

SOUTH AMBOY SCHOOL DISTRICT

South Amboy, New Jersey
County of Middlesex

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTH AMBOY SCHOOL DISTRICT

SOUTH AMBOY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

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

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INTRODUCTORY SECTION

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South Amboy Board of Education

Board President
Janet Kern

Vice President
Kevin Riley

Superintendent
Robert N. Sheedy

Business Administrator
Peter Frascella

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

Board Members

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

December 4, 2015

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

Dear Board Members/Citizens:

We are pleased to present to you the Comprehensive Annual Financial Report (“CAFR”) of the South Amboy School District (“District”) for the fiscal year ended June 30, 2015. This CAFR includes the District’s Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors’ Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District’s financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury Circular Letter 04-04 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

School District Organization

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

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

1. REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular and vocational, as well as special education for handicapped children. The District completed the 2014-2015 fiscal year with an enrollment of 1,088 students, which is 62 less than the previous year's enrollment. The student enrollment for the District over the last 5 years:

AVERAGE DAILY ENROLLMENT

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

2. ECONOMIC CONDITION AND OUTLOOK

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

3. INTERNAL ACCOUNTING CONTROLS

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

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

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

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

4. BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

5. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in the "Notes to the Basic Financial Statements," Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

6. RISK MANAGEMENT

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

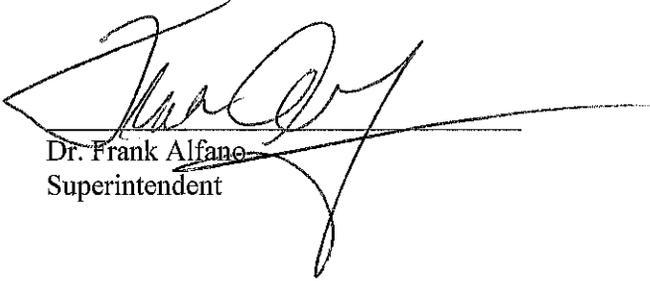
7. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison P.C., was selected by the Board to perform the audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet requirements of the Single Audit Act of 1984 and the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

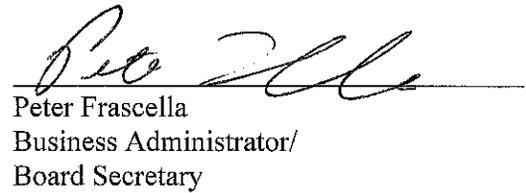
8. ACKNOWLEDGMENTS:

