Whippany, New Jersey 07981

PORZIO, BROMBERG & NEWMAN, P.C.

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Morristown, NJ 07962-1997

OFFICIAL DEPOSITORY
INVESTORS SAVINGS BANK
3563 Rt. 22 E - PO Box 499
Whitehouse, NJ 08888

**SOUTH HUNTERDON REGIONAL HIGH SCHOOL
ORGANIZATIONAL CHART**



11

FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
South Hunterdon Regional School District
County of Hunterdon
Lambertville, New Jersey 08530

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hunterdon Regional School District, County of Hunterdon, New Jersey from its inception and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey and State of New Jersey *OMB Circular 04-04* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

Opinion

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 6 to the basic financial statements, in 2015, the District adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68). Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3 and the pension schedules in Exhibit L-1 through L-4 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Hunterdon Regional School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by New Jersey's OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by New Jersey's OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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 December 7, 2015 on our consideration of the South Hunterdon Regional School 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 South Hunterdon Regional School District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

December 7, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
UNAUDITED**

The Management's Discussion and Analysis of the South Hunterdon Regional School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2015. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments. Certain comparative information between the current fiscal year (2014-2015) and the prior fiscal year (2013-2014) is required to be presented in the MD&A. In FY2015 the District implemented GASB 68 "Accounting and Financial Reporting for Pensions". Information necessary to restate the financial information provided for FY2014 was not available; therefore, the information has not been restated.

Financial Highlights

In the District-Wide Financial Statements:

- Net position of Governmental Activities increased \$2,417,488.73.
- Net position of the Business-type Activities decreased by \$77,184.29.

In the Major Fund Financial Statements:

- Governmental fund revenues exceed expenditures by \$953,301.43.
- Among governmental funds, the General Fund's fund balance increased \$497,290.93.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
UNAUDITED**

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") 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, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Major Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- 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, which include food services and transportation 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.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
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District-Wide Financial Statements

The District-wide Financial 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 and liabilities. All current year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or disbursed.

The District-wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the District's assets 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 has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service account and transportation services are reported as business activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds, focusing on major funds. 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 (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fund Financial Statements (Continued)

The District maintains three financial funds:

- **Governmental Funds:** The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **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 financial statements. The District's 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 flow.
- **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 position belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
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Financial Analysis of the District as a Whole

Table 1 below reflects the District's net position as a whole for the Fiscal years 2015 and 2014.

	<u>TABLE 1</u> <u>NET POSITION</u>	(RESTATED) <u>FY2014</u>
	<u>FY2015</u>	
ASSETS		
Current & Other Assets	\$5,934,066.24	\$4,972,285.04
Capital Assets	19,446,673.15	19,289,890.69
TOTAL ASSETS	<u>25,380,739.39</u>	<u>24,262,175.73</u>
DEFERRED OUTFLOW OF RESOURCES:		
Related to pensions	535,852.00	
Unamortized Bond Premium	976,181.75	
TOTAL DEFERRED OUTFLOWS	<u>1,512,033.75</u>	
LIABILITIES		
Other Liabilities	619,547.03	372,072.16
Long-Term Liabilities	21,157,355.47	16,633,162.37
TOTAL LIABILITIES	<u>21,776,902.50</u>	<u>17,005,234.53</u>
DEFERRED INFLOW OF RESOURCES:		
Related to pensions	305,344.00	
Gain on Refunding of Long-Term Debt	57,000.00	
TOTAL DEFERRED INFLOWS	<u>362,344.00</u>	
NET POSITION		
Net investment in capital assets	4,301,157.27	2,868,646.69
Restricted	4,680,533.68	3,576,785.45
Unrestricted (Deficit)	(4,228,164.31)	811,509.06
TOTAL NET POSITION	<u>\$4,753,526.64</u>	<u>\$7,256,941.20</u>

The District's combined net position was \$4,753,526.64 on June 30, 2015. The Net Position for June 30, 2014 have not been restated to reflect the District's Net Pension Liability required by the implementation of GASB 68. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
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Table 2 shows changes in net position for fiscal years 2015 and 2014.

TABLE 2
CHANGES IN NET POSITION

	<u>FY2015</u>	<u>FY2014</u>
REVENUES		
Program Revenues:		
Charges for Services	\$205,330.44	\$1,789,133.17
Operating Grants & Contributions	4,258,380.98	815,274.55
General Revenues:		
Property Taxes	17,762,993.00	17,453,266.00
Grants & Entitlements	2,433,748.96	3,638,069.77
Other	119,379.53	72,510.46
Total Revenue	<u>24,779,832.91</u>	<u>23,768,253.95</u>
EXPENSES		
Instruction	13,481,378.67	11,488,462.18
Pupils and Instructional Staff	4,021,102.68	3,756,056.42
General & School Administration, Central Services & Technology	1,527,162.95	1,903,869.94
Maintenance	1,594,246.04	1,729,132.05
Transportation	957,575.38	1,118,504.30
Charter Schools	17,172.34	
Interest on Long-Term Debt	450,535.82	717,866.96
Business Type	384,854.59	1,594,893.62
Total Expense	<u>22,434,028.47</u>	<u>22,308,785.47</u>
Disposal of Capital Assets (Net)		83.00
Cancellation of prior year receivables	<u>(5,500.00)</u>	
Change in Net Position	2,340,304.44	1,459,551.48
Net Position - July 1,	<u>2,413,222.20</u>	<u>5,797,389.72</u>
Net Position - June 30,	<u>\$4,753,526.64</u>	<u>\$7,256,941.20</u>

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Also, as previously noted, the information for FY2014 has not been restated to reflect the effect of the District's implementation of GASB 68 and the related pension liability. Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
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Sources of Revenue for Fiscal Year 2015

In the District Wide Financial Statements, the District's total revenue for the 2014-2015 school year was \$24,779,832.91 as reflected in Table 3 below. Property taxes accounted for 71.68 percent of the total revenue with the other 28.32 percent consisting of federal & state aid, charges for service, operating grants & contributions, and miscellaneous sources. Table 3 below summarizes these revenues for FY2015 and FY2014.

TABLE 3
DISTRICT-WIDE REVENUES

	<u>FY2015</u>		<u>FY2014</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$17,762,993.00	71.68%	\$17,453,266.00	73.43%
Federal & State Grants not Restrict	2,433,748.96	9.82%	3,638,069.77	15.31%
Miscellaneous Income	119,379.53	0.48%	72,510.46	0.31%
Charges for Services	205,330.44	0.83%	1,789,133.17	7.53%
Operating Grants & Contributions	<u>4,258,380.98</u>	<u>17.18%</u>	<u>815,274.55</u>	<u>3.43%</u>
	<u>\$24,779,832.91</u>	<u>100.00%</u>	<u>\$23,768,253.95</u>	<u>100.00%</u>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
UNAUDITED**

Expenses for the Fiscal Year 2015

The total expenditures for the 2014-2015 fiscal year for all programs and services were \$22,434,028.47. Table 4 below summarizes these program costs.

TABLE 4
DISTRICT-WIDE EXPENSES

	<u>FY2015</u>		<u>FY2014</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$13,481,378.67	60.09%	\$11,488,462.18	51.50%
Pupils and Instructional Staff	4,021,102.68	17.92%	3,756,056.42	16.84%
General & School Administration, Central Services & Technology	1,527,162.95	6.81%	1,903,869.94	8.53%
Maintenance	1,594,246.04	7.11%	1,729,132.05	7.75%
Transportation	957,575.38	4.27%	1,118,504.30	5.01%
Charter Schools	17,172.34	0.08%		
Interest on Long-Term Debt	450,535.82	2.01%	717,866.96	3.22%
Business Type	384,854.59	1.72%	1,594,893.62	7.15%
	<u>\$22,434,028.47</u>	<u>100.00%</u>	<u>\$22,308,785.47</u>	<u>100.00%</u>

The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through eight, which accounts for 82 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in both school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under this accounting reporting model; expenses therefore include \$585,568.05 for depreciation.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
UNAUDITED**

Governmental Activities

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of District activities. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

TABLE 5
NET COST OF SERVICE

	Total Cost of Services <u>FY2015</u>	Total Cost of Services <u>FY2014</u>	Net Cost of Services <u>FY2015</u>	Net Cost of Services <u>FY2014</u>
Instruction	\$13,481,378.67	\$11,488,462.18	10,425,349.14	10,994,350.97
Pupils and Instructional Staff	4,021,102.68	3,756,056.42	3,371,690.71	3,547,180.80
General & School Administration, Central Services & Technology	1,527,162.95	1,903,869.94	1,446,944.93	1,870,974.65
Maintenance	1,594,246.04	1,729,132.05	1,594,246.04	1,710,619.79
Transportation	957,575.38	1,118,504.30	957,575.38	1,053,321.30
Charter Schools	17,172.34	-	17,172.34	
Interest on Long-Term Debt	450,535.82	717,866.96	85,528.82	707,954.96
Business Type	384,854.59	1,594,893.62	71,809.69	(180,024.73)
	<u>\$22,434,028.47</u>	<u>\$22,308,785.47</u>	<u>\$17,970,317.05</u>	<u>19,704,377.74</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts as needed to account for staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials and equipment to meet various program needs.

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
UNAUDITED**

Capital Assets

During the fiscal year 2014-2015 the District's capital acquisitions exceeded depreciation expense, therefore capital assets net of depreciation increased by \$156,782.46. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

TABLE 6
CAPITAL ASSETS (NET OF DEPRECIATION) AT JUNE 30,

	<u>FY2015</u>	<u>FY2014</u>
Land	\$498,143.00	\$498,143.00
Construction in Progress	552,762.39	158,118.00
Site Improvements	218,211.86	259,811.04
Building Improvements	17,715,054.65	17,855,119.96
Machinery Equipment	462,501.25	518,698.69
	<u>\$19,446,673.15</u>	<u>\$19,289,890.69</u>

Debt Administration

At June 30, 2015, the District had \$20,117,345.72 of outstanding long-term debt, consisting of bonds payable, compensated absences, capital leases and net pension liability. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

TABLE 7
LONG-TERM DEBT AT JUNE 30,

	<u>FY2015</u>	<u>FY2014</u>
Bonds Payable	\$14,930,314.12	\$16,242,098.00
Capital Leases Payable	94,373.76	129,495.00
Compensated Absences	192,343.84	197,741.37
Net Pension Liability	4,900,314.00	
	<u>\$20,117,345.72</u>	<u>\$16,569,334.37</u>

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
UNAUDITED**

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Mrs. Kerry Sevilis, School Business Administrator/Board Secretary, South Hunterdon Regional School District, 301 Mt. Airy-Harbourton Road, Lambertville, NJ 08530.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2015.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$1,246,156.17	\$212,085.00	\$1,458,241.17
Receivables, net	1,603,887.94	41,238.69	1,645,126.63
Inventory		4,248.86	4,248.86
Interfund receivable	116,227.28		116,227.28
Restricted assets:			
Restricted cash and cash equivalents	2,710,222.30		2,710,222.30
Capital assets:			
Land and construction in progress	1,050,905.39		1,050,905.39
Other capital assets, net of depreciation	18,133,175.25	262,592.51	18,395,767.76
Total Assets	<u>24,860,574.33</u>	<u>520,165.06</u>	<u>25,380,739.39</u>
DEFERRED OUTFLOW OF RESOURCES:			
Related to pension	535,852.00		535,852.00
Unamortized Bond Premium	976,181.75		976,181.75
	<u>1,512,033.75</u>		<u>1,512,033.75</u>
LIABILITIES:			
Accounts payable	259,082.48	89,062.07	348,144.55
Interfund payables		1,453.76	1,453.76
Payable to state government	11,227.00		11,227.00
Unearned revenue	36,060.39	934.81	36,995.20
Accrued interest on bonds	221,726.52		221,726.52
Noncurrent liabilities:			
Due within one year	1,185,364.05		1,185,364.05
Due beyond one year	15,007,849.42	63,828.00	15,071,677.42
Net Pension Liability	4,900,314.00		4,900,314.00
Total liabilities	<u>21,621,623.86</u>	<u>155,278.64</u>	<u>21,776,902.50</u>
DEFERRED INFLOW OF RESOURCES:			
Related to pension	305,344.00		305,344.00
Gain on Refunding of Long-Term Debt	57,000.00		57,000.00
Total deferred inflow of resources	<u>362,344.00</u>		<u>362,344.00</u>
NET POSITION:			
Net investment in capital assets	4,102,392.76	198,764.51	4,301,157.27
Restricted for:			
Capital projects fund	501,744.12		501,744.12
Other purposes	4,178,789.56		4,178,789.56
Unrestricted (deficit)	<u>(4,394,286.22)</u>	<u>166,121.91</u>	<u>(4,228,164.31)</u>
Total net position	<u>\$4,388,640.22</u>	<u>\$364,886.42</u>	<u>\$4,753,526.64</u>

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Indirect Expense Allocation	Programs Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 6,792,680.88	\$ 2,511,750.56	\$	\$ 1,885,803.50	\$ (7,418,627.94)	\$	\$ (7,418,627.94)
Special	2,199,165.52	750,277.13		928,212.32	(2,021,230.33)		(2,021,230.33)
Other instruction	903,879.18	323,625.40		242,013.71	(985,490.87)		(985,490.87)
Support services:							
Tuition	773,455.35				(773,455.35)		(773,455.35)
Student and instruction related services	2,409,960.12	837,687.22		649,411.98	(2,598,235.36)		(2,598,235.36)
General administrative services	526,910.65	95,588.11			(622,498.76)		(622,498.76)
School administrative services	277,993.04	104,855.55		80,218.03	(302,630.57)		(302,630.57)
Central services	278,460.12	69,419.63			(347,879.75)		(347,879.75)
Administration information technology	138,163.19	35,772.66			(173,935.85)		(173,935.85)
Plant operations and maintenance	1,386,550.19	207,695.85			(1,594,246.04)		(1,594,246.04)
Pupil transportation	800,589.48	156,985.90			(957,575.38)		(957,575.38)
Unallocated benefits	4,542,444.42	(4,542,444.42)					
Charter Schools	17,172.34				(17,172.34)		(17,172.34)
Interest on Long-Term Debt	450,535.82			365,007.00	(85,528.82)		(85,528.82)
Unallocated depreciation	551,213.58	(551,213.58)					
Total governmental activities	<u>22,049,173.88</u>			<u>4,150,666.54</u>	<u>(17,898,507.36)</u>		<u>(17,898,507.36)</u>
Business-type activities							
Food Service	310,954.99		205,330.44	107,714.46		2,089.91	2,089.91
Transportation Services	73,899.60					(73,899.60)	(73,899.60)
Total business-type activities	<u>384,854.59</u>		<u>205,330.44</u>	<u>107,714.46</u>		<u>(71,809.69)</u>	<u>(71,809.69)</u>
Total primary government	\$ <u>22,434,028.47</u>	\$	\$ <u>205,330.44</u>	\$ <u>4,258,381.00</u>	\$ <u>(17,898,507.36)</u>	\$ <u>(71,809.69)</u>	\$ <u>(17,970,317.05)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net				\$ 16,412,071.00	\$	\$	\$ 16,412,071.00
Taxes levied for debt service				1,350,922.00			1,350,922.00
Federal and state aid not restricted				2,433,492.96			2,433,492.96
Federal and state aid restricted				256.00			256.00
Miscellaneous income				119,254.13		125.40	119,379.53
Cancelation of prior year receivables						(5,500.00)	(5,500.00)
Total general revenues and special items				<u>20,315,996.09</u>		<u>(5,374.60)</u>	<u>20,310,621.49</u>
Change in net position				2,417,488.73		(77,184.29)	2,340,304.44
Net Position - beginning (as restated)				1,971,151.49		442,070.71	2,413,222.20
Net Position ending				\$ <u>4,388,640.22</u>	\$	\$ <u>364,886.42</u>	\$ <u>4,753,526.64</u>