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

Respectfully submitted,



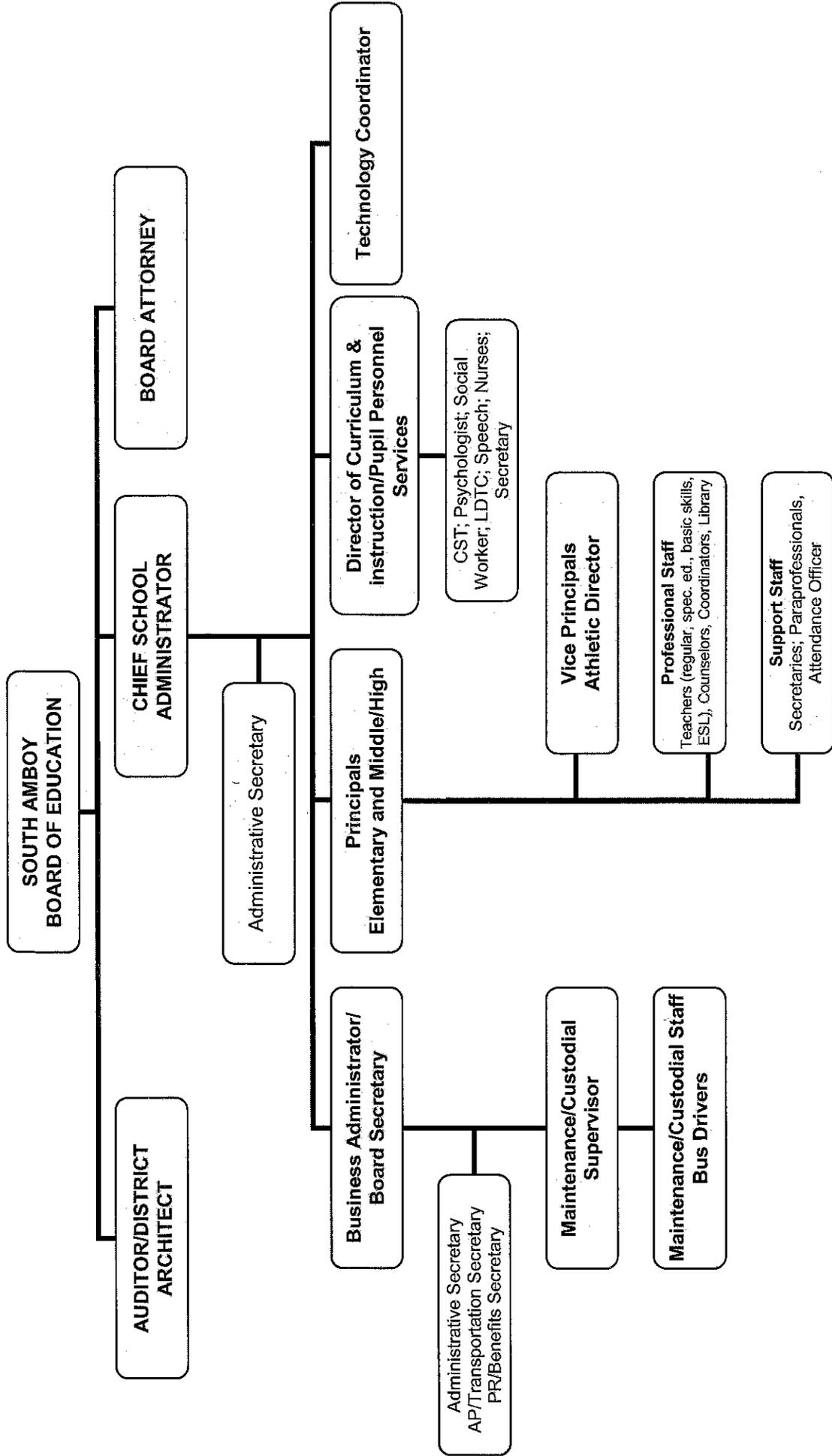
Dr. Frank Alfano
Superintendent



Peter Frascella
Business Administrator/
Board Secretary

Exhibit

ORGANIZATIONAL CHART



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SOUTH AMBOY SCHOOL DISTRICT

SOUTH AMBOY, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Janet Kern, President	2017
Kevin Riley, Vice President	2016
John Dragotta	2015
Stanley Jankowski	2017
Lynn Kasics	2015
Michael J. Gross, Jr	2015
Tyler Simko	2016
Philip Smith	2017
Paula Taggart	2015

OTHER OFFICIALS

Robert N. Sheedy, Superintendent

Peter Frascella, Business Administrator/Board Secretary

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SOUTH AMBOY SCHOOL DISTRICT

SOUTH AMBOY, NEW JERSEY

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

Amboy National Bank
120 Broadway
South Amboy, New Jersey 08879

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Amboy School District, County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Amboy School District, County of Middlesex, State of New Jersey, as of June 30, 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 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is 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 and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Amboy School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the

responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 04, 2015 on our consideration of the South Amboy 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 South Amboy School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
December 04, 2015

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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

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

The discussion and analysis of South Amboy Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ◆ General revenues accounted for \$16,144,816.07 in revenue or 77.33 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$4,734,324.13 or 22.67 percent of total revenues of \$20,879,140.20.
- ◆ Total net position of governmental activities decreased by \$21,698.82.
- ◆ The School District governmental activities had \$20,453,968.25 in expenses; only \$4,287,453.36 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$16,144,816.07 were adequate to provide for these programs.
- ◆ The General Fund had \$17,111,495.49 in revenues and transfers and \$17,133,300.37 in expenditures and transfers. The General Fund's balance decreased \$21,804.88 from 2014.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

GASB 68

As described in Note 19 to the financial statements, "Prior Period Adjustment/Restatement of Net Position", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of \$3,720,229.00, as indicated in Note 19 to the financial statements.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2015 and 2014.

Table 1
Net Position

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and Cash Equivalents	\$ 1,395,398.66	\$ 6,828,988.34
Receivables, Net	732,584.80	321,659.92
Inventory	19,236.63	16,159.96
Restricted Assets:		
Cash and Cash Equivalents	618,202.00	592,750.00
Capital Assets, Net	16,203,941.01	11,361,118.76
Total Assets	<u>18,969,363.10</u>	<u>19,120,676.98</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<u>423,795.00</u>	-
Total Deferred Outflows of Resources	<u>423,795.00</u>	-
Total Liabilities and Deferred Outflows of Resources	<u>19,393,158.10</u>	<u>19,120,676.98</u>
Liabilities:		
Accounts Payable	94,568.62	46,324.67
Pensions Payable	168,859.00	-
Accrued Interest Payable	101,988.33	260,513.35
Governmental Payables	-	55,507.80
Unearned Revenue	26,687.04	-
Noncurrent Liabilities:		
Due Within One Year	418,901.48	63,245.35
Due Beyond One Year	12,513,744.71	9,119,760.19
Total Liabilities	<u>13,324,749.18</u>	<u>9,545,351.36</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>226,548.00</u>	-
Total Deferred Inflows of Resources	<u>226,548.00</u>	-
Total Liabilities and Deferred Inflows of Resources	<u>13,551,297.18</u>	<u>9,545,351.36</u>
Net Position:		
Net Investment in Capital Assets	7,525,206.82	2,619,139.22
Restricted for:		
Capital Projects	2,009,017.99	6,975,387.17
Debt Service	(79,087.38)	(234,791.49)
Other Purposes	627,001.00	632,171.00
Unrestricted	<u>(4,240,277.51)</u>	<u>(416,580.28)</u>
Total Net Position	<u>\$ 5,841,860.92</u>	<u>\$ 9,575,325.62</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2014 and 2015.

Table 2
Change in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 181,374.46	\$ 189,909.51
Operating Grants and Contributions	4,552,949.67	1,606,907.44
General Revenues:		
Property Taxes	9,272,818.00	8,874,015.00
Grants and Entitlements	6,810,334.12	8,060,389.36
Other	61,663.95	91,374.65
Total Revenues	<u>\$ 20,879,140.20</u>	<u>\$ 18,822,595.96</u>
<u>Program Expenses</u>		
Instruction	7,283,469.61	7,041,115.42
Support Services		
Pupils and Instructional Staff	3,491,387.65	3,318,696.83
General Administration, School Administration		
Administration, Business	1,463,124.69	1,406,757.10
Operations and Maintenance of		
Facilities	1,076,923.72	1,090,171.17
Pupil Transportation	575,709.05	461,275.08
Interest on Debt	291,463.97	267,698.55
Unallocated Benefits	5,841,251.11	4,004,231.57
Amortization and Other	430,638.45	593,605.00
Food Service	438,407.65	453,777.02
Total Expenses	<u>20,892,375.90</u>	<u>18,637,327.74</u>
Increase in Net Position	<u>\$ (13,235.70)</u>	<u>\$ 185,268.22</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 52.52 percent of revenues for governmental activities for the South Amboy School District for fiscal year 2015. The School District's total governmental revenues were \$17,655,043.57 for the fiscal year ended June 30, 2015. Federal, state and local grants accounted for another 53.00 percent.

The total cost of all governmental program and services was \$20,835,119.25 Instruction comprises 34.96 percent of School District expenses.

Business-Type Activities

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

- ◆ Food service revenues exceeded expenses by \$8,463.12.
- ◆ Charges for services represent \$181,374.46 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$265,496.31.

Governmental Activities

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

Table 3
Governmental Activities

	<u>2015</u>		<u>2014</u>	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 7,283,469.61	\$ 6,589,436.02	\$ 7,041,115.42	\$ 6,371,262.79
Support Services:				
Pupils and Instructional Staff	3,491,387.65	3,134,835.98	3,318,696.83	2,923,969.94
General Administration, School Administration, Business	1,463,124.69	1,463,124.69	1,406,757.10	1,406,757.10
Operations and Maintenance of Facilities	1,076,923.72	1,076,923.72	1,090,171.17	1,090,171.17
Pupil Transportation	575,709.05	532,246.05	461,275.08	417,812.08
Unallocated Benefits	5,841,251.11	2,647,846.01	4,004,231.57	4,004,231.57
Unallocated Depreciation Expenses & Prior Year Fixed Asset Adjustments	430,638.45	430,638.45	593,605.00	593,605.00
Interest and Fiscal Charges	291,463.97	291,463.97	267,698.55	33,476.55
Total Expenses	<u>\$ 20,453,968.25</u>	<u>\$ 16,166,514.89</u>	<u>\$ 18,183,550.72</u>	<u>\$ 16,841,286.20</u>

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

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

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

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

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

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

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

The School District’s Funds

Information about the School District’s major funds is included in the 2014-2015 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$18,751,783.43 and expenditures of \$23,775,517.80. The net positive/(negative) change in fund balance for the year was most significant in the Capital Projects Fund, an decrease of \$5,027,521.18.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase/ (Decrease) From 2013/2014</u>	<u>Percentage of Increase/ Decrease)</u>
Local Sources	\$ 9,334,249.31	49.78%	\$ 368,859.66	4.11%
State Sources	8,610,862.75	45.92%	(74,841.06)	-0.86%
Federal Sources	806,671.37	4.30%	89,721.30	12.51%
	<u>\$ 18,751,783.43</u>	<u>100.00%</u>	<u>\$ 383,739.90</u>	<u>2.09%</u>

The increase in Local Sources is attributed to 4.49% increase in property tax revenue.

The increase in Federal Sources is attributed to increased IDEA revenue.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2015, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase/ (Decrease) From 2013/2014</u>	<u>Percentage of Increase/ Decrease</u>
Current:				
Instruction	\$ 7,283,469.61	30.63%	\$ 242,354.19	3.44%
Undistributed Expenditures	10,743,291.50	45.19%	447,159.75	4.34%
Capital Outlay	5,264,997.70	22.14%	3,452,835.94	190.54%
Debt Service				
Principal	35,000.00	0.15%	(740,526.00)	-95.49%
Interest	448,758.99	1.89%	430,633.79	2375.88%
Total	<u>\$ 23,775,517.80</u>	<u>100.00%</u>	<u>\$ 3,832,457.67</u>	<u>19.22%</u>

The increase in Capital Outlay relates to new capital project expenditures.

The decrease in Debt Service relates to reduction in debt service payments.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2015, the School District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

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

While the School District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$(21,804.88) decrease in surplus funds for a total unassigned free balance ("GAAP") of \$(337,805.03) at June 30, 2015.

Capital Assets

At the end of the fiscal year 2015, the School District had \$16,189,457.01 invested in land, building and building improvements, and machinery and equipment.

Capital Assets (Net of Depreciation) at June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Land	\$ 1,816,660.00	\$ 1,816,660.00
Construction in Progress	7,006,434.01	1,794,713.14
Site Improvements	20,735.00	24,430.00
Buildings	6,990,332.00	7,347,132.00
Machinery and Equipment	355,296.00	361,987.62
	<hr/>	<hr/>
Total	\$ 16,189,457.01	\$ 11,344,922.76

Debt Administration

At June 30, 2015, the School District had \$9,131,164.19 as outstanding debt. Of this amount, \$452,430.00 is for compensated absences, \$8,590,000.00 for bonds for school construction, and \$88,734.19 for capital leases. The remaining noncurrent liability on the District's statement of net position is the net pension liability of \$3,801,481.00.