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

MAJOR FUND FINANCIAL STATEMENTS

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 939,617.63	\$	\$ 280,639.16	\$ 25,899.38	1,246,156.17
Cash, Capital Reserve	1,922,270.24				1,922,270.24
Cash, Emergency Reserve	280,792.46				280,792.46
Cash, Maintenance Reserve	507,159.60				507,159.60
Other receivables	21,606.00				21,606.00
Due from other funds	141,042.41				141,042.41
Receivables from other governments	<u>1,286,148.46</u>	<u>73,902.52</u>	<u>221,104.96</u>	<u>1,126.00</u>	<u>1,582,281.94</u>
 Total assets	 \$ <u>5,098,636.80</u>	 \$ <u>73,902.52</u>	 \$ <u>501,744.12</u>	 \$ <u>27,025.38</u>	 <u>5,701,308.82</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 22,700.48	\$ 1,800.00	\$	\$	24,500.48
Interfund payables		24,815.13			24,815.13
Payable to state government		11,227.00			11,227.00
Unearned revenue		<u>36,060.39</u>			<u>36,060.39</u>
 Total liabilities	 <u>22,700.48</u>	 <u>73,902.52</u>			 <u>96,603.00</u>
Fund balances:					
Restricted for:					
Excess surplus	817,152.72				817,152.72
Excess surplus - designated for subsequent years expenditures	7,739.00				7,739.00
Maintenance reserve account	515,159.60				515,159.60
Capital reserve account	2,489,879.24				2,489,879.24
Emergency reserve account	250,000.00				250,000.00
Other - regionalization grant	98,859.00				98,859.00
Debt service				27,021.38	27,021.38
Capital projects			304,210.00		304,210.00
Committed to:					
Designated for subsequent years expenditures	172,050.00			4.00	172,054.00
Assigned to:					
Other purpose- encumbrances	505,615.69				505,615.69
Capital projects-encumbrances			197,534.12		197,534.12
Unassigned:					
General fund					
Undesignated	<u>219,481.07</u>				<u>219,481.07</u>
 Total fund balances	 <u>5,075,936.32</u>		 <u>501,744.12</u>	 <u>27,025.38</u>	 <u>5,604,705.82</u>
 Total liabilities and fund balances	 \$ <u>5,098,636.80</u>	 \$ <u>73,902.52</u>	 \$ <u>501,744.12</u>	 \$ <u>27,025.38</u>	 <u>5,701,308.82</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Total Fund Balances (Brought Forward)		\$5,604,705.82
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$28,009,524.89	
Accumulated Depreciation	<u>(8,825,444.25)</u>	
		19,184,080.64
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated Absences	(192,343.84)	
Bonds Payable	(14,930,314.12)	
Net Pension Liability	(4,900,314.00)	
Capital Leases	<u>(94,373.76)</u>	
		(20,117,345.72)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension related	301,270.00	
Employer Contribution related to pensions	<u>234,582.00</u>	
		535,852.00
Deferred Inflows:		
Pension related		(305,344.00)
Refunding Bonds:		
Deferred Outflow:		
Gain on Refunding Bonds		(57,000.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts Payable - Pension Related	(234,582.00)	
Accrued Interest Payable	<u>(221,726.52)</u>	
		<u>(456,308.52)</u>
Net Position of Governmental Activities		<u><u>\$4,388,640.22</u></u>

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$16,412,071.00			\$1,350,922.00	\$17,762,993.00
Tuition	28,873.44				28,873.44
Interest earned on emergency reserve	552.55				552.55
Interest on maintenance reserve	911.85				911.85
Interest on capital reserve	4,458.56				4,458.56
Miscellaneous	79,628.93	\$49,726.45		4,828.80	134,184.18
Total revenues - local sources	16,526,496.33	49,726.45		1,355,750.80	17,931,973.58
State sources	3,852,222.03	9,298.84	\$211,194.96	365,007.00	4,437,722.83
Federal sources		327,821.20			327,821.20
Total revenues	20,378,718.36	386,846.49	211,194.96	1,720,757.80	22,697,517.61
EXPENDITURES:					
Current expense:					
Regular instruction	5,811,159.23				5,811,159.23
Special instruction	1,538,260.74	370,765.00			1,909,025.74
Other instruction	777,916.06				777,916.06
Support services:					
Tuition	773,455.35				773,455.35
Student and instruction related services	2,066,552.21	15,825.49			2,082,377.70
General administrative services	517,986.24				517,986.24
School administrative services	236,241.22				236,241.22
Central services	270,136.33				270,136.33
Administration information technology	139,735.89				139,735.89
Plant operations and maintenance	1,342,020.50				1,342,020.50
Pupil transportation	809,795.49				809,795.49
Unallocated benefits	4,547,841.95				4,547,841.95
Special Schools	17,172.34				17,172.34
Debt Service:					
Principal				1,254,783.88	1,254,783.88
Interest				488,952.54	488,952.54
Capital outlay	182,184.58	256.00	\$583,175.14		765,615.72
Total expenditures	19,030,458.13	386,846.49	583,175.14	1,743,736.42	21,744,216.18
Excess (deficiency) of revenues over (under) expenditures	1,348,260.23		(371,980.18)	(22,978.62)	953,301.43
Other financing sources (uses):					
Transfers in/(out)	(850,969.30)		800,969.30	50,000.00	
Refunding Bond Proceeds				10,435,000.00	10,435,000.00
Premium on Bonds Issue				976,181.75	976,181.75
Payment to Refunded Bonds Escrow Agent				(11,277,667.32)	(11,277,667.32)
Cost of Issuance				(133,514.43)	(133,514.43)
Total other financing sources (uses)	(850,969.30)		800,969.30	50,000.00	(0.00)
Net change in fund balances	497,290.93		428,989.12	27,021.38	953,301.43
Fund balances, July 1, 2014	4,578,645.39	-0-	72,755.00	4.00	4,651,404.39
Fund balances, June 30, 2015	<u>\$5,075,936.32</u>	<u>\$-0-</u>	<u>\$501,744.12</u>	<u>\$27,025.38</u>	<u>\$5,604,705.82</u>

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total net change in fund balances - governmental funds (from B-2)		\$953,301.43
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period		
Depreciation expense	(\$551,213.58)	
Capital outlays	\$765,615.72	
Capital outlays not capitalized	<u>(23,265.21)</u>	
	<u>742,350.51</u>	191,136.93
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.		
Payment of bonds payable		1,254,783.88
Repayment of long-term debt 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.		
Payment of capital lease payable		35,121.24
In the statement of activities, interest on long-term debt is accrued, regardless of when due in governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		
		38,416.72
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	215,767.00	
Less: Pension expense	<u>(276,436.00)</u>	
		(60,669.00)
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-). When the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		
Increase in Compensated Absences		<u>5,397.53</u>
Change in net positions of governmental activities		<u>\$2,417,488.73</u>

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

OTHER FUNDS

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	MAJOR FUND	NON-MAJOR FUND			
	FOOD SERVICE FUND	ENRICHMENT FUND	CHILD STUDY TEAM SERVICES FUND	TRANSPORTATION SERVICES FUND	
ASSETS:					
Current assets:					
Cash and cash equivalents	\$81,009.29	\$5,315.65	\$57,420.25	\$68,339.81	\$212,085.00
Accounts receivable - other	17,956.74				17,956.74
Intergovernmental receivables:					
State	671.19				671.19
Federal	22,610.76				22,610.76
Inventories	4,248.86				4,248.86
Total current assets	<u>126,496.84</u>	<u>5,315.65</u>	<u>57,420.25</u>	<u>68,339.81</u>	<u>257,572.55</u>
Noncurrent assets:					
Furniture, machinery and equipment	159,800.00			275,750.00	435,550.00
Less accumulated depreciation	(105,169.99)			(67,787.50)	(172,957.49)
Total noncurrent assets	<u>54,630.01</u>			<u>207,962.50</u>	<u>262,592.51</u>
Total assets	<u>181,126.85</u>	<u>5,315.65</u>	<u>57,420.25</u>	<u>276,302.31</u>	<u>520,165.06</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	42,736.97			46,325.10	89,062.07
Interfund payable	1,453.76				1,453.76
Unearned revenue	934.81				934.81
Capital leases payable				63,828.00	63,828.00
Total current liabilities	<u>45,125.54</u>			<u>110,153.10</u>	<u>155,278.64</u>
Total liabilities	<u>45,125.54</u>			<u>110,153.10</u>	<u>155,278.64</u>
NET POSITION:					
Net investment in capital assets	54,630.01			144,134.50	198,764.51
Unrestricted	81,371.30	5,315.65	57,420.25	22,014.71	166,121.91
Total net position	<u>\$136,001.31</u>	<u>\$5,315.65</u>	<u>\$57,420.25</u>	<u>\$166,149.21</u>	<u>\$364,886.42</u>

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	MAJOR FUND	NON-MAJOR FUND			
	FOOD SERVICE FUND	ENRICHMENT FUND	CHILD STUDY TEAM SERVICES FUND	TRANSPORTATION SERVICES FUND	
OPERATING REVENUES:					
Charges for services:					
Daily sales - Reimbursable Programs	\$162,997.34				\$162,997.34
Daily sales - Non-Reimbursable Programs	42,333.10				42,333.10
Total operating revenues	205,330.44				205,330.44
OPERATING EXPENSES:					
Salaries	90,505.47				90,505.47
Employee Benefits	25,565.32				25,565.32
Other Purchase Service (Administrative Expenses)	24,633.46				24,633.46
Miscellaneous Expenditures	3,052.09			46,325.10	49,377.19
Depreciation	6,779.97			27,574.50	34,354.47
Cost of sales	160,418.68				160,418.68
Total operating expenses	310,954.99			73,899.60	384,854.59
Operating income (loss)	(105,624.55)			(73,899.60)	(179,524.15)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	2,673.14				2,673.14
Federal Sources:					
National School Lunch Program	80,696.60				80,696.60
National School Breakfast Program	8,955.96				8,955.96
National food distribution commodities	15,388.76				15,388.76
Prior year receivable canceled				(5,500.00)	(5,500.00)
Interest on Investments	125.40				125.40
Total nonoperating revenues	107,839.86			(5,500.00)	102,339.86
Change in net position	2,215.31			(79,399.60)	(77,184.29)
Total net position - beginning of the year	133,786.00	5,315.65	57,420.25	245,548.81	442,070.71
Total net position - end of the year	\$136,001.31	\$5,315.65	\$57,420.25	\$166,149.21	\$364,886.42

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	MAJOR FUND	NON-MAJOR FUND			
	FOOD SERVICE FUND	ENRICHMENT FUND	CHILD STUDY TEAM SERVICES FUND	TRANSPORTATION SERVICES FUND	
Cash flows from operating activities:					
Receipts from customers	\$202,153.43				\$202,153.43
Payments to employees	(90,505.47)				(90,505.47)
Payments to employee benefits	(25,565.32)				(25,565.32)
Payments to suppliers	(129,196.03)			(146.00)	(129,342.03)
Net cash provided by (used for) operating activities	(43,113.39)			(146.00)	(43,259.39)
Cash flows from noncapital financing activities:					
State Sources	2,334.00				2,334.00
Federal Sources	72,443.06				72,443.06
Interfund Activity	40,769.51				40,769.51
Net cash provided by noncapital financing activities:	115,546.57				115,546.57
Cash flows from investing activities:					
Interest	125.40				125.40
Net cash provided by (used for) investing activities	125.40				125.40
Net increase (decrease) in cash and cash equivalents	72,558.58			(146.00)	72,412.58
Cash and cash equivalents, July 1, 2014	8,450.71	5,315.65	57,420.25	68,485.81	139,672.42
Cash and cash equivalents, June 30, 2015	<u>\$81,009.29</u>	<u>\$5,315.65</u>	<u>\$57,420.25</u>	<u>\$68,339.81</u>	<u>\$212,085.00</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(\$105,624.55)			(\$73,899.60)	(\$179,524.15)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	6,779.97			27,574.50	34,354.47
Federal commodities	15,388.76				15,388.76
Change in assets and liabilities:					
(Increase) decrease in accounts receivable - other	(3,177.01)				(3,177.01)
(Increase) decrease in inventories	3,265.50			46,325.10	49,590.60
Increase (decrease) in accounts payable	42,736.97			(146.00)	42,590.97
Increase (decrease) in unearned revenue	(2,483.03)				(2,483.03)
	62,511.16			73,753.60	136,264.76
Net cash provided by (used for) operating activities	<u>(\$43,113.39)</u>			<u>(\$146.00)</u>	<u>(\$43,259.39)</u>

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	PRIVATE PURPOSE AWARD FUNDS	UNEMPLOYMENT COMPENSATION TRUST FUND	AGENCY FUNDS
ASSETS:			
Cash and cash equivalents	\$59,261.45	\$229,180.05	\$214,225.59
Due from others			33,814.34
Intrafunds receivable	1,043.96	10,419.91	
Total assets	\$60,305.41	\$239,599.96	\$248,039.93
LIABILITIES:			
Interfunds payable		\$7,333.64	\$107,439.88
Intrafunds payable			11,463.87
Payroll deductions and withholdings			11,514.35
Net payroll			4,035.00
Payable to student groups			113,586.83
Total liabilities		7,333.64	248,039.93
NET POSITION:			
Held in trust for unemployment claims		\$232,266.32	
Reserved for scholarships	\$60,305.41		
Total net position	\$60,305.41	\$232,266.32	\$-0-

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	PRIVATE PURPOSE AWARD FUNDS	UNEMPLOYMENT COMPENSATION TRUST FUND
ADDITIONS:		
Contributions:		
Plan Members		\$45,589.54
Other	\$8,211.71	
Total contributions	<u>8,211.71</u>	<u>45,589.54</u>
Investment earnings:		
Interest	654.02	593.60
Net investment earnings	<u>654.02</u>	<u>593.60</u>
Total additions	<u>8,865.73</u>	<u>46,183.14</u>
DEDUCTIONS:		
Awards	10,081.71	
Unemployment claims		31,605.58
Total deductions	<u>10,081.71</u>	<u>31,605.58</u>
Change in net position	(1,215.98)	14,577.56
Net position - beginning of the year	<u>61,521.39</u>	<u>217,688.76</u>
Net position - end of the year	<u><u>\$60,305.41</u></u>	<u><u>\$232,266.32</u></u>

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the South Hunterdon Regional School District (the District) have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

The District is a Type II district located in Hunterdon County, New Jersey. The School District 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.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the 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.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include three elementary schools, and a middle school/high school. 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.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

The District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements are presented for each fund category - governmental, proprietary, and fiduciary. 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.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Governmental Fund Types

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

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

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

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

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations, Enrichment Program, Child Study Team and Transportation services. 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.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

Payroll and Student Activities Funds (Agency) - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus

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

Districtwide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Val Orem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 totaled (\$139,367.00), representing the reduction of School Choice Aid.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of deferred State Aid payments for budgetary purposes only and the accounting treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

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

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

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future period, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

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

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. In compliance with GASB 63, the Statement of Net Assets has been renamed the Statement of Net Position. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and Non-Exchange 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.

Non-exchange transactions, in which the 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the 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 both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

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

Allocation of Indirect Expenses

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

Extraordinary and Special Items

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

Management Estimates

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

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

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

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

Accounting and Financial Reporting for Pensions (continued)

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only two items that qualify for reporting in this category, deferred amounts from refunding debt and deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, gain on refunding of long-term debt and deferred amounts related to pension.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District considers petty cash, change funds, cash in banks, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

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

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Governmental	\$4,342,686.42	\$25,756.40	\$412,064.35	\$3,956,378.47
Proprietary	212,021.44	63.56		212,085.00
Fiduciary	637,678.07	609.95	135,620.93	502,667.09
	<u>\$5,192,385.93</u>	<u>\$26,429.91</u>	<u>\$547,685.28</u>	<u>\$4,671,130.56</u>

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2015, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$250,000.00 was covered by Federal Depository Insurance and \$4,942,385.93 was covered by NJ GUDPA. The New Jersey Cash Management Fund is an investment pool and is not insured by either FDIC or GUDPA.