For the Future

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

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

Contacting the School District's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 1,332,433.24	\$ 62,965.42	\$ 1,395,398.66
Receivables, Net	694,870.40	37,714.40	732,584.80
Inventory	-	19,236.63	19,236.63
Restricted Cash & Cash Equivalents	618,202.00	-	618,202.00
Capital Assets, Net (Note 5)	16,189,457.01	14,484.00	16,203,941.01
	<hr/>		
Total Assets	18,834,962.65	134,400.45	18,969,363.10
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	423,795.00	-	423,795.00
	<hr/>		
Total Deferred Outflows of Resources	423,795.00	-	423,795.00
	<hr/>		
Total Assets and Deferred Outflows of Resources	19,258,757.65	134,400.45	19,393,158.10
LIABILITIES			
Accounts Payable	68,818.72	25,749.90	94,568.62
Pensions Payable	168,859.00	-	168,859.00
Accrued Interest Payable	101,988.33	-	101,988.33
Unearned Revenue	26,687.04	-	26,687.04
Noncurrent Liabilities (Note 7):			
Due Within One Year	418,901.48	-	418,901.48
Due Beyond One Year	12,513,744.71	-	12,513,744.71
	<hr/>		
Total Liabilities	13,298,999.28	25,749.90	13,324,749.18
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	226,548.00	-	226,548.00
	<hr/>		
Total Deferred Inflows of Resources	226,548.00	-	226,548.00
	<hr/>		
Total Liabilities and Deferred Inflows of Resources	13,525,547.28	25,749.90	13,551,297.18
NET POSITION			
Net Investment in Capital Assets	7,510,722.82	14,484.00	7,525,206.82
Restricted For:			
Debt Service	(79,087.38)	-	(79,087.38)
Capital Projects	2,009,017.99	-	2,009,017.99
Other Purposes	627,001.00	-	627,001.00
Unrestricted	(4,334,444.06)	94,166.55	(4,240,277.51)
	<hr/>		
Total Net Position	\$ 5,733,210.37	\$ 108,650.55	\$ 5,841,860.92
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The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 4,891,112.73	\$ -	\$ -	\$ (4,891,112.73)	\$ -	\$ (4,891,112.73)
Special School Instruction	2,093,200.57	-	694,033.59	(1,399,166.98)	-	(1,399,166.98)
Other Special Instruction	72,291.40	-	-	(72,291.40)	-	(72,291.40)
Other Instruction	226,864.91	-	-	(226,864.91)	-	(226,864.91)
Support Services & Undistributed Costs:						
Tuition	1,887,670.46	-	-	(1,887,670.46)	-	(1,887,670.46)
Student & Instruction Related Services	1,603,717.19	-	356,551.67	(1,247,165.52)	-	(1,247,165.52)
General Administrative Services	407,442.93	-	-	(407,442.93)	-	(407,442.93)
School Administrative Services	755,969.82	-	-	(755,969.82)	-	(755,969.82)
Central Services	268,713.81	-	-	(268,713.81)	-	(268,713.81)
Administrative Information Technology	30,998.13	-	-	(30,998.13)	-	(30,998.13)
Plant Operations & Maintenance	1,076,923.72	-	-	(1,076,923.72)	-	(1,076,923.72)
Pupil Transportation	575,709.05	-	43,463.00	(532,246.05)	-	(532,246.05)
Unallocated Benefits	5,841,251.11	-	3,193,405.10	(2,647,846.01)	-	(2,647,846.01)
Unallocated Change in Compensated Absence	11,405.00	-	-	(11,405.00)	-	(11,405.00)
Adjustment To Capital Assets	(5,679.55)	-	-	5,679.55	-	5,679.55
Unallocated Depreciation	424,913.00	-	-	(424,913.00)	-	(424,913.00)
Interest & Other Charges on Long-Term Debt	291,463.97	-	-	(291,463.97)	-	(291,463.97)
Total Governmental Activities	20,453,968.25	-	4,287,453.36	(16,166,514.89)	-	(16,166,514.89)
Business-Type Activities:						
Food Service	438,407.65	181,374.46	265,496.31	-	8,463.12	8,463.12
Total Business-Type Activities	438,407.65	181,374.46	265,496.31	-	8,463.12	8,463.12

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

**SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	BUSINESS- TYPE ACTIVITIES	TOTAL
Total Primary Government	\$ 20,892,375.90	\$ 181,374.46	\$ 4,552,949.67	(16,166,514.89)	8,463.12	(16,158,051.77)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				8,770,681.00	-	8,770,681.00
Taxes Levied for Debt Service				502,137.00	-	502,137.00
Federal & State Aid Not Restricted				6,729,982.12	-	6,729,982.12
Federal & State Aid Restricted				80,352.00	-	80,352.00
Miscellaneous Income				61,663.95	-	61,663.95
Total General Revenues				16,144,816.07	-	16,144,816.07
Change In Net Position				(21,698.82)	8,463.12	(13,235.70)
Net Position - Beginning, as restated, see Note 19				5,754,909.19	100,187.43	5,855,096.62
Net Position - Ending				\$ 5,733,210.37	\$ 108,650.55	\$ 5,841,860.92

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B. Fund Financial Statements

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Governmental Funds

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**SOUTH AMBOY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 13,032.33	\$ -	\$ 1,493,898.70	\$ 35,069.24	\$ 1,542,000.27
Interfund Receivable	190,539.34	-	103,848.00	13,552.71	307,940.05
Intergovernmental Receivables:					
State	161,882.13	7,106.03	80,352.00	-	249,340.16
Federal	13,593.67	431,936.57	-	-	445,530.24
Restricted Cash & Cash Equivalents	618,202.00	-	-	-	618,202.00
Total Assets	\$ 997,249.47	\$ 439,042.60	\$ 1,678,098.70	\$ 48,621.95	\$ 3,163,012.72
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ 209,567.03	\$ -	\$ -	\$ 209,567.03
Accounts Payable	40,319.93	8,684.04	-	-	49,003.97
Interfund Payable	103,848.00	190,439.34	13,652.71	-	307,940.05
Payable - Due to State	-	19,814.75	-	-	19,814.75
Unearned Revenue	-	26,687.04	-	-	26,687.04
Total Liabilities	144,167.93	455,192.20	13,652.71	-	613,012.84
Fund Balances:					
Restricted for:					
Capital Reserve Account	344,572.00	-	-	-	344,572.00
Maintenance Reserve Account	248,630.00	-	-	-	248,630.00
Emergency Reserve Account	25,000.00	-	-	-	25,000.00
Excess Surplus	187,318.00	-	-	-	187,318.00
Excess Surplus Designated for Subsequent Year's Expenditures	166,053.00	-	-	-	166,053.00
Capital Projects	-	-	1,664,445.99	-	1,664,445.99
Debt Service	-	-	-	22,900.95	22,900.95
Assigned for:					
Designated for Subsequent Year's Expenditures	165,229.37	-	-	25,721.00	190,950.37
Other Purposes	54,084.20	-	-	-	54,084.20
Unassigned	(337,805.03)	(16,149.60)	-	-	(353,954.63)
Total Fund Balances	853,081.54	(16,149.60)	1,664,445.99	48,621.95	2,549,999.88
Total Liabilities & Fund Balances	\$ 997,249.47	\$ 439,042.60	\$ 1,678,098.70	\$ 48,621.95	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$26,877,028.01 and the accumulated depreciation is \$10,687,571.00 (Note 5).	16,189,457.01
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	197,247.00
Accrual of bond and lease interest and PERS Pension Payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(270,847.33)
Long-term liabilities, including bonds payable and net pension obligation, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Illustrative Note 7)	(12,932,646.19)
Net Position of Governmental Activities	\$ 5,733,210.37

**SOUTH AMBOY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Tax Levy	\$ 8,770,681.00	\$ -	\$ -	\$ 502,137.00	\$ 9,272,818.00
Miscellaneous	54,450.27	2,458.96	-	4,522.08	61,431.31
Total Local Sources	8,825,131.27	2,458.96	-	506,659.08	9,334,249.31
State Sources	8,241,520.50	288,990.25	80,352.00	-	8,610,862.75
Federal Sources	44,843.72	761,827.65	-	-	806,671.37
Total Revenues	17,111,495.49	1,053,276.86	80,352.00	506,659.08	18,751,783.43
Expenditures:					
Current:					
Regular Instruction	4,891,112.73	-	-	-	4,891,112.73
Special Education Instruction	1,399,166.98	694,033.59	-	-	2,093,200.57
Other Special Instruction	72,291.40	-	-	-	72,291.40
Other Instructional Programs	226,864.91	-	-	-	226,864.91
Support Services & Undistributed Costs - Current:					
Tuition	1,887,670.46	-	-	-	1,887,670.46
Student & Instruction Related Services	1,275,410.87	356,551.67	-	-	1,631,962.54
General Administrative Services	407,442.93	-	-	-	407,442.93
School Administrative Services	755,969.82	-	-	-	755,969.82
Central Services	268,713.81	-	-	-	268,713.81
Administrative Information Technology	30,998.13	-	-	-	30,998.13
Plant Operations & Maintenance	1,076,923.72	-	-	-	1,076,923.72
Pupil Transportation	575,709.05	-	-	-	575,709.05
Unallocated Benefits	4,107,901.04	-	-	-	4,107,901.04
Debt Service:					
Principal	-	-	-	35,000.00	35,000.00
Interest	-	-	-	448,758.99	448,758.99
Capital Outlay	53,276.52	-	5,211,721.18	-	5,264,997.70
Total Expenditures	17,029,452.37	1,050,585.26	5,211,721.18	483,758.99	23,775,517.80
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	82,043.12	2,691.60	(5,131,369.18)	22,900.09	(5,023,734.37)
Other Financing Sources/(Uses):					
Transfers In	-	-	103,848.00	-	103,848.00
Transfers Out	(103,848.00)	-	-	-	(103,848.00)
Total Other Financing Sources/(Uses)	(103,848.00)	-	103,848.00	-	-
Net Change in Fund Balance	(21,804.88)	2,691.60	(5,027,521.18)	22,900.09	(5,023,734.37)
Fund Balance - July 1	874,886.42	(18,841.20)	6,691,967.17	25,721.86	7,573,734.25
Fund Balance - June 30	\$ 853,081.54	\$ (16,149.60)	\$ 1,664,445.99	\$ 48,621.95	\$ 2,549,999.88

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

**SOUTH AMBOY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (5,023,734.37)

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

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

Capital Outlays	\$ 5,263,767.70	
Adjustments to Capital Assets	5,679.55	
Depreciation Expense	(424,913.00)	4,844,534.25

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

Pension Expense - PERS District Contribution - 2015	167,384.00	
Unfunded TPAF Pension Expense	1,680,486.00	
State Share of Unfunded TPAF Pension Expense	(1,680,486.00)	
Pension Expense	(220,248.07)	(52,864.07)

Repayment of bond, loans, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 63,245.35

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

Prior Year	260,513.35	
Current Year	(101,988.33)	158,525.02

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

Prior Year	441,025.00	
Current Year	(452,430.00)	(11,405.00)

Change in Net Position of Governmental Activities \$ (21,698.82)

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Proprietary Funds

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**SOUTH AMBOY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015**

	BUSINESS TYPE ACTIVITIES ENTERPRISE FUND
ASSETS	FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 62,965.42
Account Receivable:	
State	553.41
Federal	19,777.97
Other	17,383.02
Inventories	19,236.63
Total Current Assets	119,916.45
Noncurrent Assets:	
Furniture, Machinery & Equipment	295,890.00
Less: Accumulated Depreciation	(281,406.00)
Total Noncurrent Assets	14,484.00
Total Assets	134,400.45
LIABILITIES	
Current Liabilities:	
Accounts Payable	25,749.90
Total Current Liabilities	25,749.90
NET POSITION	
Net Investment in Capital Assets	14,484.00
Unrestricted	94,166.55
Total Net Position	\$ 108,650.55

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

**SOUTH AMBOY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUND</u> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 95,916.39
Daily Sales - Nonreimbursable Programs	64,454.68
Miscellaneous	21,003.39
	181,374.46
Total Operating Revenues	181,374.46
Operating Expenses:	
Salaries	139,856.64
Employee Benefits	35,862.69
Purchase Professional Services	40,438.77
General Supplies	24,728.68
Depreciation	1,712.00
Repairs and Maintenance	7,719.32
Miscellaneous	9,858.76
Cost of Sales	178,230.79
	438,407.65
Total Operating Expenses	438,407.65
Operating Loss	(257,033.19)
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	4,926.40
Federal Sources:	
National School Lunch Program	193,721.20
National School Lunch Program - PB Lunch	5,766.78
National School Breakfast Program	22,812.88
Food Distribution Program	38,269.05
	265,496.31
Total Nonoperating Revenues/(Expenses)	265,496.31
Change in Net Position	8,463.12
Total Net Position - Beginning	100,187.43
Total Net Position - Ending	\$ 108,650.55

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

**SOUTH AMBOY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND <hr/> FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 164,111.44
Payments to Employees & Benefits	(175,719.33)
Payments to Suppliers	(200,034.04)
	<hr/>
Net Cash Flows from Operating Activities	(211,641.93)
	<hr/>
Cash Flows From Noncapital Financing Activities:	
State Sources	5,024.77
Federal Sources	218,641.48
	<hr/>
Net Cash Flows from Noncapital Financing Activities	223,666.25
	<hr/>
Change in Cash & Cash Equivalents	12,024.32
Balances - Beginning of Year	50,941.10
	<hr/>
Balances - End of Year	\$ 62,965.42
	<hr/> <hr/>