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. 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
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - 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. 17:19-41); and;
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015 the District had no investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Transfers</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 498,143.00	\$	\$	\$	\$ 498,143.00
Construction in Progress	<u>158,118.00</u>	<u>(48,218.00)</u>	<u>442,862.39</u>		<u>552,762.39</u>
Total Capital assets not being depreciated	<u>656,261.00</u>	<u>(48,218.00)</u>	<u>442,862.39</u>		<u>1,050,905.39</u>
Land Improvements	840,070.00				840,070.00
Building and Building Improvements	24,010,996.13	30,764.00	199,060.37		24,240,820.50
Furniture and Equipment	<u>1,831,137.25</u>	<u>17,454.00</u>	<u>100,427.75</u>	<u>71,290.00</u>	<u>1,877,729.00</u>
Totals as historical cost	<u>26,682,203.38</u>	<u>48,218.00</u>	<u>299,488.12</u>	<u>71,290.00</u>	<u>26,958,619.50</u>
Total Gross assets (Memo only)	<u>\$ 27,338,464.38</u>	<u>\$</u>	<u>\$ 742,350.51</u>	<u>\$ 71,290.00</u>	<u>\$ 28,009,524.89</u>
Less: Accumulated Depreciation for:					
Land Improvements	\$ (580,258.96)	\$	\$ (41,599.18)	\$	\$ (621,858.14)
Building and Building Improvements	(6,155,876.17)		(441,179.68)	(71,290.00)	(6,525,765.85)
Furniture and Equipment	<u>(1,609,385.54)</u>		<u>(68,434.72)</u>		<u>(1,677,820.26)</u>
Total depreciation	<u>(8,345,520.67)</u>		<u>(551,213.58)</u>	<u>(71,290.00)</u>	<u>(8,825,444.25)</u>
Total Capital assets being depreciated net of accumulated depreciation	<u>18,336,682.71</u>	<u>48,218.00</u>	<u>(251,725.46)</u>		<u>18,133,175.25</u>
Governmental activities capital assets, net	<u>\$ 18,992,943.71</u>	<u>\$</u>	<u>\$ 191,136.93</u>	<u>\$</u>	<u>\$ 19,184,080.64</u>
Business-type activities:					
Equipment	\$ 435,550.00	\$	\$	\$	\$ 435,550.00
Less: Accumulated Depreciation	<u>(138,603.02)</u>		<u>(34,354.47)</u>		<u>(172,957.49)</u>
Proprietary fund capital assets, net	<u>\$ 296,946.98</u>	<u>\$</u>	<u>\$ (34,354.47)</u>	<u>\$</u>	<u>\$ 262,592.51</u>
Total Capital Assets - All Funds, net	<u>\$ 19,289,890.69</u>	<u>\$</u>	<u>\$ 156,782.46</u>	<u>\$</u>	<u>\$ 19,446,673.15</u>

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Depreciation Expense was charged to governmental expenses as follows:

Instruction:		
Regular	\$	234,228.43
Specials		76,946.45
Other		31,355.20
Support Services:		
Student and Instruction Related Services		72,434.43
General Administrative Services		31,247.88
School Administrative Services		8,217.53
Central Service		9,396.55
Administration Information Technology		4,860.64
Plant Operations and Maintenance		54,358.16
Pupil Transportation		<u>28,168.31</u>
	\$	<u><u>551,213.58</u></u>

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2015:

	<u>Bonds Payable</u>	<u>Unamortized Bond Premium</u>	<u>Leases Payable</u>	<u>Compensated Absences Payable</u>	<u>Net Pension Liability</u>	<u>Total</u>
Balance June 30, 2014	\$ 16,242,098.00	\$	\$ 129,495.00	\$ 197,741.37	\$ 4,843,719.00	\$ 21,413,053.37
Additions	<u>10,435,000.00</u>	<u>976,181.75</u>	<u></u>	<u></u>	<u>56,595.00</u>	<u>11,467,776.75</u>
	26,677,098.00	976,181.75	129,495.00	197,741.37	4,900,314.00	32,880,830.12
Deletions	<u>11,746,783.88</u>	<u></u>	<u>35,121.24</u>	<u>5,397.53</u>	<u></u>	<u>11,787,302.65</u>
Balance June 30, 2015	\$ <u>14,930,314.12</u>	\$ <u>976,181.75</u>	\$ <u>94,373.76</u>	\$ <u>192,343.84</u>	\$ <u>4,900,314.00</u>	\$ <u>21,093,527.47</u>
Amounts due within one year	\$ <u>1,150,747.97</u>	\$ <u>-0-</u>	\$ <u>34,616.08</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,185,364.05</u>

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable

The annual requirements to amortize all debt outstanding as of June 30, 2015, with interest payments on issued debt, are as follows:

Fiscal Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,150,747.97	\$ 581,393.17	\$ 1,732,141.14
2017	1,186,749.57	536,138.34	1,722,887.91
2018	1,232,790.13	490,332.55	1,723,122.68
2019	1,288,871.17	442,775.48	1,731,646.65
2020	1,344,994.25	393,120.55	1,738,114.80
2021	1,401,161.03	341,166.08	1,742,327.11
2022	1,430,000.00	287,685.00	1,717,685.00
2023	1,480,000.00	232,610.00	1,712,610.00
2024	1,430,000.00	176,600.00	1,606,600.00
2025	1,490,000.00	119,400.00	1,609,400.00
2026	<u>1,495,000.00</u>	<u>59,800.00</u>	<u>1,554,800.00</u>
	<u>\$ 14,930,314.12</u>	<u>\$ 3,661,021.17</u>	<u>\$ 18,591,335.29</u>

Bonds Authorized But Not Issued

As of June 30, 2015, the District had no Bonds Authorized but not issued.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District has entered into lease agreements for technology equipment, fitness equipment and vehicles. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2015:

Governmental Fund:

<u>Year</u>	<u>Amount</u>
2016	\$ 37,935.18
2017	32,293.62
2018	<u>29,761.30</u>
Total minimum lease payments	99,990.10
Less: Amounts representing interest	<u>5,616.34</u>
Present value of net minimum lease payment	<u>\$ 94,373.76</u>

Proprietary Fund:

<u>Year</u>	<u>Amount</u>
2016	<u>\$ 64,823.96</u>
Total minimum lease payments	64,823.96
Less: Amounts representing interest	<u>995.96</u>
Present value of net minimum lease payment	<u>\$ 63,828.00</u>

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 5: PENSION PLANS

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

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

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2015	\$215,767.00	100.00%	\$215,767.00
2014	\$190,961.00	100.00%	\$190,961.00
2013	\$191,299.00	100.00%	\$191,299.00

<u>Three-Year Trend Information for TPAF (Paid On-Behalf of the District)</u>			
<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2015	\$406,863.00	100.00%	\$406,863.00
2014	\$320,081.00	100.00%	\$320,081.00
2013	\$474,264.00	100.00%	\$474,264.00

Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$577,165.03 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported a liability of \$4,900,314.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.0261730678 percent, which was an increase of 0.0008291824 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$276,436.00. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes of assumptions		154,092.00
Net difference between projected and actual earnings on pension plan investments	292,032.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	13,312.00	147,178.00
District contributions subsequent to the measurement date		<u>234,582.00</u>
	<u>305,344.00</u>	<u>535,852.00</u>

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(Continued)

Public Employees Retirement System (PERS) (Continued)

The \$234,582.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2016	(\$44,682.26)
2017	(\$44,682.26)
2018	(\$44,682.26)
2019	\$28,325.77
Thereafter	\$12,463.34

Additional Information

Collective balances at June 30, 2013 and 2014 are as follows

	<u>6/30/2014</u>	<u>6/30/2013</u>
Collective deferred outflows of resources	\$952,194,675	Not Available
Collective deferred inflows of resources	1,479,224,662	Not Available
Collective net pension liability	18,722,735,003	19,111,986,911
District's Proportion	0.0261730678%	0.0253438854%

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation	3.01 Percent
Salary Increases	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

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

Mortality Rates

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

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

	June 30, 2014		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.39%</u>	<u>5.39%</u>	<u>6.39%</u>
District's proportionate share of the pension liability	6,164,762.00	4,900,314.00	3,838,500.00

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Pension plan fiduciary net position.

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

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

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

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	\$53,310,526
	\$53,310,526

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the proportion of the TPAF net pension liability associated with the District was .0756625661%.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue of \$2,176,008 for contributions provided by the State.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (continued)

Actuarial Assumptions

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

Inflation rate	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate- Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	<u>100.00%</u>	

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

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

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

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

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 7: OTHER POST-RETIREMENT BENEFITS

For eligible retired employees, the School District participates in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 7: OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2015, 2014 and 2013 were \$645,896, \$524,815 and \$536,274, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 8: LITIGATION

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position.

NOTE 9: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2014-2015 fiscal year were subject to the U.S. OMB A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The District management does not believe such an audit would result in material amounts of disallowed costs.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

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 table on the following page is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-15	\$ 593.60	\$ 45,589.54	\$ 31,605.58	\$ 232,266.32
2013-14	412.41	17,472.89	5,044.73	217,688.76
2012-13	331.19	41,503.80	18,193.20	204,848.19

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and 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. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2015, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$192,343.84.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 no liability existed for compensated absences in the proprietary fund.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 12: FUND BALANCE APPROPRIATED

General Fund – The table below reflects the District's Fund Balance at June 30, 2015 on both a GAAP (Exhibit B-1) and Budgetary (Exhibit C-1) basis including the required adjustment related to the last state aid payment which under GAAP is not recognized:

	<u>Budgetary</u> <u>Basis</u>	<u>Adjustment</u>	<u>GAAP</u> <u>Basis</u>
Restricted for:			
Excess surplus:			
Designated for subsequent			
years expenditures	\$ 7,739.00	\$	\$ 7,739.00
Current year	817,152.72		817,152.72
Maintenance reserve	515,159.60		515,159.60
Capital reserve	2,489,879.24		2,489,879.24
Emergency reserve	250,000.00		250,000.00
Other - regionalization grant	98,859.00		98,859.00
Committed to:			
Designated for subsequent			
years expenditures	172,050.00		172,050.00
Assigned to:			
Encumbrances	505,615.69		505,615.69
Unassigned	<u>407,273.07</u>	<u>(187,792.00)</u>	<u>219,481.07</u>
	<u>\$ 5,263,728.32</u>	<u>\$ (187,792.00)</u>	<u>\$ 5,075,936.32</u>

Debt Service Fund – Of the \$27,025.38 in Debt Service Fund fund balance at June 30, 2015, \$4.00 has been appropriated and included as anticipated revenue in the 2015-2016 Budget and \$27,021.38 is committed to debt service.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

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

General Fund Expenditures Fiscal Year Ended June 30, 2015	\$19,030,458.13
Add:	
Transfer from Capital Reserve to Capital Projects Fund	800,969.30
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	<u>1,629,924.03</u>
Adjusted General Fund Expenditures	\$18,201,503.40
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2014-15 General Fund Expenditures	364,030.07
Add: Allowable Adjustments	<u>43,243.00</u>
Maximum Unreserved/Undesignated Fund Balance	407,273.07
Actual Unreserved/Undesignated Fund Balance	<u>1,224,425.79</u>
Excess Surplus - current year	<u>\$817,152.72</u>
Recapitulation of Excess Surplus, June 30, 2015:	
Current Year	\$817,152.72
Prior Year - Designated for Subsequent Year's Expenditures	<u>7,739.00</u>
	<u><u>\$824,891.72</u></u>

Based on the above calculation, as of June 30, 2015, \$7,739.00 is reported as Reserved Fund Balance - Excess Surplus Designated for Subsequent Year's Expenditure and was required to be appropriated for property tax relief in the 2015-16 budget. \$817,152.72 is reported as Restricted Fund Balance - Excess Surplus and is required to be appropriated for property tax relief in the 2016-17 budget.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 141,042.41	
Special Revenue Fund		24,815.13
Food Service Fund		1,453.76
Unemployment Trust Fund		7,333.64
Payroll Agency Fund		107,439.88
	\$ 141,042.41	141,042.41
	\$ 141,042.41	141,042.41

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 15: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department 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 (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

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

Capital Reserve Account

Beginning balance, July 1, 2014		\$2,736,389.98
Transferred by Board Resolution	\$600,000.00	
Interest earned	4,458.56	
	604,458.56	3,340,848.54
Withdrawals		
Transfer to Capital Projects Fund	800,969.30	
Transfer to Debt Service Fund	50,000.00	
Total withdrawals	850,969.30	850,969.30
Ending balance, June 30, 2015		\$2,489,879.24

NOTE 16: EMERGENCY RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7F-41c(1), an emergency reserve account was established by the District. The emergency reserve account is maintained in the general fund.

The funds in the reserve shall be used to finance unanticipated general fund current expense costs required for T&E. For the purpose of the emergency reserve account "unanticipated" shall mean reasonably unforeseeable and shall not include additional costs caused by poor planning or error.

The account balance is not to exceed \$250,000 or one percent of the district's general fund budget up to a maximum of \$1,000,000 whichever is greater. Withdrawals require approval by the Commissioner.

At June 30, 2015, the balance of the Emergency Reserve Account was \$250,000.00 and is in excess of the statutory limitations.

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 16: EMERGENCY RESERVE ACCOUNT (CONTINUED)

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

Emergency Reserve Account

Beginning balance, July 1, 2014	\$280,239.91
Interest earned	552.55
	280,792.46
Withdrawals	
Excess	30,792.46
	\$250,000.00

NOTE 17: MAINTENANCE RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7G-13, a Maintenance reserve account was established by the District. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

At June 30, 2015, the balance of the Maintenance Reserve Account was \$515,159.60 and is within the statutory limitations

South Hunterdon Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2015

NOTE 17: MAINTENANCE RESERVE ACCOUNT (CONTINUED)

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

Maintenance Reserve Account

Beginning balance, July 1, 2014		\$506,247.75
District contribution	\$8,000.00	
Interest earned	<u>911.85</u>	
		<u>8,911.85</u>
Ending balance, June 30, 2015		<u><u>\$515,159.60</u></u>

NOTE 18: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the Board does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2015.

NOTE 19: INVENTORY

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

Food and Supplies	<u>\$4,248.86</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	\$ 16,412,071.00	\$	\$ 16,412,071.00	\$ 16,412,071.00	\$
Tuition	35,000.00		35,000.00	28,873.44	(6,126.56)
Interest earned on current expense emergency reserve				552.55	552.55
Interest earned on maintenance reserve				911.85	911.85
Interest earned on capital reserve funds				4,458.56	4,458.56
Unrestricted miscellaneous revenues	35,630.00		35,630.00	79,628.93	43,998.93
Total revenues-local sources	16,482,701.00		16,482,701.00	16,526,496.33	43,795.33
State sources:					
School choice aid	1,308,374.00	(139,367.00)	1,169,007.00	1,169,007.00	
Categorical Transportation aid	261,437.00		261,437.00	261,437.00	
Extraordinary aid	30,000.00		30,000.00	63,258.00	33,258.00
Categorical special education aid	495,623.00		495,623.00	495,623.00	
Categorical security aid	75,234.00		75,234.00	75,234.00	
Other state aids	40,280.00		40,280.00	139,139.00	98,859.00
Non public transportation aid				9,985.00	9,985.00
Reimbursed TPAF social security contributions (non-budgeted)				577,165.03	577,165.03
On-behalf TPAF post retirement medical (non-budgeted)				645,896.00	645,896.00
On-behalf TPAF pension contributions (non-budgeted)				406,863.00	406,863.00
Total - state sources	2,210,948.00	(139,367.00)	2,071,581.00	3,843,607.03	1,772,026.03
Total revenues	18,693,649.00	(139,367.00)	18,554,282.00	20,370,103.36	1,815,821.36
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	350,287.00	(38,610.00)	311,677.00	304,060.60	7,616.40
Grades 1-5	1,893,982.00	(133,795.00)	1,760,187.00	1,705,445.38	54,741.62
Grades 6-8	1,018,545.00	422,628.94	1,441,173.94	1,401,228.20	39,945.74
Grades 9-12	1,750,559.00	(247,693.22)	1,502,865.78	1,470,194.64	32,671.14

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - home instruction:					
Salaries of teachers	9,100.00	11,582.86	20,682.86	20,182.86	500.00
Purchased Prof. Ed Services		425.00	425.00	424.41	0.59
Regular programs - Undistributed Instruction:					
Other Salaries for Instruction	203,390.00	58,367.51	261,757.51	253,132.51	8,625.00
Purchased Professional Educational Services	22,000.00	8,724.50	30,724.50	30,724.50	
Purchased Technical Services	26,410.00	(20,260.00)	6,150.00	6,150.00	
Other Purchased Services (400-500 series)	102,331.00	(23,693.95)	78,637.05	78,508.27	128.78
General Supplies	355,033.19	11,899.76	366,932.95	357,486.19	9,446.76
Textbooks	145,270.00	46,648.23	191,918.23	183,621.67	8,296.56
Other Objects	5,736.00	(5,736.00)			
Total Regular Programs	5,882,643.19	90,488.63	5,973,131.82	5,811,159.23	161,972.59
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	69,944.00		69,944.00	68,120.00	1,824.00
Other Purchased Services (400-500 series)		12,600.00	12,600.00	12,600.00	
General Supplies	520.00	278.29	798.29	798.29	
Total Multiple Disabilities	70,464.00	12,878.29	83,342.29	81,518.29	1,824.00
Resource Room/ Resource Center:					
Salaries of Teachers	991,701.00	(77,048.00)	914,653.00	891,869.83	22,783.17
Other Salaries for Instruction	362,539.00	(14,281.00)	348,258.00	337,366.30	10,891.70
General Supplies	10,275.00	(9,487.55)	787.45	643.99	143.46
Total Resource Room/ Resource Center	1,364,515.00	(100,816.55)	1,263,698.45	1,229,880.12	33,818.33
Autism:					
Salaries of Teachers	59,685.00	55,601.19	115,286.19	112,486.19	2,800.00
Purchased Professional- Educational Services	4,590.00	(4,590.00)			
General Supplies	2,000.00	(1,726.35)	273.65	273.65	
Total Autism	66,275.00	49,284.84	115,559.84	112,759.84	2,800.00

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Preschool Disabilities - Part Time:					
Salaries of Teachers	68,157.00	7,778.00	75,935.00	74,082.00	1,853.00
Other Salaries for Instruction	34,842.00	6,607.00	41,449.00	40,020.49	1,428.51
General Supplies	3,000.00	(3,000.00)			
Total Preschool Disabilities - Part Time	<u>105,999.00</u>	<u>11,385.00</u>	<u>117,384.00</u>	<u>114,102.49</u>	<u>3,281.51</u>
Total Special Education - Instruction	<u>1,607,253.00</u>	<u>(27,268.42)</u>	<u>1,579,984.58</u>	<u>1,538,260.74</u>	<u>41,723.84</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	158,893.00	1,454.00	160,347.00	156,496.00	3,851.00
General Supplies	8,850.00	(8,850.00)			
Total Basic Skills/Remedial - Instruction	<u>167,743.00</u>	<u>(7,396.00)</u>	<u>160,347.00</u>	<u>156,496.00</u>	<u>3,851.00</u>
Bilingual education - Instruction:					
Salaries of Teachers	91,944.00	(22,551.25)	69,392.75	67,717.75	1,675.00
Purchased Professional- Educational Services	8,320.00	(8,320.00)			
Total Bilingual Education - Instruction	<u>100,264.00</u>	<u>(30,871.25)</u>	<u>69,392.75</u>	<u>67,717.75</u>	<u>1,675.00</u>
School Sponsored Co/Extra Curricular Activities - Instruction:					
Salaries	85,531.00	6,486.99	92,017.99	89,692.99	2,325.00
Purchased Services (300-500 series)	2,653.00	(2,065.00)	588.00	209.00	379.00
Supplies and Materials	12,216.00	5,625.53	17,841.53	16,838.05	1,003.48
Other Objects		1,795.00	1,795.00	1,795.00	
Total School Sponsored Co/Extra Curricular Activities - Instruction	<u>100,400.00</u>	<u>11,842.52</u>	<u>112,242.52</u>	<u>108,535.04</u>	<u>3,707.48</u>
School Sponsored Athletics - Instruction:					
Salaries	308,845.00	47,181.20	356,026.20	347,506.20	8,520.00
Purchased Services (300-500 series)	57,248.00	(9,690.58)	47,557.42	47,557.32	0.10
Supplies and Materials	54,625.00	(4,521.25)	50,103.75	50,103.75	
Other Objects	6,300.00	(6,260.75)	39.25		39.25
Total School Sponsored Athletics - Instruction	<u>427,018.00</u>	<u>26,708.62</u>	<u>453,726.62</u>	<u>445,167.27</u>	<u>8,559.35</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the State - Regular		3,032.64	3,032.64	3,032.64	
Tuition to other LEAs within the State - Special	182,815.00	(38,241.40)	144,573.60	132,618.00	11,955.60
Tuition to County Voc. School District - Regular	54,280.00	17,360.00	71,640.00	71,640.00	
Tuition to County Voc. School District - Special		10,875.00	10,875.00	10,875.00	
Tuition to CSSD & Regular Day Schools	196,495.00	(196,495.00)			
Tuition to Private Schools for the Disabled W/ State	378,234.22		499,611.94	394,762.49	104,849.45
Tuition - State Facilities		160,527.22	160,527.22	160,527.22	
Total Undistributed Expenditures - Instruction	811,824.22	78,436.18	890,260.40	773,455.35	116,805.05
Undistributed Expenditures - Attendance & Social Work:					
Salaries	35,833.00	(35,833.00)			
Total Undistributed Expenditures - Attendance & Social Work	35,833.00	(35,833.00)			
Undistributed Expenditures - Health Services:					
Salaries	238,557.00		238,557.00	229,936.50	8,620.50
Purchased Professional and Technical Services	18,060.00	(9,341.25)	8,718.75	8,718.75	
Other Purchased Services (400-500 series)	6,366.00	(3,705.00)	2,661.00	2,661.00	
Supplies and Materials	11,795.00	(9,829.57)	1,965.43	1,965.43	
Total Undistributed Expenditures - Health Services	274,778.00	(22,875.82)	251,902.18	243,281.68	8,620.50
Undistributed Expend. - Speech, OT, PT & Related Services:					
Salaries	85,593.00	(2,031.02)	83,561.98	81,742.22	1,819.76
Purchased professional - Educational Services	189,210.00	(32,031.38)	157,178.62	141,140.04	16,038.58
Supplies and materials	500.00		500.00	288.65	211.35
Total Undistributed Expend. - Speech, OT, PT & Related Services	275,303.00	(34,062.40)	241,240.60	223,170.91	18,069.69
Undistributed Expend. - Other Supp. Serv. -Students- Extra Services:					
Purchased professional - Educational Services	33,845.00	4,210.00	38,055.00	30,526.00	7,529.00
Total Undistributed Expend. - Other Supp. Serv. -Students- Extra Service	33,845.00	4,210.00	38,055.00	30,526.00	7,529.00

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	359,746.00	(48,823.00)	310,923.00	300,658.81	10,264.19
Salaries of Secretarial and Clerical Assistants	45,889.00	(45,797.02)	91.98	91.98	
Purchased Professional - Educational Services	11,918.00	33,332.00	45,250.00	45,250.00	
Other Purchased Professional & Technical Services	65,224.00	(44,095.25)	21,128.75	21,128.75	
Other Purchased Services (400-500 series)	2,624.00	(2,467.00)	157.00	156.41	0.59
Supplies and Materials	6,563.00	(3,625.00)	2,938.00	2,367.32	570.68
Other Objects	810.00		810.00	25.00	785.00
Total Undistributed Expenditures - Guidance	492,774.00	(111,475.27)	381,298.73	369,678.27	11,620.46
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	342,140.00	17,811.44	359,951.44	349,638.44	10,313.00
Salaries of Secretarial and Clerical Assistants	101,988.00	6,067.04	108,055.04	105,470.04	2,585.00
Purchased Professional - Educational Services		28,513.00	28,513.00	28,513.00	
Other Purchased Professional & Technical Services	13,000.00	(5,911.00)	7,089.00	4,485.00	2,604.00
Other Purchased Services (400-500 series)	10,700.00	(5,580.11)	5,119.89	4,719.89	400.00
Supplies and Materials	5,000.00	2,789.63	7,789.63	7,096.95	692.68
Total Undistributed Expenditures - Child Study Teams	472,828.00	43,690.00	516,518.00	499,923.32	16,594.68
Undistributed Expenditures - Improvement of Instr. Serv.					
Salaries of Supervisors of Instruction	325,845.00	(132,081.93)	193,763.07	193,763.07	
Salaries of Other Professional Staff	26,948.00	230,631.00	257,579.00	255,918.08	1,660.92
Salaries of Secretarial and Clerical Assistants	54,439.00	(48,728.55)	5,710.45	5,710.00	0.45
Purchased Professionals - Educational Services		1,800.00	1,800.00	1,800.00	
Other Puch Prof. and Tech. Services		700.00	700.00	700.00	
Other Purchased Services (400-500 series)	7,225.00	(6,263.07)	961.93	385.00	576.93
Supplies and Materials	600.00		600.00	435.71	164.29
Other Objects	1,408.00	(1,408.00)			
Total Undistributed Expenditures - Improvement of Instr. Serv.	416,465.00	44,649.45	461,114.45	458,711.86	2,402.59
Undistributed Expend. - Educational Media Serv./School Library:					
Salaries	183,625.00	29,532.89	213,157.89	207,970.64	5,187.25
Purchased Professional and Technical Services	33,891.00	(32,465.89)	1,425.11	1,416.90	8.21
Other Purchased Services (400-500 series)	2,114.00	(1,753.00)	361.00	296.43	64.57
Supplies and Materials	28,181.00	(15,163.00)	13,018.00	13,017.68	0.32
Total Undistributed Expend. - Educational Media Serv./School Library	247,811.00	(19,849.00)	227,962.00	222,701.65	5,260.35

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed Expend. - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	54,277.00	(53,252.00)	1,025.00	1,024.66	0.34
Purchased Professional - Educational Services	17,000.00	(5,758.00)	11,242.00	10,891.77	350.23
Other Purchased Professional and Technical Services	15,000.00	(14,997.47)	2.53		2.53
Other Purchased Services (400-500 series)	28,670.00	(21,000.00)	7,670.00	6,642.09	1,027.91
Supplies and Materials	2,835.00	(2,800.00)	35.00		35.00
Total Undistributed Expend. - Instructional Staff Training Services	117,782.00	(97,807.47)	19,974.53	18,558.52	1,416.01
Undistributed Expend. - Support Services - General Administration:					
Salaries	195,160.00	52,407.24	247,567.24	241,491.06	6,076.18
Legal Services	112,476.00	(7,782.36)	104,693.64	89,674.14	15,019.50
Audit Fees	99,279.00	13,664.58	112,943.58	43,225.00	69,718.58
Architectural/Engineering Services	15,000.00	(15,000.00)			
Other Purchased Professional Services	26,124.00	19,526.21	45,650.21	29,217.76	16,432.45
Communications/Telephone	71,237.00	13,859.00	85,096.00	62,530.42	22,565.58
BOE Other Purch Serv	4,029.00	(4,029.00)			
Misc. Purchased Services (400-500 series, O/T 530 & 585)	44,573.00	(5,575.50)	38,997.50	38,240.19	757.31
General Supplies	9,978.00	(3,082.00)	6,896.00	2,023.48	4,872.52
Judgements against the School District		478.56	478.56	478.56	
Miscellaneous Expenditures	18,477.00	(11,284.84)	7,192.16	300.00	6,892.16
BOE Membership Dues and Fees	6,558.00	4,247.63	10,805.63	10,805.63	
Total Undistributed Expend. - Support Services - General Administration	602,891.00	57,429.52	660,320.52	517,986.24	142,334.28
Undistributed Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	100,842.00	61,468.96	162,310.96	151,706.96	10,604.00
Salaries of Other Professional Staff	24,305.00	(24,305.00)			
Salaries of Secretarial and Clerical Assistants	75,026.00	(2,715.45)	72,310.55	66,631.90	5,678.65
Purchased Professional and Technical Services		1,000.00	1,000.00	1,000.00	
Other Purchased Services (400-500 series)	2,061.00	(682.00)	1,379.00	939.00	440.00
Supplies and Materials	11,979.00	3,977.72	15,956.72	13,573.36	2,383.36
Other Objects	3,625.00	(998.00)	2,627.00	2,390.00	237.00
Total Undistributed Expend. - Support Services - School Administration	217,838.00	37,746.23	255,584.23	236,241.22	19,343.01

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed Expend. - Central Services					
Salaries	263,156.00	(35,418.66)	227,737.34	225,287.34	2,450.00
Purchased Professional Services	19,850.00	(9,510.17)	10,339.83	10,339.62	0.21
Purchased Technical Services	24,232.00	11,675.14	35,907.14	27,507.14	8,400.00
Miscellaneous Purchased Services (400-500 series, O/T 594)	16,728.00	(15,661.00)	1,067.00	375.85	691.15
Supplies and Materials	7,678.00	(3,204.31)	4,473.69	2,654.35	1,819.34
Interest on Lease Purchase Agreements	2,800.00		2,800.00	2,754.03	45.97
Other Objects	3,581.00		3,581.00	1,218.00	2,363.00
Total Undistributed Expend. - Central Services	338,025.00	(52,119.00)	285,906.00	270,136.33	15,769.67
Undistributed Expend. - Admin. Info. Technology:					
Salaries	25,984.00	118,828.61	144,812.61	116,023.47	28,789.14
Purchased Technical Services	35,000.00	(8,500.00)	26,500.00	23,712.42	2,787.58
Total Undistributed Expend. - Admin. Info. Technology	60,984.00	110,328.61	171,312.61	139,735.89	31,576.72
Undistributed Expend.-Required Maintenance for School Facilities:					
Salaries	80,057.00	3,113.00	83,170.00	77,153.46	6,016.54
Cleaning, Repair and Maintenance Services	228,828.00	(10,495.26)	218,332.74	180,124.24	38,208.50
General Supplies	46,750.00	37,101.53	83,851.53	83,541.53	310.00
Total Undistributed Expend.-Required Maintenance for School Facilities	355,635.00	29,719.27	385,354.27	340,819.23	44,535.04
Undistributed Expend.-Custodial Services:					
Salaries	494,147.00	16,498.72	510,645.72	498,375.72	12,270.00
Purchased Professional and Technical Services	13,980.00		13,980.00	9,977.75	4,002.25
Cleaning, Repair and Maintenance Services	63,172.00	(20,647.20)	42,524.80	25,872.25	16,652.55
Rental of Land & Bldg. Other than Lease Purch. Agreement	2,734.00		2,734.00		2,734.00
Other Purchased Property Services	14,264.39		14,264.39	6,807.11	7,457.28
Insurance	74,422.00	(1,338.58)	73,083.42	69,021.77	4,061.65
General Supplies	91,189.00	(6,730.00)	84,459.00	50,608.01	33,850.99
Energy (Natural Gas)	32,309.00		32,309.00	21,397.02	10,911.98
Energy (Electricity)	327,435.00	(7,492.00)	319,943.00	225,734.26	94,208.74
Energy (Oil)	131,100.00		131,100.00	93,407.38	37,692.62
Total Undistributed Expend.-Custodial Services:	1,244,752.39	(19,709.06)	1,225,043.33	1,001,201.27	223,842.06
Total Undistributed Expend.- Oper. & Maintenance of Plant Serv.	1,600,387.39	10,010.21	1,610,397.60	1,342,020.50	268,377.10