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

Operating Loss	\$ (257,033.19)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities:	
U.S.D.A. Commodities	38,269.05
Depreciation & Net Amortization	1,712.00
(Increase) Decrease in Inventories	(3,076.67)
(Increase)/Decrease in Accounts Receivable	(17,263.02)
Increase (Decrease) in Accounts Payable	25,749.90
	<hr/>
Total Adjustments	45,391.26
	<hr/>
Net Cash Provided/(Used) by Operating Activities	\$ (211,641.93)
	<hr/> <hr/>

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

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Fiduciary Fund

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**SOUTH AMBOY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE			TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	AGENCY FUNDS	
Cash & Cash Equivalents	\$ 106,615.98	\$ 44,958.11	\$ 539,859.09	\$ 691,433.18
Intrafund Receivable	-	-	7,101.00	7,101.00
Total Assets	106,615.98	44,958.11	546,960.09	698,534.18
LIABILITIES				
Intrafund Payable	7,101.00	-	-	7,101.00
Payable to State Government	652.92	-	-	652.92
Payroll Deductions & Withholdings	-	-	421,640.79	421,640.79
Due to Student Groups	-	-	125,319.30	125,319.30
Total Liabilities	7,753.92	-	546,960.09	554,714.01
NET POSITION				
Reserve for Scholarships	-	44,958.11	-	44,958.11
Held in Trust for Unemployment Claims & Other Purposes	98,862.06	-	-	98,862.06
Total Net Position	\$ 98,862.06	\$ 44,958.11	\$ -	\$ 143,820.17

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

**SOUTH AMBOY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	
Contributions:			
District	\$ -	\$ -	\$ -
Plan Members	14,893.01	-	14,893.01
Other	-	12,706.19	12,706.19
Total Contributions	14,893.01	12,706.19	27,599.20
Investment Earnings:			
Interest	-	853.85	853.85
Net Investment Earnings	-	853.85	853.85
Total Additions	14,893.01	13,560.04	28,453.05
DEDUCTIONS			
Scholarships Awards	-	5,125.00	5,125.00
Unemployment Claims	14,853.67	-	14,853.67
Total Deductions	14,853.67	5,125.00	19,978.67
Change in Net Position	39.34	8,435.04	8,474.38
Net Position - Beginning of the Year	98,822.72	36,523.07	135,345.79
Net Position - End of the Year	\$ 98,862.06	\$ 44,958.11	\$ 143,820.17

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

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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SOUTH AMBOY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

The South Amboy School District (hereafter referred to as the “District”) is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through twelfth at its three schools. The District has an approximate enrollment at June 30, 2015 of 1,128 students.

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

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

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

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2015.

Government-Wide Financial Statements

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

SOUTH AMBOY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2015

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

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

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

Governmental Fund Financial Statements

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

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

Proprietary Fund Financial Statements

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

SOUTH AMBOY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2015

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

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

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

Fiduciary Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

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

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

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

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

The District reports the following major proprietary funds:

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

Additionally, the District reports the following major fiduciary funds:

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

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

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

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

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

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

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

Budgets/Budgetary Control

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

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

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

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

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

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

Encumbrances

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

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

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

Cash and Cash Equivalents

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

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

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

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

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

Inventories

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

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

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

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

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

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

Compensated Absences

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

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

SOUTH AMBOY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2015

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Use of Estimates

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

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.

SOUTH AMBOY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2015

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

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

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

Net Position

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/or a liability its portion of the collective net pension's asset and liability of the New Jersey Public Employees' Retirement System (PERS). The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions

SOUTH AMBOY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2015

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

and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the District contributions to the pension system subsequent to the measurement date.

Recently Issued Accounting Pronouncements

The District has adopted and implemented all current standards of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015.

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Bond Premiums, Discounts and Issuance Costs

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

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

Deferred Loss on Refunding Debt

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 04, 2015, which is the date the financial statements were available to be issued.

Pensions Section

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

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District's bank balance of \$3,184,756.57 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000.00
Collateralized by securities held by	
Pledging financial institution	2,725,148.43
Uninsured and uncollateralized	<u>209,608.14</u>
Total	<u><u>\$ 3,184,756.57</u></u>

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 2. Cash Deposits and Investments (continued):

Investments

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

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

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

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

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

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

The District did not hold any investments at June 30, 2015.

Note 3. Reserve Accounts

A. Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 3. Reserve Accounts (continued):

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

The activity of the capital reserve for the July 01, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 283,420.00
Transfer per June Resolution	165,000.00
Withdrawals for Capital Expenditures	<u>(103,848.00)</u>
Ending Balance, June 30, 2015	<u><u>\$ 344,572.00</u></u>

B. Maintenance Reserve Account

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

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

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

Beginning Balance, July 1, 2014	\$ 284,330.00
Withdrawals - Transfer to Capital Projects	<u>(35,700.00)</u>
Ending Balance, June 30, 2015	<u><u>\$ 248,630.00</u></u>

C. Emergency Reserve Account

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

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

Ending Balance, June 30, 2014 & 2015	<u><u>\$ 25,000.00</u></u>
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SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
Intergovernmental	\$ 175,475.80	\$ 439,042.60	\$ 80,352.00	\$ 20,331.38	\$ 715,201.78
Other	-	-	-	17,383.02	17,383.02
Total	\$ 175,475.80	\$ 439,042.60	\$ 80,352.00	\$ 37,714.40	\$ 732,584.80

Note 5. Capital Assets

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

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,816,660.00	\$ -	\$ -	\$ 1,816,660.00
Construction in Progress	1,794,713.14	5,211,721.18	(0.31)	7,006,434.01
Total capital assets not being depreciated	3,611,373.14	5,211,721.18	(0.31)	8,823,094.01
Capital Assets being depreciated:				
Site Improvements	387,324.00	-	-	387,324.00
Buildings	14,929,386.00	-	-	14,929,386.00
Machinery & Equipment	2,719,968.62	22,821.00	(5,565.62)	2,737,224.00
Total capital assets being depreciated	18,036,678.62	22,821.00	(5,565.62)	18,053,934.00
Less: accumulated depreciation:				
Site Improvements	(362,894.00)	(3,695.00)	-	(366,589.00)
Buildings	(7,582,254.00)	(356,800.00)	-	(7,939,054.00)
Machinery & Equipment	(2,357,981.00)	(64,418.00)	40,471.00	(2,381,928.00)
Total accumulated depreciation	(10,303,129.00)	(424,913.00)	40,471.00	(10,687,571.00)
Total capital assets being depreciated, net	7,733,549.62	(402,092.00)	34,905.38	7,366,363.00
Total Governmental Activities capital assets, net	\$ 11,344,922.76	\$ 4,809,629.18	\$ 34,905.07	\$ 16,189,457.01