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Undistributed Expend.-Student Transportation Services:					
Salaries of Non-Instructional Aides					
Salaries for Pupil Transportation (bet. home & school)-Reg	344,775.00	(46,064.37)	298,710.63	298,710.63	
Salaries for Pupil Transportation (bet. home & school)-Special Ed.	108,876.00	55,931.00	164,807.00	164,807.00	
Salaries for Pupil Transportation (other than bet. home & school)		26,964.75	26,964.75	19,979.19	6,985.56
Management Fee - ESC Transportation Programs	3,500.00	4,715.94	8,215.94	8,215.94	
Other Purchased Professional and Technical Services	6,367.00	4,086.00	10,453.00	10,453.00	
Cleaning, Repair and Maintenance Services	111,427.00	(39,398.38)	72,028.62	68,467.42	3,561.20
Rental Payments - School Buses	1,061.00	(399.00)	662.00		662.00
Lease Purchase Payments - School Buses	69,100.00	(42,026.97)	27,073.03	27,073.03	(0.00)
Contracted Services (other than between home and school) - Vendors	9,500.00	(3,061.26)	6,438.74	4,500.00	1,938.74
Contracted Services (between home and school) - Joint Agreements	55,000.00	(55,000.00)			
Contracted Services - Special Ed. Students- Vendors		60,046.78	60,046.78	60,046.78	
Contracted Services - Special Ed. Students - Joint Agreements		6,067.56	6,067.56		6,067.56
Contracted Services - Aid in Lieu of Payments- Non-Public Schools	43,314.00	(7,954.00)	35,360.00	34,918.00	442.00
Miscellaneous Purchased Services - Transportation	33,959.00	1,338.58	35,297.58	35,297.58	
General Supplies	74,444.00	12,574.69	87,018.69	76,577.66	10,441.03
Other Objects		749.26	749.26	749.26	
Total Undistributed Expend.-Student Transportation Services	861,323.00	(21,429.42)	839,893.58	809,795.49	30,098.09
Unallocated Benefits:					
Group Insurance					
Social Security Contributions - Other	325,660.00		325,660.00	252,613.41	73,046.59
Other Retirement Contributions - Regular	251,867.00		251,867.00	215,767.06	36,099.94
Other Retirement Contributions - ERIP	8,250.00		8,250.00	5,505.20	2,744.80
Unemployment Compensation	114,069.00	(7,095.62)	106,973.38		106,973.38
Workmen's Compensation	101,429.00		101,429.00	99,487.86	1,941.14
Health Benefits	2,734,587.00	(399,934.54)	2,334,652.46	2,298,624.78	36,027.68
Tuition Reimbursement	91,500.00		91,500.00	45,169.61	46,330.39
Other Employee Benefits	45,830.00		45,830.00	750.00	45,080.00
Total Unallocated Benefits	3,673,192.00	(407,030.16)	3,266,161.84	2,917,917.92	348,243.92
Total Personal Services - Employee	3,673,192.00	(407,030.16)	3,266,161.84	2,917,917.92	348,243.92

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Reimbursed TPAF social security contributions (non-budgeted)				577,165.03	(577,165.03)
On-behalf TPAF post retirement medical (non-budgeted)				645,896.00	(645,896.00)
On-behalf TPAF pension contributions (non-budgeted)				406,863.00	(406,863.00)
TOTAL UNDISTRIBUTED EXPENDITURES	<u>10,533,883.61</u>	<u>(415,981.34)</u>	<u>10,117,902.27</u>	<u>10,703,765.18</u>	<u>(585,862.91)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>18,819,204.80</u>	<u>(352,477.24)</u>	<u>18,466,727.56</u>	<u>18,831,101.21</u>	<u>(364,373.65)</u>
CAPITAL OUTLAY:					
EQUIPMENT:					
Grades 1-5	15,500.00		15,500.00		15,500.00
Grades 9-12		34,760.55	34,760.55		34,760.55
Undistributed:					
Undist. Expend. - Required Maintenance for School Facilities	4,700.00		4,700.00	4,700.00	
School Buses - Regular		40,540.00	40,540.00	40,540.00	
TOTAL EQUIPMENT	<u>20,200.00</u>	<u>75,300.55</u>	<u>95,500.55</u>	<u>45,240.00</u>	<u>50,260.55</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	20,000.00	54,364.89	74,364.89	74,364.89	
Other Purchased Prof. and Tech Services	14,010.00		14,010.00	1,260.00	12,750.00
Construction Services	1,157,000.00	(869,228.30)	287,771.70		287,771.70
Supplies and Materials	97,254.09	85,284.69	182,538.78	38,310.48	144,228.30
Lease Purchase Agreements - Principal		64,059.07	64,059.07	9,263.21	54,795.86
Assessment for debt Service on SDA funding	13,746.00		13,746.00	13,746.00	
	<u>1,302,010.09</u>	<u>(665,519.65)</u>	<u>636,490.44</u>	<u>136,944.58</u>	<u>499,545.86</u>
TOTAL CAPITAL OUTLAY	<u>1,322,210.09</u>	<u>(590,219.10)</u>	<u>731,990.99</u>	<u>182,184.58</u>	<u>549,806.41</u>
Special Schools:					
Salaries of Teachers	20,000.00	3,329.34	23,329.34	17,172.34	6,157.00
TOTAL SPECIAL SCHOOLS	<u>20,000.00</u>	<u>3,329.34</u>	<u>23,329.34</u>	<u>17,172.34</u>	<u>6,157.00</u>
TOTAL EXPENDITURES	<u>20,161,414.89</u>	<u>(939,367.00)</u>	<u>19,222,047.89</u>	<u>19,030,458.13</u>	<u>191,589.76</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,467,765.89)	800,000.00	(667,765.89)	1,339,645.23	2,007,411.12
Other financing sources (use)					
Transfer of funds:					
Capital Reserve - Transfer to Debt Service	(50,000.00)		(50,000.00)	(50,000.00)	
Capital Reserve - Transfer to Capital Projects		(800,000.00)	(800,000.00)	(800,969.30)	(969.30)
Total other financing sources	(50,000.00)	(800,000.00)	(850,000.00)	(850,969.30)	(969.30)
Excess/Deficit of Revenues and other Financing Sources Over Expenditures and Other Expenditures and other Financing Sources	(1,517,765.89)		(1,517,765.89)	488,675.93	2,006,441.82
Fund Balances, July 1,	4,775,052.39		4,775,052.39	4,775,052.39	
Fund Balances, June 30,	\$ 3,257,286.50	\$	\$ 3,257,286.50	\$ 5,263,728.32	\$ 2,006,441.82
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 2,489,879.24	
Maintenance Reserve				515,159.60	
Emergency Reserve				250,000.00	
Excess Surplus - Designated for Subsequent Year's Expenditures				7,739.00	
Excess Surplus - Current Year				817,152.72	
Other - regionalization grant				98,859.00	
Committed Fund Balance:					
Designated for Subsequent Year's Expenditures				172,050.00	
Assigned Fund Balance:					
Year-end Encumbrances				505,615.69	
Unassigned Fund Balance				407,273.07	
				5,263,728.32	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(187,792.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,075,936.32	

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State Aid	\$	\$ 22,194.00	\$ 22,194.00	\$ 10,021.11	\$ (12,172.89)
Federal Aid	153,731.00	246,759.68	400,490.68	328,846.20	(71,644.48)
Local Sources		78,094.08	78,094.08	44,726.45	(33,367.63)
Total Revenues	<u>153,731.00</u>	<u>347,047.76</u>	<u>500,778.76</u>	<u>383,593.76</u>	<u>(117,185.00)</u>
EXPENDITURES:					
Instruction:					
Salaries		41,397.00	41,397.00	24,183.70	17,213.30
Purchased Professional and Technical Services	28,000.00	(28,000.00)			
Other Purchased Services (400-500 Series)	116,131.00	97,941.09	214,072.09	213,360.20	711.89
General Supplies		224,200.67	224,200.67	128,466.37	95,734.30
Textbooks		477.00	477.00	477.00	
Total Instruction	<u>144,131.00</u>	<u>336,015.76</u>	<u>480,146.76</u>	<u>366,487.27</u>	<u>113,659.49</u>
Support Services:					
Salary of Other Professional Staff					
Personal Services - Employee Benefits		3,373.00	3,373.00	306.00	3,067.00
Other Purchased Services (400-500 Series)	9,600.00	7,403.00	17,003.00	16,544.49	458.51
Total Support Services	<u>9,600.00</u>	<u>10,776.00</u>	<u>20,376.00</u>	<u>16,850.49</u>	<u>3,525.51</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		256.00	256.00	256.00	
Total Facilities Acquisition and Construction Services		<u>256.00</u>	<u>256.00</u>	<u>256.00</u>	
Total Expenditures	<u>153,731.00</u>	<u>347,047.76</u>	<u>500,778.76</u>	<u>383,593.76</u>	<u>117,185.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note A - Explanation of difference between budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$20,370,103.36	\$383,593.76
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	N/A	3,252.73
The last State aid payment of the current year is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(187,792.00)	
The last State aid payment of the prior year is recognized as revenue under GAAP when the State recognizes the related expense (GASB 33). (This revenue was recognized during the previous fiscal year for budgetary purposes.)	196,407.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$20,378,718.36	\$386,846.49
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$19,030,458.13	\$383,593.76
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	N/A	3,252.73
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$19,030,458.13	\$386,846.49

REQUIRED SUPPLEMENTARY INFORMATION – PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

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

Fiscal Year Ending <u>June 30</u>	District's Proportion Share of the Net Pension <u>Liability (Asset)</u>	District's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	District's Covered-Employee <u>Payroll</u>	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2014	0.0253438854%	\$ 4,843,719	\$ 1,812,411.00	267.25%	40.71%
2015	0.0261730678%	4,900,314	1,952,858.00	250.93%	42.74%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 190,961	\$ 190,961	\$ -0-	\$ 1,812,411.00	10.54%
2015	215,767	215,767	-0-	1,952,858.00	11.05%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

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

Fiscal Year Ending <u>June 30,</u>	District's Proportion Share of the Net Pension <u>Liability (Asset)</u>	District's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	District's Covered-Employee <u>Payroll</u>	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2014	0.0733978700%	\$ -0-	\$ 7,825,831.00	-0-	33.76%
2015	0.0756625661%	-0-	7,739,908.00	-0-	33.64%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 5.55% to 5.39%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 4.95% to 4.68%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>IDEA PSH</u>	<u>IDEA BASIC</u>	<u>TITLE I</u>	<u>TITLE II -A</u>	<u>R.E.A.P</u>	<u>PERKINS SECONDARY</u>
Revenues:						
State Aid						
Federal Aid	\$6,463.00	\$210,135.00	\$46,382.71	\$14,588.49	\$49,321.00	\$1,956.00
Local Sources						
Total Revenues	<u>6,463.00</u>	<u>210,135.00</u>	<u>46,382.71</u>	<u>14,588.49</u>	<u>49,321.00</u>	<u>1,956.00</u>
Expenditures:						
Instruction:						
Salaries Of Teachers	6,157.00		18,026.70			
Other purchased services		210,135.00				
General Supplies			28,356.01		49,321.00	
Textbooks						
Total Instruction	<u>6,157.00</u>	<u>210,135.00</u>	<u>46,382.71</u>		<u>49,321.00</u>	
Support Services:						
Personal Services - Employee Benefits	306.00					
Other Purchased Services (400-500 Series)				14,588.49		1,956.00
Total Support Services	<u>306.00</u>			<u>14,588.49</u>		<u>1,956.00</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	<u>\$6,463.00</u>	<u>\$210,135.00</u>	<u>\$46,382.71</u>	<u>\$14,588.49</u>	<u>\$49,321.00</u>	<u>\$1,956.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>NONPUBLIC TEXTBOOK</u>	<u>NONPUBLIC TECHNOLOGY</u>	<u>AGRICULTURAL CASE GRANT</u>	<u>LOCAL</u>	<u>TOTAL</u>
Revenues:					
State Aid	\$477.00	\$256.00	\$9,288.11		\$10,021.11
Federal Aid					328,846.20
Local Sources				\$44,726.45	44,726.45
Total Revenues	<u>477.00</u>	<u>256.00</u>	<u>9,288.11</u>	<u>44,726.45</u>	<u>383,593.76</u>
Expenditures:					
Instruction:					
Salaries					24,183.70
Other purchased services			3,225.20		213,360.20
General Supplies			6,062.91	44,726.45	128,466.37
Textbooks	477.00				477.00
Total Instruction	<u>477.00</u>		<u>9,288.11</u>	<u>44,726.45</u>	<u>366,487.27</u>
Support Services:					
Personal Services - Employee Benefits					306.00
Other Purchased Services (400-500 Series)					16,544.49
Total Support Services					<u>16,850.49</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		256.00			256.00
Total Facilities Acquisition and Construction Services		<u>256.00</u>			<u>256.00</u>
Total Expenditures	<u>\$477.00</u>	<u>\$256.00</u>	<u>\$9,288.11</u>	<u>\$44,726.45</u>	<u>\$383,593.76</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

CAPITAL PROJECTS FUND DETAIL STATEMENTS

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources:	
Capital Reserve	<u>\$184,828.30</u>
Total revenues	<u>184,828.30</u>
Expenditures and Other Financing Uses:	
Purchased professional and technical services	7,250.00
Construction services	8,560.51
Equipment purchases	<u>75,000.00</u>
Total expenditures	<u>90,810.51</u>
Excess (deficiency) of revenues over (under) expenditures	94,017.79
Other financing sources (uses):	
Transfers in/(out)	<u>(31,900.00)</u>
Total other financing sources (uses)	<u>(31,900.00)</u>
Net change in fund balances	62,117.79
Fund balance - beginning	<u>616,531.25</u>
Fund balance - ending	<u><u>\$678,649.04</u></u>
Fund Balance- budgetary basis	\$678,649.04
Local Share not transferred	(85,350.00)
SDA Grant not recognized	<u>(289,089.04)</u>
Fund Balance - GAAP basis (B-1)	<u><u>304,210.00</u></u>
Expenditures -budgetary basis	90,810.51
Add: prior year encumbrances	<u>689,898.75</u>
	780,709.26
Less: current year encumbrances	<u>197,534.12</u>
Expenditures - GAAP basis (B-2)	<u><u>\$583,175.14</u></u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 ROOF REPLACEMENT AT LAMBERTVILLE SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 510,194.00	\$	\$ 510,194.00	\$ 510,194.00
Capital Reserve	733,391.00	31,900.00	765,291.00	765,291.00
Transfers	31,900.00	(31,900.00)		
Total revenues	<u>1,275,485.00</u>	<u></u>	<u>1,275,485.00</u>	<u>1,275,485.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	24,775.00	7,250.00	32,025.00	24,775.00
Construction services	634,711.00	8,560.51	643,271.51	1,250,710.00
Total expenditures	<u>659,486.00</u>	<u>15,810.51</u>	<u>675,296.51</u>	<u>1,275,485.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 615,999.00</u>	<u>\$ (15,810.51)</u>	<u>\$ 600,188.49</u>	<u>\$</u>
Additional project information:				
Project Number	2530-050-13-GISC			
Grant Date	6/13/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	1,275,485.00			
Additional Authorized Cost				
Revised Authorized Cost	1,275,485.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	95%			
Original target completion date	9/1/2014			
Revised target completion date	1/1/2015			

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
LIBRARY RENOVATIONS WEST AMWELL SCHOOL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Capital Reserve	\$ 86,484.00	\$ (532.25)	\$ 85,951.75	\$ 85,951.75
Total revenues	<u>86,484.00</u>	<u>(532.25)</u>	<u>85,951.75</u>	<u>85,951.75</u>
Expenditures and Other Financing Uses:				
Construction services	85,951.75		85,951.75	85,951.75
Total expenditures	<u>85,951.75</u>	<u></u>	<u>85,951.75</u>	<u>85,951.75</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 532.25</u>	<u>\$ (532.25)</u>	<u>\$</u>	<u>\$</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	86,484.00			
Additional Authorized Cost	(532.25)			
Revised Authorized Cost	85,951.75			
Percentage Increase (Decrease) over Original Authorized Cost	-0.62%			
Percentage completion	100%			
Original target completion date	9/1/2014			
Revised target completion date	9/1/2014			

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
DOOR REPLACEMENT, MAIN ENTRANCE REPAIRS AND LOCKERS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Capital Reserve	\$ _____	\$ 153,460.55	\$ 153,460.55	\$ 153,460.55
Total revenues	_____	153,460.55	153,460.55	153,460.55
Expenditures and Other Financing Uses:				
Construction services				78,460.55
Equipment purchases		75,000.00	75,000.00	75,000.00
Total expenditures		75,000.00	75,000.00	153,460.55
Excess (deficiency) of revenues over (under) expenditures	\$ _____	\$ 78,460.55	\$ 78,460.55	\$ _____
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	153,460.55			
Additional Authorized Cost				
Revised Authorized Cost	153,460.55			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	20%			
Original target completion date	12/1/2015			
Revised target completion date	12/1/2015			

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
AS OF JUNE 30, 2015

<u>ISSUE/PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>BUDGETARY APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>CANCELLED</u>	<u>(MEMO ONLY) UNEXPENDED PROJECT BALANCE</u>
			<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>		
Roof Replacement at Lamberville School	06/13/2014	\$1,275,485.00	\$659,486.00	\$15,810.51		\$600,188.49
Library Renovations at West Amwell School	2014	86,484.00	85,951.75		\$532.25	
Door Replacement, Main Entrance Repairs and Lockers	2015	153,460.55		75,000.00		78,460.55
Totals		<u>1,515,429.55</u>	<u>\$745,437.75</u>	<u>\$90,810.51</u>	<u>\$532.25</u>	<u>\$678,649.04</u>

PROPRIETARY FUND DETAIL STATEMENTS

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 ENTERPRISE FUND
 JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	MAJOR FUND	NON-MAJOR FUND			
	FOOD SERVICE FUND	ENRICHMENT FUND	CHILD STUDY TEAM SERVICES FUND	TRANSPORTATION SERVICES FUND	
ASSETS:					
Current assets:					
Cash and cash equivalents	\$81,009.29	\$5,315.65	\$57,420.25	\$68,339.81	\$212,085.00
Accounts receivable - other	17,956.74				17,956.74
Intergovernmental receivables:					
State	671.19				671.19
Federal	22,610.76				22,610.76
Inventories	4,248.86				4,248.86
Total current assets	<u>126,496.84</u>	<u>5,315.65</u>	<u>57,420.25</u>	<u>68,339.81</u>	<u>257,572.55</u>
Noncurrent assets:					
Furniture, machinery and equipment	159,800.00			275,750.00	435,550.00
Less accumulated depreciation	<u>(105,169.99)</u>			<u>(67,787.50)</u>	<u>(172,957.49)</u>
Total noncurrent assets	<u>54,630.01</u>			<u>207,962.50</u>	<u>262,592.51</u>
Total assets	<u>181,126.85</u>	<u>5,315.65</u>	<u>57,420.25</u>	<u>276,302.31</u>	<u>520,165.06</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	42,736.97			46,325.10	89,062.07
Interfund payable	1,453.76				1,453.76
Unearned revenue	934.81				934.81
Capital leases payable				<u>63,828.00</u>	<u>63,828.00</u>
Total current liabilities	<u>45,125.54</u>			<u>110,153.10</u>	<u>155,278.64</u>
Total liabilities	<u>45,125.54</u>			<u>110,153.10</u>	<u>155,278.64</u>
NET POSITION:					
Net investment in capital assets	54,630.01			144,134.50	198,764.51
Unrestricted	<u>81,371.30</u>	<u>5,315.65</u>	<u>57,420.25</u>	<u>22,014.71</u>	<u>166,121.91</u>
Total net position	<u>\$136,001.31</u>	<u>\$5,315.65</u>	<u>\$57,420.25</u>	<u>\$166,149.21</u>	<u>\$364,886.42</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	MAJOR FUND	NON-MAJOR FUND			
	FOOD SERVICE FUND	ENRICHMENT FUND	CHILD STUDY TEAM SERVICES FUND	TRANSPORTATION SERVICES FUND	
OPERATING REVENUES:					
Charges for services:					
Daily sales - Reimbursable Programs	\$162,997.34				\$162,997.34
Daily sales - Non-Reimbursable Programs	42,333.10				42,333.10
Total operating revenues	205,330.44				205,330.44
OPERATING EXPENSES:					
Salaries	90,505.47				90,505.47
Employee Benefits	25,565.32				25,565.32
Other Purchase Service (Administrative Expenses)	24,633.46				24,633.46
Miscellaneous Expenditures	3,052.09			46,325.10	49,377.19
Depreciation	6,779.97			27,574.50	34,354.47
Cost of sales	160,418.68				160,418.68
Total operating expenses	310,954.99			73,899.60	384,854.59
Operating income (loss)	(105,624.55)			(73,899.60)	(179,524.15)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	2,673.14				2,673.14
Federal Sources:					
National School Lunch Program	80,696.60				80,696.60
National School Breakfast Program	8,955.96				8,955.96
National food distribution commodities	15,388.76				15,388.76
Prior year receivable canceled				(5,500.00)	(5,500.00)
Interest on Investments	125.40				125.40
Total nonoperating revenues	107,839.86			(5,500.00)	102,339.86
Income/(loss) before contributions and transfers	2,215.31			(79,399.60)	(77,184.29)
Total net position - beginning of the year	133,786.00	5,315.65	57,420.25	245,548.81	442,070.71
Total net position - end of the year	\$136,001.31	\$5,315.65	\$57,420.25	\$166,149.21	\$364,886.42

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	MAJOR FUND FOOD SERVICE FUND	NON-MAJOR FUND ENRICHMENT FUND	NON-MAJOR FUND CHILD STUDY TEAM SERVICES FUND	NON-MAJOR FUND TRANSPORTATION SERVICES FUND	
Cash flows from operating activities:					
Receipts from customers	\$202,153.43				\$202,153.43
Payments to employees	(90,505.47)				(90,505.47)
Payments to employee benefits	(25,565.32)				(25,565.32)
Payments to suppliers	(129,196.03)			(146.00)	(129,342.03)
Net cash provided by (used for) operating activities	(43,113.39)			(146.00)	(43,259.39)
Cash flows from noncapital financing activities:					
State Sources	2,334.00				2,334.00
Federal Sources	72,443.06				72,443.06
Interfund Activity	40,769.51				40,769.51
Net cash provided by noncapital financing activities:	115,546.57				115,546.57
Cash flows from investing activities:					
Interest	125.40				125.40
Net cash provided by (used for) investing activities	125.40				125.40
Net increase (decrease) in cash and cash equivalents	72,558.58			(146.00)	72,412.58
Cash and cash equivalents, July 1, 2014	8,450.71	5,315.65	57,420.25	68,485.81	139,672.42
Cash and cash equivalents, June 30, 2015	\$81,009.29	\$5,315.65	\$57,420.25	\$68,339.81	\$212,085.00
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(\$105,624.55)			(\$73,899.60)	(\$179,524.15)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	6,779.97			27,574.50	34,354.47
Federal commodities	15,388.76				15,388.76
Change in assets and liabilities:					
(Increase) decrease in accounts receivable - other	(3,177.01)				(3,177.01)
(Increase) decrease in inventories	3,265.50			46,325.10	49,590.60
Increase (decrease) in accounts payable	42,736.97			(146.00)	42,590.97
Increase (decrease) in unearned revenue	(2,483.03)				(2,483.03)
	62,511.16			73,753.60	136,264.76
Net cash provided by (used for) operating activities	(\$43,113.39)			(\$146.00)	(\$43,259.39)

FIDUCIARY FUND DETAIL STATEMENTS

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

Unemployment Compensation Insurance Fund: This trust fund is used to pay unemployment compensation claims as they arise.

Private Purpose Scholarship Fund: This private purpose trust is used to account for grants to students where there are no restrictions regarding the use of principal and income.

Agency Funds are used to account for assets held by the district as an agent for another party:

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 TRUST AND AGENCY FUNDS
 JUNE 30, 2015

	TRUST FUNDS			AGENCY FUNDS		
	UNEMPLOYMENT COMPENSATION	PRIVATE PURPOSE AWARDS PROGRAM	TOTAL TRUST FUNDS	STUDENT ACTIVITY	PAYROLL AGENCY	TOTAL AGENCY FUNDS
ASSETS:						
Cash and cash equivalents	\$229,180.05	\$59,261.45	\$288,441.50	\$114,630.79	\$99,594.80	\$214,225.59
Due from others					33,814.34	33,814.34
Intrafunds receivable	10,419.91	1,043.96	11,463.87			
Total assets	\$239,599.96	\$60,305.41	\$299,905.37	\$114,630.79	\$133,409.14	\$248,039.93
LIABILITIES:						
Interfunds payable	\$7,333.64		\$7,333.64		\$107,439.88	\$107,439.88
Intrafunds payable				\$1,043.96	10,419.91	11,463.87
Payroll deductions and withholdings					11,514.35	11,514.35
Net payroll					4,035.00	4,035.00
Payable to student groups				113,586.83		113,586.83
Total liabilities	7,333.64		7,333.64	114,630.79	133,409.14	248,039.93
NET POSITION:						
Held in trust for unemployment claims	\$232,266.32		\$232,266.32			
Reserved for scholarships		\$60,305.41	60,305.41			
Total net position	\$232,266.32	\$60,305.41	\$292,571.73	\$-0-	\$-0-	\$-0-

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>PRIVATE PURPOSE AWARD FUNDS</u>	<u>UNEMPLOYMENT COMPENSATION TRUST FUND</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Plan Members		\$45,589.54	\$45,589.54
Other	\$8,211.71		8,211.71
Total contributions	<u>8,211.71</u>	<u>45,589.54</u>	<u>53,801.25</u>
Investment earnings:			
Interest	654.02	593.60	1,247.62
Net investment earnings	<u>654.02</u>	<u>593.60</u>	<u>1,247.62</u>
Total additions	<u>8,865.73</u>	<u>46,183.14</u>	<u>55,048.87</u>
DEDUCTIONS:			
Awards	10,081.71		10,081.71
Unemployment claims		31,605.58	31,605.58
Total deductions	<u>10,081.71</u>	<u>31,605.58</u>	<u>41,687.29</u>
Change in net position	(1,215.98)	14,577.56	13,361.58
Net position - beginning of the year	<u>61,521.39</u>	<u>217,688.76</u>	<u>279,210.15</u>
Net position - end of the year	<u>\$60,305.41</u>	<u>\$232,266.32</u>	<u>\$292,571.73</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BALANCE</u> <u>JUNE 30, 2014</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
PROGRAMS:				
Stockton School	\$2,197.00	\$2,139.62	\$2,486.79	\$1,849.83
South Hunterdon High School	71,221.37	184,239.96	175,616.10	79,845.23
Lambertville School	15,833.92	31,802.36	33,624.96	14,011.32
West Amwell School	13,239.65	37,216.09	34,433.65	16,022.09
Athletic Fund	578.29	47,215.35	45,935.28	1,858.36
	<hr/>	<hr/>	<hr/>	<hr/>
Total all schools	<u>\$103,070.23</u>	<u>\$302,613.38</u>	<u>\$292,096.78</u>	<u>\$113,586.83</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BALANCE JULY 1, 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2015
ASSETS:				
Cash and cash equivalents	\$105,159.62	\$19,605,885.00	\$19,611,449.82	\$99,594.80
Due from others	4,764.32	33,814.34	4,764.32	33,814.34
Total assets	<u>\$109,923.94</u>	<u>\$19,639,699.34</u>	<u>\$19,616,214.14</u>	<u>\$133,409.14</u>
LIABILITIES:				
Payroll deductions and withholdings	\$31,545.23	\$12,434,666.24	\$12,454,697.12	\$11,514.35
Net payroll	(2,230.83)	7,026,963.87	7,020,698.04	4,035.00
Interfunds payable	63,347.71	47,032.08	2,939.91	107,439.88
Intrafund payable	17,261.83	131,037.15	137,879.07	10,419.91
Total liabilities	<u>\$109,923.94</u>	<u>\$19,639,699.34</u>	<u>\$19,616,214.14</u>	<u>\$133,409.14</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under serial bonds and capital leases.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
YEAR ENDED JUNE 30, 2015

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>MATURITIES</u>		<u>RATE OF INTEREST</u>	<u>BALANCE JULY 1, 2014</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2015</u>			
			<u>DATE</u>	<u>AMOUNT</u>								
School Addition of 2006 (SHRHS)	02/15/2006	\$15,492,000.00	02/15/2016	\$755,000.00	4.125%	\$11,177,000.00		\$10,422,000.00	\$755,000.00			
School Addition of 2007 (SHRHS)	10/30/2007	5,299,000.00	02/15/2016	275,000.00	4.000%							
			02/15/2017	290,000.00	4.000%							
			02/15/2018	300,000.00	4.000%							
			02/15/2019	310,000.00	4.000%							
			02/15/2020	325,000.00	4.000%							
			02/15/2021	340,000.00	4.000%							
			02/15/2022	350,000.00	4.000%							
			02/15/2023	365,000.00	4.000%							
			02/15/2024	380,000.00	4.000%							
			02/15/2025	400,000.00	4.000%							
			02/15/2026	400,000.00	4.000%					4,000,000.00	265,000.00	3,735,000.00
Refunding School Bonds of 2014 (SHRHS)	07/01/2014	9,600,000.00	02/15/2017	775,000.00	4.000%							
			02/15/2018	805,000.00	4.000%							
			02/15/2019	845,000.00	4.000%							
			02/15/2020	85,000.00	4.000%							
			02/15/2021	920,000.00	4.000%							
			02/15/2022	965,000.00	4.000%							
			02/15/2023	1,005,000.00	4.000%							
			02/15/2024	1,050,000.00	4.000%							
			02/15/2025	1,090,000.00	4.000%							
			02/15/2026	1,095,000.00	4.000%					9,600,000.00	165,000.00	9,435,000.00

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
LONG-TERM LIABILITY
SCHEDULE OF SERIAL BONDS
JUNE 30, 2015

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2014</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2015</u>
			<u>DATE</u>	<u>AMOUNT</u>					
School Improvement Bonds (WA)	07/01/2001	\$1,500,000.00				\$870,000.00		\$870,000.00	
Refunding Bonds of 2014 (WA)	11/6/2014	835,000.00	07/01/2015	95,000.00	2.200%				
			07/01/2016	95,000.00	2.200%				
			07/01/2017	100,000.00	2.200%				
			07/01/2018	105,000.00	2.200%				
			07/01/2019	105,000.00	2.200%				
			07/01/2020	110,000.00	2.200%				
			07/01/2021	115,000.00	2.200%				
			07/01/2022	110,000.00	2.200%			\$835,000.00	
Stockton School Bonds	12/7/2009	\$290,000.00	07/01/2015	25,747.97	3.890%				
			07/01/2016	26,749.57	3.890%				
			07/01/2017	27,790.13	3.890%				
			07/01/2018	28,871.17	3.890%				
			07/01/2019	29,994.25	3.890%				
			07/01/2020	31,161.03	3.890%				
								195,098.00	
					<u>\$16,242,098.00</u>	<u>\$10,435,000.00</u>	<u>\$11,746,783.88</u>	<u>\$14,930,314.12</u>	
							Paid by budget	\$1,254,783.88	
							Paid by refunding bond issue	<u>10,492,000.00</u>	
								<u>\$11,746,783.88</u>	

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
YEAR ENDED JUNE 30, 2015

<u>SERIES</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>		<u>INTEREST RATE PAYABLE</u>	<u>BALANCE JUNE 30, 2014</u>	<u>DECREASE</u>	<u>BALANCE JUNE 30, 2015</u>
			<u>PRINCIPAL</u>	<u>INTEREST</u>				
Technology Equipment and Telephone Upgrade	10/7/2012	2	\$ 67,537.00	\$ 3,204.20	4.490%	\$ 5,862.00	\$ 5,862.00	\$
Fitness Workout Equipment	3/1/2014	3	8,086.00	3,309.44	6.500%	7,304.00	2,186.21	5,117.79
24 Ipad Minis and Power Sync Cart	7/1/2013	3	12,272.00	854.25	7.130%	4,084.00		4,084.00
Vehicles	6/15/2014	3	137,245.00	6,800.20	2.395%	<u>112,245.00</u>	<u>27,073.03</u>	<u>85,171.97</u>
						\$ <u>129,495.00</u>	\$ <u>35,121.24</u>	\$ <u>94,373.76</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFER</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Local sources:					
Local tax levy	\$1,350,923.00		\$1,350,923.00	\$1,350,922.00	(\$1.00)
Interest				4,828.80	4,828.80
State sources:					
Debt service aid type II	365,007.00		365,007.00	365,007.00	
Total revenues	<u>1,715,930.00</u>		<u>1,715,930.00</u>	<u>1,720,757.80</u>	<u>4,827.80</u>
EXPENDITURES:					
Regular debt service:					
Interest	676,145.00	(\$164,998.88)	511,146.12	488,952.54	22,193.58
Redemption of principal	1,089,785.00	164,998.88	1,254,783.88	1,254,783.88	
Total regular debt service-expenditures	<u>1,765,930.00</u>		<u>1,765,930.00</u>	<u>1,743,736.42</u>	<u>22,193.58</u>
Excess (deficiency) of revenues over (under) expenditures	(50,000.00)		(50,000.00)	(22,978.62)	27,021.38
Other financing sources:					
Transfers in/(out)	50,000.00		50,000.00	50,000.00	
Refunding Bond Proceeds				10,435,000.00	10,435,000.00
Premium on Bonds Issue				976,181.75	976,181.75
Payment to Refunded Bonds Escrow Agent				(11,277,667.32)	(11,277,667.32)
Cost of Issuance				(133,514.43)	(133,514.43)
Total other financing sources (uses)	<u>50,000.00</u>		<u>50,000.00</u>	<u>50,000.00</u>	
Net change in fund balances				27,021.38	27,021.38
Fund balance, July 1	4.00		4.00	4.00	
Fund balance, June 30	<u>\$4.00</u>		<u>\$4.00</u>	<u>\$27,025.38</u>	<u>\$27,021.38</u>