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 5. Capital Assets (continued):

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Business-Type Activities:				
Capital assets being depreciated:				
Machinery & Equipment	\$ 295,890.00	\$ -	\$ -	\$ 295,890.00
Total capital assets being depreciated	295,890.00	-	-	295,890.00
Less: accumulated depreciation:				
Machinery & Equipment	(279,694.00)	(1,712.00)	-	(281,406.00)
Total accumulated depreciation	(279,694.00)	(1,712.00)	-	(281,406.00)
Total capital assets being depreciated, net	16,196.00	(1,712.00)	-	14,484.00
Total Business-type activities capital assets, net	\$ 16,196.00	\$ (1,712.00)	\$ -	\$ 14,484.00

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

Governmental Activities:	
Unallocated	\$ 424,913.00
Total Depreciation Expense - Governmental Activities	\$ 424,913.00

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2015 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 190,539.34	\$ 103,848.00
Special Revenue Fund	-	190,439.34
Capital Projects Fund	103,848.00	13,652.71
Debt Service Fund	13,552.71	-
	\$ 307,940.05	\$ 307,940.05

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

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

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 103,848.00
Capital Projects Fund	103,848.00	4,522.08
Debt Service Fund	<u>4,522.08</u>	<u>-</u>
	<u>\$ 108,370.08</u>	<u>\$ 108,370.08</u>

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2015 the following changes occurred in long-term obligations:

	June 30, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 441,025.00	\$11,405.00	\$ -	\$ 452,430.00	\$ -
Net Pension Liability	3,720,229.00	81,252.00	-	3,801,481.00	-
Capital Leases	116,979.54	-	(28,245.35)	88,734.19	28,901.48
General Obligation Bonds	<u>8,625,000.00</u>	-	<u>(35,000.00)</u>	<u>8,590,000.00</u>	<u>390,000.00</u>
Total	<u>\$12,903,233.54</u>	<u>\$92,657.00</u>	<u>\$(63,245.35)</u>	<u>\$12,932,645.19</u>	<u>\$418,901.48</u>

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

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. At June 30, 2015, bonds payable consisted of the following individual issues:

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Refunding Bonds	5.00%	9/15/2017	\$ 415,000.00	\$ 120,000.00
Serial Bonds	3.000% - 4.400%	9/1/2034	8,470,000.00	<u>8,470,000.00</u>
Total				<u>\$ 8,590,000.00</u>

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 7. Long-Term Obligations (continued):

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

Year-ending June 30,	Principal	Interest	Total
2016	\$ 390,000.00	\$ 300,465.00	\$ 690,465.00
2017	355,000.00	288,490.00	643,490.00
2018	365,000.00	276,890.00	641,890.00
2019	335,000.00	265,990.00	600,990.00
2020	345,000.00	255,790.00	600,790.00
2021-2025	1,910,000.00	1,113,275.00	3,023,275.00
2026-2030	2,235,000.00	776,120.00	3,011,120.00
2031-2035	2,655,000.00	291,867.50	2,946,867.50
Total	<u>\$ 8,590,000.00</u>	<u>\$ 3,568,887.50</u>	<u>\$ 12,158,887.50</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the District had no authorized but not issued bonds.

C. Capital Leases

The District approved a lease purchase agreement in the amount of \$131,979.54 at a 2.323% interest rate maturing on 8/28/2017 for the purchase of security cameras at the MHS and wireless network. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2015:

Year-ending June 30,	Amount
2016	\$ 30,962.78
2017	30,962.78
2018	<u>30,962.78</u>
Minimum Lease Payments	92,888.34
Less: Interest	<u>(4,154.15)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 88,734.19</u></u>

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations (continued):

and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 167,384.00	100%	\$ 3,801,481.00
6/30/2014	146,668.00	100%	3,720,229.00
6/30/2013	150,049.00	100%	-

Components of Net Pension Liability - At June 30, 2015, the District reported a liability of \$3,801,481.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .02030%, which was a decrease of .01947% from its proportion measured as of June 30, 2013.

Collective Balances at June 30, 2015 and June 30, 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
Acturial valuation date	July 1, 2014	July 1, 2013
Deferred Outflows of Resources	\$ 423,795.00	\$ 167,384.00
Deferred Inflows of Resources	226,548.00	N/A
Net Pension Liability	3,801,481.00	3,720,229.00
District's portion of the Plan's total net pension Liability	0.02030%	0.01947%

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations (continued):

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the District recognized pension expense of \$220,248.07. 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 Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	119,539.00	-
Net difference between projected and actual earnings on pension plan investments	-	226,548.00
Changes in proportion and differences between District contributions and proportionate share of contributions	135,397.00	-
District contributions subsequent to the measurement date	168,859.00	-
Total	\$ 423,795.00	\$ 226,548.00

\$168,859.00 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, 2015. 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>PERS</u>
2016	\$ (5,723.26)
2017	(5,723.26)
2018	(5,723.26)
2019	(5,723.26)
2020	(5,723.26)
Thereafter	57,004.33

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations (continued):

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

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, 2008 to June 30, 2011.