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STATISTICAL SECTION (UNAUDITED)

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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 to J-5
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to 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 to 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.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	<u>2015</u>
Governmental activities	
Net investment in capital assets	\$4,102,392.76
Restricted	4,680,533.68
Unrestricted (Deficit)	<u>(4,394,286.22)</u>
Total governmental activities net position	<u><u>\$4,388,640.22</u></u>
Business-type activities	
Net investment in capital assets	\$198,764.51
Unrestricted	<u>166,121.91</u>
Total business-type activities net position	<u><u>\$364,886.42</u></u>
District-wide	
Net investment in capital assets	\$4,301,157.27
Restricted	4,680,533.68
Unrestricted (Deficit)	<u>(4,228,164.31)</u>
Total district net position	<u><u>\$4,753,526.64</u></u>

Source: CAFR Schedule A-1

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

2015

EXPENSES

Governmental activities	
Instruction	
Regular	\$9,304,431.44
Special education	2,949,442.65
Other instruction	1,227,504.59
Support Services:	
Tuition	773,455.35
Student & instruction related services	3,247,647.33
General administrative services	622,498.76
School administrative services	382,848.59
Central services/Admin. Info. Technology	521,815.60
Plant operations and maintenance	1,594,246.04
Student transportation services	957,575.38
Charter School	17,172.34
Interest on long-term debt	450,535.82
Total governmental activities expenses	22,049,173.88
Business-type activities:	
Food Service	310,954.99
Transportation	73,899.60
Total business-type activities expense	384,854.59
Total district expenses	\$22,434,028.47

PROGRAM REVENUES

Governmental activities:	
Operating grants and contributions	\$4,150,666.54
Total governmental activities program revenues	4,150,666.54
Business-type activities:	
Charges for services	
Food Service	205,330.44
Operating grants and contributions	107,714.46
Total business type activities program revenues	313,044.90
Total district program revenues	\$4,463,711.44

NET (EXPENSE)/REVENUE

Governmental activities	(17,898,507.36)
Business-type activities	(71,809.69)
Total district-wide net expense	(\$17,970,317.05)

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

2015

GENERAL REVENUES AND OTHER CHANGES
IN NET POSITION

Governmental activities:	
Property taxes levied for general purposes, net	\$16,412,071.00
Taxes levied for debt service	1,350,922.00
Unrestricted grants and contributions	2,433,748.96
Miscellaneous income	119,254.13
Total governmental activities	20,315,996.09
Business-type activities:	
Transfers in (out)	
Miscellaneous Income	125.40
Disposal of capital assets	-
Cancellation of prior year receivables	(5,500.00)
Total business-type activities	(5,374.60)
Total district-wide	\$20,310,621.49
 <u>CHANGE IN NET POSITION</u>	
Governmental activities	\$2,417,488.73
Business-type activities	(77,184.29)
Total district	\$2,340,304.44

Source: CAFR Schedule A-2

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	<u>2015</u>
General Fund	
Restricted	\$4,178,789.56
Committed	172,050.00
Assigned	505,615.69
Unassigned	219,481.07
Total general fund	<u>\$5,075,936.32</u>
All Other Governmental Funds	
Reserved	
Restricted	\$331,231.38
Committed	4.00
Assigned	197,534.12
Total all other governmental funds	<u>\$528,769.50</u>

Source: CAFR Schedule B-1

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	<u>2015</u>
Revenues	
Tax levy	\$17,762,993.00
Tuition charges	28,873.44
Interest on restricted reserves	5,922.96
Miscellaneous	134,184.18
State sources	4,437,722.83
Federal sources	327,821.20
Total revenue	<u>22,697,517.61</u>
Expenditures	
Instruction	
Regular Instruction	5,811,159.23
Special education instruction	1,909,025.74
Other instruction	777,916.06
Support Services:	
Tuition	773,455.35
Student & instruction related services	2,082,377.70
General administrative services	517,986.24
School Administrative services	236,241.22
Central services	270,136.33
Administration Information Technology	139,735.89
Plant operations and maintenance	1,342,020.50
Student transportation services	809,795.49
Unallocated employee benefits	4,547,841.95
Capital outlay	765,615.72
Charter School	17,172.34
Debt service:	
Principal	1,254,783.88
Interest and other charges	488,952.54
Total expenditures	<u>21,744,216.18</u>
Excess (Deficiency) of revenues over (under) expenditures	953,301.43
Other Financing sources (uses)	
Bond proceeds	10,435,000.00
Premium on sale of bonds	976,181.75
Cost of issuance	(133,514.43)
Payment to refunded bonds escrow agent	(11,277,667.32)
Total other financing sources (uses)	<u>(11,277,667.32)</u>
Net change in fund balances	<u><u>\$953,301.43</u></u>
Debt service as a percentage of noncapital expenditures	8.31%

Source: CAFR Schedule B-2

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest On</u> <u>Investments</u>	<u>Student</u> <u>Activity Fees</u>	<u>Transportation</u> <u>Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
2015	\$ 28,873.44	\$ 18,109.66	\$ 20,525.00	\$ 21,216.00	\$ 25,701.23	\$ 114,425.33

Source: District Records

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - CITY OF LAMBERTVILLE
UNAUDITED

Fiscal Year Ended June 30,	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Regular</u>	<u>Farm Qualified</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities (a)</u>	<u>Net Valuation Taxable</u>	<u>Est. Actual (County Equalized Value)</u>	<u>Total Direct School Tax Rate (b)</u>
2015	\$5,317,183	\$567,428,400	\$1,355,500	\$3,631	\$108,516,200	\$10,659,000	\$22,797,100	\$716,077,014	\$1,051,057	\$717,128,071	\$727,092,666	\$1.240

Source: District records Tax list summary and 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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF STOCKTON
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Regular</u>	<u>Farm Qualified</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities (a)</u>	<u>Net Valuation Taxable</u>	<u>Est. Actual (County Equalized Value)</u>	<u>Total Direct School Tax Rate (b)</u>
2015	\$904,300	\$76,583,800	\$845,100	\$18,400	\$13,667,700	\$1,018,600	\$93,037,900	\$93,730	\$93,131,630	\$92,551,497	\$1.295

Source: District records Tax list summary and 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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - TOWNSHIP OF WEST AMWELL
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Regular</u>	<u>Farm Qualified</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities (a)</u>	<u>Net Valuation Taxable</u>	<u>Est. Actual (County Equalized Value)</u>	<u>Total Direct School Tax Rate (b)</u>
2015	\$8,503,200	\$352,462,700	\$82,154,300	\$2,383,020	\$30,144,709	\$14,564,000	\$1,228,400	\$491,440,329	\$603,087	\$492,043,416	\$513,982,217	\$1.590

Source: District records Tax list summary and 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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	City of Lambertville			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	City of Lambertville	Fire District	Hunterdon County	
2015	\$1.146	\$0.094	\$1.240	\$0.358	\$0.075	\$0.344	\$2.017

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	Borough of Stockton		Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)		Borough of Stockton	Hunterdon County	
2015	\$1.197	\$0.098	\$1.295	\$0.402	\$0.368	\$2.065

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	Township of West Amwell			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Township of West Amwell	Hunterdon County	
2015	\$1.469	\$0.121	\$1.590	\$0.320	\$0.386	\$2.296

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND TEN YEARS AGO
CITY OF LAMBERTVILLE
UNAUDITED

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Taxpayer	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Heritage Village at Lambertville	\$9,953,000.00	1	1.39%			
Orleans at Lambertville LLC				\$7,329,370.00	1	1.12%
Swan Creek Holding Company	5,802,500.00	2	0.81%	5,706,289.00	2	0.87%
Econotech Development Company	4,862,500.00	3	0.68%			0.00%
Woodrose Properties, LLC	4,224,700.00	4	0.59%			0.00%
Delcampo, N P Jr. & CS Delcampo, LLC	4,000,000.00	5	0.56%			0.00%
Hart Venture Group, LLC	3,664,100.00	6	0.51%	2,029,043.00	7	0.31%
Individual Property Owner				3,650,215.00	3	0.56%
BC Property Management	2,987,400.00	7	0.42%			0.00%
Lambertville Cracker Co. LLC				2,758,032.00	4	0.42%
Individual Property Owner				2,709,429.00	5	0.41%
Tome III, Maurice U Family Trust	2,699,900.00	8	0.38%			
Route 12-1 Properties, LLC	2,615,000.00	9	0.36%			
Dimarco Investment Group	2,574,400.00	10	0.36%			
Individual Property Owner				2,404,944.00	6	0.37%
Allied Village Square LLC				2,027,541.00	8	0.31%
Diamond Silver LLC				2,000,560.00	9	0.31%
Individual Property Owner				1,908,404.00	10	0.29%
Total	\$43,383,500.00		6.05%	\$32,523,827.00		4.98%

Source: Municipal Tax Assessor

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND TEN YEARS AGO
BOROUGH OF STOCKTON
UNAUDITED

145

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>	<u>% of Total District Net Assessed Value</u>
Individual Property Owner	\$2,154,400.00	1	2.31%			
Millett Properties, LLC	1,638,300.00	2	1.76%			
Finale Partners, LLC	1,322,700.00	3	1.42%			
Individual Property Owner	1,034,800.00	4	1.11%			
Individual Property Owner	1,032,200.00	5	1.11%			
Nobalistic II, LLC	977,300.00	6	1.05%			
individual Property Owner	914,900.00	7	0.98%			
Individual Property Owner	905,800.00	8	0.97%			
Individual Property Owner	890,300.00	9	0.96%			
Individual Property Owner	792,900.00	10	0.85%			
Individual Property Owner				\$646,900.00	1	1.52%
Individual Property Owner				\$600,900.00	2	1.41%
Individual Property Owner				475,200.00	3	1.12%
My Ben				447,000.00	4	1.05%
Individual Property Owner				357,100.00	5	0.84%
Individual Property Owner				354,000.00	6	0.83%
Individual Property Owner				321,600.00	7	0.76%
A & J Stockton Realty				320,600.00	8	0.75%
Individual Property Owner				317,100.00	9	0.74%
Bluebird Investors				314,500.00	10	0.00%
Total	\$11,663,600.00		12.52%	\$4,154,900.00		9.02%

Source: Municipal Tax Assessor

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND TEN YEARS AGO
TOWNSHIP OF WEST AMWELL
UNAUDITED

146

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Texas Eastern Transmission Corp. Individual Property Owner	\$7,100,000.00	1	1.44%	\$5,491,900.00	2	1.07%
OFN Properties, LLC c/o A Levine ESQ. Individual Property Owner	4,693,200.00	2	0.95%	6,312,400.00	1	1.23%
Individual Property Owner				3,546,000.00	3	0.69%
JMJ Farm Holdings, LLC	2,498,400.00	3	0.51%	2,931,500.00	4	0.57%
Texas Eastern Transmission Corp.	2,250,000.00	4	0.46%			
Barry Road Properties, LLC	2,021,900.00	5	0.41%			
Breen Real Estate, LLC Individual Property Owner	1,951,100.00	6	0.40%	1,910,700.00	5	0.37%
Individual Property Owner				1,908,100.00	6	0.37%
Affordable Self Storage Inc, Individual Property Owner	1,871,600.00	7	0.38%	1,904,300.00	7	0.37%
Individual Property Owner				1,802,100.00	8	0.35%
Breen Color Concentrates, Inc.				1,752,500.00	9	0.34%
Durling Realty LLC Quick Check				1,695,800.00	10	0.33%
Bender Realty, LLC	1,664,510.00	8	0.34%			
Individual Property Owner	1,626,600.00	9	0.33%			
Individual Property Owner	1,557,900.00	10	0.32%			
Total	<u>\$27,235,210.00</u>		<u>5.54%</u>	<u>\$29,255,300.00</u>		<u>5.70%</u>

Source: Municipal Tax Assessor

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
CITY OF LAMBERTVILLE
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30.</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2015	\$8,868,570.00	\$8,868,570.00	100.00%	-

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BOROUGH OF STOCKTON
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2015	\$1,203,248.00	\$1,203,248.00	100.00%	-

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
TOWNSHIP OF WEST AMWELL
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2015	\$7,691,175.00	\$7,691,175.00	100.00%	-

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended <u>June 30.</u>	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases			
2015	\$14,930,314.12		\$94,373.76		\$63,828.00	\$15,088,515.88	*	*

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

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

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

(b) Includes Early Retirement Incentive Plan (ERIP) refunding

* - Data Not Available

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions			
2015	\$14,930,314.12		\$14,930,314.12	1.15%	*

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

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

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

* - Data Not Available

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City of Lambertville	\$11,649,361.42	100.00%	\$11,649,361.42
Borough of Stockton	991,562.93	100.00%	991,562.93
Township of West Amwell	4,971,793.47	100.00%	4,971,793.47
Other debt			
Hunterdon County	<u>70,347,424.10</u>	<u>6.38%</u>	<u>4,490,038.18</u>
Subtotal, overlapping debt			\$22,102,756.00
South Hunterdon Regional School District Direct Debt			<u>15,088,515.88</u>
Total direct and overlapping debt			<u><u>\$37,191,271.88</u></u>

Source: Assessed value data used to estimate applicable percentages provided by the County Treasurer's Office.
Debt outstanding data provided by the Municipal Chief Financial Officer.

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2015:

Equalized Valuation Basis

Calendar Year	City of <u>Lambertville</u>	Borough of <u>Stockton</u>	Township of <u>West Amwell</u>	<u>Total</u>
2014	\$715,409,621.00	\$92,615,735.00	\$509,502,554.00	\$1,317,527,910.00
2013	721,689,248.00	90,701,872.00	488,354,011.00	\$1,300,745,131.00
2012	736,775,735.00	93,817,364.00	501,120,942.00	\$1,331,714,041.00
	<u>\$2,173,874,604.00</u>	<u>\$277,134,971.00</u>	<u>\$1,498,977,507.00</u>	<u>3,949,987,082.00</u>

Average Equalized Valuation of Taxable Property	\$1,316,662,360.67
Debt Limit (3% (a) of average equalization value)	39,499,870.82
Total Net Debt Applicable to Limit	<u>14,930,314.12</u>
Legal Debt Margin	<u><u>\$24,569,556.70</u></u>

	<u>Fiscal Year</u> <u>Ending June 30,</u> <u>2015</u>
Debt Limit	\$39,499,870.82
Total Net Debt Applicable To Limit	<u>14,930,314.12</u>
Legal Debt Margin	<u><u>\$24,569,556.70</u></u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	37.80%

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 N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>		
				<u>Lambertville</u>	<u>Stockton</u>	<u>West Amwell</u>
2015	*	*	*		*	*
2014	7,185	*	*	3.8%	3.20%	5.00%
2013	7,197	543,539,031	\$75,523	3.0%	*	3.2%

Source:

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

(b) Personal income has been estimated based upon the municipal population and per capita personal income presented.

(c) Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

* - Data Not Available

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND TEN YEARS AGO
 UNAUDITED

<u>Employer</u>	<u># of</u> <u>Employees</u>	<u>2015</u> <u>Rank</u> <u>(Optional)</u>	<u>Percentage of Total</u> <u>Employment</u>	<u># of</u> <u>Employees</u>	<u>2006</u> <u>Rank</u> <u>(Optional)</u>	<u>Percentage of Total</u> <u>Employment</u>
(1)	<u>0</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>

Source: Municipal Records

(1) - Data not available

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

2015

Function/Program

Instruction:

Regular	73
Special education	23.9
Other special education	19.3

Support Services:

Tuition	
Student and instruction related services	17.8
General administrative services	2.5
School administrative services	9.5
Plant operations and maintenance	11.3
Pupil transportation	7
Central services	3.5
Administration information technology	2
Other support services	2

Total 172

Source: District Personnel Records

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2015	969	\$19,234,864.04	\$19,850.22	N/A	98	9.9	960	917	N/A	95.49%

Sources: District records

Note. Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

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

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

2015

District Buildings

Elementary School(s):

City of Lambertville (1968)

Square Feet	32,301
Capacity (students)	982
Enrollment	251

Borough of Stockton

Square Feet	4,000
Capacity (students)	67
Enrollment	55

Township of West Amwell (1953)

Square Feet	24,578
Capacity (students)	266
Enrollment	222

Trailer (2003)

Square Feet	576
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Storage Shed

Square Feet	480
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South Hunterdon Regional High School

Square Feet	99,000
Capacity (students)	572
Enrollment	424

Number of Schools at June 30, 2015

Elementary = 3
High School = 1

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the School Enrollment as of 6/30/15.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - School Facilities * Project #(s)	<u>Total</u>	<u>ELEMENTARY SCHOOLS</u>			<u>South Hunterdon Regional HS</u>
		<u>City of Lambertville</u>	<u>Borough of Stockton</u>	<u>Township of West Amwell</u>	
2015	<u>\$340,819.00</u>	<u>\$50,651.00</u>	<u>\$21,952.00</u>	<u>\$33,968.00</u>	<u>\$234,248.00</u>
Total School Facilities	<u><u>\$340,819.00</u></u>	<u><u>\$50,651.00</u></u>	<u><u>\$21,952.00</u></u>	<u><u>\$33,968.00</u></u>	<u><u>\$234,248.00</u></u>

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

Source: District records

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
6/30/2015
UNAUDITED

<u>COMPANY</u>	<u>TYPE OF COVERAGE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
New Jersey Schools Insurance Group	Property	\$400,000,000	\$5,000
New Jersey Schools Insurance Group	EDP	750,000	1,000
New Jersey Schools Insurance Group	Extra Expense	50,000,000	5,000
New Jersey Schools Insurance Group	Valuable Papers	10,000,000	5,000
New Jersey Schools Insurance Group	Equipment Breakdown	100,000,000	5,000
New Jersey Schools Insurance Group	Faithful Performance	100,000	500
New Jersey Schools Insurance Group	Forgery & Altercation	50,000	500
New Jersey Schools Insurance Group	Money & Securities	50,000	500
New Jersey Schools Insurance Group	Money Orders / Counterfeit	50,000	500
New Jersey Schools Insurance Group	Computer Fraud	50,000	500
New Jersey Schools Insurance Group	General Liability	11,000,000	0
New Jersey Schools Insurance Group	Auto Liability	11,000,000	0
New Jersey Schools Insurance Group	Auto Physical Damage	ACV Basis	1,000
New Jersey Schools Insurance Group	Worker's Compensation	Statutory	0
New Jersey Schools Insurance Group	Supplemental Indemnity	7 Day Waiting Period	0
New Jersey Schools Insurance Group	School Leader's Liability	11,000,000	10,000
Selective Insurance Company	Bond for Kerry Sevellis	200,000	0
AXIS	Student Accident	\$25,000 Accident Medical Expense \$5,000,000 Excess \$1,000,000 Cat Cash	0
ACE	Underground Storage Tank Liability	1,000,000	10,000

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
South Hunterdon Regional School District
County of Hunterdon
Lambertville, New Jersey 08530

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Hunterdon Regional School District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 South Hunterdon Regional School District's internal control.

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

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

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

December 7, 2015



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR STATE
STATE FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members
of the Board of Education
South Hunterdon Regional School District
County of Hunterdon
Lambertville, New Jersey 08530

Report on Compliance for Each Major State Program

We have audited the South Hunterdon Regional School District's compliance with the types of compliance requirements described in the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the South Hunterdon Regional School District's major state programs for the year ended June 30, 2015. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the South Hunterdon Regional School 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; New Jersey *OMB 04-04*. Those standards and New Jersey *OMB 04-04* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the South Hunterdon Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major State Program

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

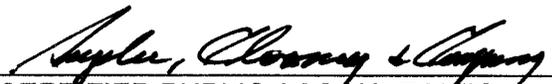
Report on Internal Control Over Compliance

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

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

December 7, 2015

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2014	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2015		
										(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR
Special Revenue Funds												
U.S. Department of Education												
Passed-through State Department of Education:												
I.D.E.A. Part B, Basic	84.027	FT-2530-14	7/1/13-6/30/14	\$ 57,793.00	\$ (57,793.00)	\$	\$ 57,793.00	\$	\$	\$	\$	\$
I.D.E.A. Part B Basic	84.027	FT-1956-14	7/1/13-6/30/14	47,323.00	(47,323.00)		47,323.00					
I.D.E.A. Part B Basic	84.027	FT-1376-15	7/1/14-6/30/15	210,135.00			210,135.00	(210,135.00)				
I.D.E.A. Part B-Preschool	84.173	PS-2530-14	7/1/13-6/30/14	2,065.00	(2,065.00)		2,065.00					
I.D.E.A. Part B-Preschool	84.173	PS-1956-14	7/1/13-6/30/14	3,269.00	(3,269.00)		3,269.00					
I.D.E.A. Part B-Preschool	84.173	PS-1376-15	7/1/14-6/30/15	6,463.00			6,463.00	(6,463.00)				
Title IA	84.010A	NCLB-2530-14	7/1/13-6/30/14	36,665.00	1,340.31				(1,340.31)			
Title IA	84.010A	NCLB-4890-14	7/1/13-6/30/14	19,621.00	(4,725.90)		5,656.00	(930.10)				
Title IA	84.010A	NCLB-1376-15	7/1/14-6/30/15	71,907.00				(45,452.61)			(45,452.61)	
Title II, Part A	84.367A	NCLB-1376-15	7/1/14-6/30/15	15,047.00				(14,588.49)			(14,588.49)	
R.E.A.P.	84.358A	S358A-082318	7/1/13-9/30/14	28,233.00	(14,548.42)		28,233.00	(13,684.58)				
R.E.A.P.	84.358A	S358A-082318	7/1/14-9/30/15	26,262.00			23,731.00	(26,262.00)			(2,531.00)	
R.E.A.P.	84.358A	S358A-141282	7/1/14-9/30/15	34,961.00				(9,374.42)			(9,374.42)	
R.E.A.P.	84.358A	S358A-141038	7/1/14-9/30/15	19,145.00								
Perkins Secondary	84.048A	PERK-4890-14	7/1/13-6/30/14	4,131.00	(4,073.00)		4,131.00		(58.00)			
Perkins Secondary	84.048A	PERK-4890-12	7/1/11-6/30/12	21,702.00	152.00				(152.00)			
Perkins Secondary	84.048A	PERK-4890-15	7/1/14-6/30/15	1,956.00				(1,956.00)			(1,956.00)	
Total U.S. Department of Education					(132,305.01)		388,799.00	(328,846.20)	(1,550.31)		(73,902.52)	
Enterprise Funds												
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Non-Cash Assistance (Commodities):												
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	10,281.37	1,283.54			(1,283.54)				
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	6,720.16	710.30			(710.30)				
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	9,142.00	984.00			(984.00)				
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	13,345.73			13,345.73	(12,410.92)			934.81	
Cash Assistance:												
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	2,701.08	(213.42)		213.42					
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	8,952.96			6,728.38	(8,955.96)			(2,227.58)	
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	27,640.00	(1,754.00)		1,754.00					
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	9,273.29	(607.35)		607.35					
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	34,123.43	(2,826.49)		2,826.49					
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	80,696.60			60,313.42	(80,696.60)			(20,383.18)	
Total U.S. Department of Agriculture					(2,423.42)	-0-	85,788.79	(105,041.32)			(22,610.76)	934.81
Total Federal Financial Assistance				\$ (134,728.43)	\$ -0-	\$ 474,587.79	\$ (433,887.52)	\$ (1,550.31)	\$ (96,513.28)	\$ 934.81	\$	\$

See accompanying notes to schedules of financial assistance.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014				ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2015			MEMO		
				DEFERRED REVENUE (ACCTS.REC.)	DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES		(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education														
General Funds														
Special Education Categorical Aid	15-495-034-5120-089	\$ 495,623.00	7/1/14-6/30/15	\$	\$	\$ 450,033.80	\$ (495,623.00)	\$	\$	\$	\$	\$ (45,589.20)	\$ (495,623.00)	
Security Aid	15-495-034-5120-084	75,234.00	7/1/14-6/30/15			68,313.70	(75,234.00)					(6,920.30)	(75,234.00)	
Transportation Aid	15-495-034-5120-014	261,437.00	7/1/14-6/30/15			237,389.10	(261,437.00)					(24,047.90)	(261,437.00)	
Additional Adjustment Aid	15-495-034-5120-085	19,463.00	7/1/14-6/30/15			17,672.72	(19,463.00)					(1,790.28)	(19,463.00)	
School Choice	15-495-034-5120-068	1,169,007.00	7/1/14-6/30/15			1,061,477.51	(1,169,007.00)					(107,529.49)	(1,169,007.00)	
Under Adequacy Aid	15-495-034-5120-096	1,057.00	7/1/14-6/30/15			959.77	(1,057.00)					(97.23)	(1,057.00)	
PARCC Readiness	15-495-034-5120-098	9,880.00	7/1/14-6/30/15			8,971.20	(9,880.00)					(908.80)	(9,880.00)	
Per Pupil Growth	15-495-034-5120-097	9,880.00	7/1/14-6/30/15			8,971.20	(9,880.00)					(908.80)	(9,880.00)	
Regionalization Aid	N/A	98,859.00	7/1/14-6/30/15			98,859.00	(98,859.00)						(98,859.00)	
Extraordinary Special Education Costs Aid	14-100-034-5120-473	24,053.00	7/1/13-6/30/14	(24,305.00)		24,305.00								
Extraordinary Special Education Costs Aid	14-100-034-5120-473	21,643.00	7/1/13-6/30/14	(21,643.00)		21,643.00								
Extraordinary Special Education Costs Aid	15-100-034-5120-473	63,258.00	7/1/14-6/30/15				(63,258.00)						(63,258.00)	
Nonpublic Remote Transportation Aid	N/A	2,116.00	7/1/13-6/30/14	(2,116.00)		2,116.00								
Nonpublic Remote Transportation Aid	N/A	1,352.00	7/1/13-6/30/14	(1,352.00)		1,352.00								
Nonpublic Remote Transportation Aid	N/A	1,298.57	7/1/13-6/30/14	(1,298.57)		1,298.57								
Nonpublic Remote Transportation Aid	N/A	9,985.00	7/1/14-6/30/15				(9,985.00)						(9,985.00)	
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	117,350.76	7/1/13-6/30/14	(5,627.41)		5,627.41								
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	141,231.77	7/1/13-6/30/14	(7,058.34)		7,058.34								
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	289,416.00	7/1/13-6/30/14	(14,119.06)		14,119.06								
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	25,577.00	7/1/13-6/30/14	(801.00)		801.00								
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	577,165.03	7/1/14-6/30/15			548,632.57	(577,165.03)			(28,532.46)			(577,165.03)	
				(78,320.38)		2,579,600.95	(2,790,848.03)			(101,775.46)			(187,792.00)	(2,790,848.03)
Special Revenue Fund:														
N.J. Nonpublic Aid														
Textbook Aid	15-100-034-5120-064	477.00	7/1/14-6/30/15			477.00	(477.00)						(477.00)	
Technology	14-100-034-5120-373	160.00	7/1/13-6/30/14	9.00				(9.00)						
Technology	15-100-034-5120-373	256.00	7/1/14-6/30/15			256.00	(256.00)						(256.00)	
Nursing Aid	14-100-034-5120-070	695.00	7/1/13-6/30/14	2.00				(2.00)						
Nursing Aid	15-100-034-5120-070	854.00	7/1/14-6/30/15			854.00				854.00				
Handicapped Services:														
Examination and Classification	15-100-034-5120-066	2,520.00	7/1/14-6/30/15			2,520.00				2,520.00				
Corrective Speech	15-100-034-5120-066	7,068.00	7/1/14-6/30/15			7,068.00				7,068.00				
Supplementary Instruction	15-100-034-5120-066	785.00	7/1/14-6/30/15			785.00				785.00				
Agricultural CASE Grant	14-100-010-3330-019	5,000.00	4/1/14-6/30/14	234.00						234.00				
Agricultural CASE Grant	15-100-010-3330-019	10,000.00	4/1/15-6/30/15			10,000.00	(9,288.11)			711.89			(9,288.11)	
				245.00		21,960.00	(10,021.11)	(11.00)		945.89	11,227.00		(10,021.11)	
Capital Project Fund:														
EDA Grant														
EDA Grant	2530-050-13-1001	510,194.00	7/1/14-6/30/15	(8,910.00)			(211,194.96)			(221,104.96)			(211,194.96)	
Debt Service Fund:														
Debt Service Aid - Type II														
Debt Service Aid - Type II	15-495-034-5120-017	365,007.00	7/1/14-6/30/15			365,007.00	(365,007.00)						(365,007.00)	
Enterprise Fund:														
State School Lunch Program														
State School Lunch Program	14-100-010-3350-023	1,041.41	7/1/13-6/30/14	(141.40)		141.40								
State School Lunch Program	14-100-010-3350-023	621.31	7/1/13-6/30/14	(71.65)		71.65								
State School Lunch Program	14-100-010-3350-023	1,100.00	7/1/13-6/30/14	(119.00)		119.00								
State School Lunch Program	15-100-010-3350-023	2,673.14	7/1/14-6/30/15			2,001.95	(2,673.14)			(671.19)			(2,673.14)	
				(332.05)		2,334.00	(2,673.14)			(671.19)			(2,673.14)	
Total State Financial Assistance Subject to Single Audit				(88,317.43)		2,968,901.95	(3,379,744.24)	(11.00)	(323,551.61)	945.89	11,227.00	(187,792.00)	(3,379,744.24)	
General Fund:														
On-Behalf TPAF Pension Contribution														
On-Behalf TPAF Pension Contribution	15-495-034-5095-007	406,863.00	7/1/14-6/30/15			406,863.00	(406,863.00)						(406,863.00)	
On-Behalf TPAF Post-Retirement Medical	15-495-034-5095-001	645,896.00	7/1/14-6/30/15			645,896.00	(645,896.00)						(645,896.00)	
Total State Financial Assistance				\$ (88,317.43)	\$	\$ 4,021,660.95	\$ (4,432,503.24)	\$ (11.00)	\$ (323,551.61)	\$ 945.89	\$ 11,227.00	\$ (187,792.00)	\$ (4,432,503.24)	

See accompanying notes to schedules of financial assistance.

South Hunterdon Regional School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2015

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

South Hunterdon Regional School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2015

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$8,615.00 for the general fund and \$3,252.73 for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$3,852,222.03	\$3,852,222.03
Special Revenue Fund	\$327,821.20	9,298.84	337,120.04
Capital Projects Fund		211,194.96	211,194.96
Debt Service Fund		365,007.00	365,007.00
Food Service Fund	105,041.32	2,673.14	107,714.46
	<u>105,041.32</u>	<u>2,673.14</u>	<u>107,714.46</u>
Total Awards & Financial Assistance	<u>\$432,862.52</u>	<u>\$4,440,395.97</u>	<u>\$4,873,258.49</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

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

South Hunterdon Regional School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s) – Not Applicable

Section I – Summary of Auditor’s Results

State Program(s)

- | | | |
|-----|---|------------|
| (1) | Internal Control Over Major State Programs: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major state program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? | No |

South Hunterdon Regional School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Special Education	
Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084
Adjustment Aid	495-034-5120-085
School Choice Aid	495-034-5120-068
Under Adequacy Aid	495-034-5120-096
PARCC Readiness	495-034-5120-098
Per Pupil Growth	495-034-5120-097

(5) Program Threshold Determination:

 Type A State Program Threshold > \$300,000.00

 Type B State Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? No

Section II – Financial Statement Audit – Reported Findings
Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – Not Applicable

State Programs – Not Applicable

South Hunterdon Regional School District

Schedule of Prior Year Audit Findings

Not Applicable