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 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 Bonds	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 US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	100.00%	

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations (continued):

Discount Rate - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made 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 District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	Decrease (4.39%)	Discount Rate (5.39%)	Increase (6.39%)
District's Proportiante Share of the Net Pension Liability	\$ 4,782,392.54	\$ 3,801,481.00	\$ 2,977,764.95

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations (continued):

The following represents the membership tiers for TPAF:

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

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations (continued):

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

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 986,227.00	100%	\$ -
6/30/2014	800,494.00	100%	-
6/30/2013	971,678.00	100%	-

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

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

The actuarial assumptions used in the July 1, 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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations (continued):

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:

<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%
Total	<u>100%</u>	

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 8: Pension Obligations (continued):

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

Note 9. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 103,432 retirees receiving 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 P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

Note 10. Risk Management

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2014-2015	\$ -	\$ 14,893.01	\$ 14,853.67	99,862.06
2013-2014	60,000.00	14,744.04	12,631.65	99,822.72
2012-2013	75,000.00	15,638.00	71,914.00	37,710.33

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 10. Risk Management (continued):

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

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

Note 11. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

Note 12. Economic Dependency

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

Note 13. Deferred Compensation

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

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

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$452,430.00.

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 types.

Note 15. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$187,318.00.

Note 16. Fund Balance

General Fund – Of the \$853,081.54 General Fund fund balance at June 30, 2015, \$344,572.00 has been reserved in the Capital Reserve Account; \$248,630.00 has been reserved in the Maintenance Reserve Account; \$25,000.00 has been reserved in the Emergency Reserve Account; \$331,282.37 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$187,318.00 is restricted for current year excess surplus; \$54,084.20 has been reserved for encumbrances; and \$(337,805.66) is unassigned.

Capital Projects Fund – Of the \$1,664,445.99 Capital Projects Fund fund balance at June 30, 2015, \$1,664,445.99 is restricted for current capital projects approved by the District and the Department of Education.

Debt Service Fund – Of the \$48,621.95 Debt Service Fund fund balance at June 30, 2015, \$22,900.95 is restricted for future debt service payments. \$25,721.00 is designated for subsequent year's expenditures.

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 17. Deficit in Fund Balance

The District has a deficit fund balance of \$337,805.66 in the General Fund and \$16,149.60 in the Special Revenue Fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(337,805.03) in the General Fund relates to the \$650,213.40 General Fund portion of the last state aid payment and \$(16,149.60) is equal to the Special Revenue Fund portion of the last state aid payment.

Note 18. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$79,087.38 at June 30, 2015. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$4,240,277.51 at June 30, 2015. The deficit is due to the final June state aid payment of \$666,363.00 not recognized under GAAP and by the implementation of GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) at June 30, 2015.

Note 19. Prior Period Adjustment / Restatement of Net Position

Net Position as of July 1, 2014, has been restated as follows for the implementation of GASB State No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

SOUTH AMBOY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2015**

Note 19. Prior Period Adjustment / Restatement of Net Position (continued):

	Governmental Activities
Net Position as previously reported at June 30, 2014	\$ 9,475,138.19
Prior Period Adjustment - Implementation of GASB 68:	
Net Pension Liability (measurement date as of June 30, 2013)	(3,720,229.00)
Deferred Outflows - District Contributions made during fiscal year 2014	167,384.00
PERS Pension Payable	<u>(167,384.00)</u>
Total Prior Period Adjustment	<u>(3,720,229.00)</u>
Net Position as restated, July 1, 2014	<u><u>\$ 5,754,909.19</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 8,770,681.00	\$ -	\$ 8,770,681.00	\$ 8,770,681.00	\$ -
Interest Earned on Capital Reserve	10-1XXX	100.00	(100.00)	-	-	-
Miscellaneous	10-1990	35,000.00	-	35,000.00	54,450.27	19,450.27
Total Local Sources		8,805,781.00	(100.00)	8,805,681.00	8,825,131.27	19,450.27
State Sources:						
Categorical Transportation Aid	10-3121	43,463.00	-	43,463.00	43,463.00	-
Categorical Special Education Aid	10-3132	678,015.00	-	678,015.00	678,015.00	-
Equalization Aid	10-3176	5,720,187.00	-	5,720,187.00	5,720,187.00	-
Categorical Security Aid	10-3177	56,004.00	-	56,004.00	56,004.00	-
Extraordinary Aid	10-3131	150,000.00	-	150,000.00	136,575.00	(13,425.00)
Adjustment Aid	10-3178	-	75,497.00	75,497.00	75,497.00	-
PARCC Readiness Aid	10-3190	49,068.50	(37,748.50)	11,320.00	11,320.00	-
Per Pupil Growth Aid	10-3190	49,068.50	(37,748.50)	11,320.00	11,320.00	-
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	381,151.00	381,151.00
On-Behalf TPAF Medical Contribution		-	-	-	605,076.00	605,076.00
Reimbursed TPAF Social Security		-	-	-	526,692.10	526,692.10
Total State Sources		6,745,806.00	-	6,745,806.00	8,245,300.10	1,499,494.10
Federal Sources:						
Medical Assistance Program (SEMI)	10-4200	23,001.00	-	23,001.00	42,754.35	19,753.35
Medical Assistance Program (SEMI - ARRA)	10-4200	-	-	-	2,089.37	2,089.37
Total Federal Sources:		23,001.00	-	23,001.00	44,843.72	21,842.72
Total Revenues		15,574,588.00	(100.00)	15,574,488.00	17,115,275.09	1,540,787.09
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	289,862.00	20,659.48	310,521.48	310,521.48	-
Grades 1 - 5	11-120-100-101	1,514,820.00	264,924.24	1,779,744.24	1,779,743.82	0.42
Grades 6 - 8	11-130-100-101	857,775.00	(84,434.60)	773,340.40	768,946.56	4,393.84
Grades 9-12	11-140-100-101	1,458,433.00	(132,738.22)	1,325,694.78	1,325,651.55	43.23
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	7,500.00	187.50	7,687.50	7,687.50	-
Purchased Professional -						
Educational Services	11-150-100-320	30,000.00	(16,000.00)	14,000.00	14,000.00	-
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	319,322.00	(35,967.55)	283,354.45	272,302.06	11,052.39
Purchased Prof. Ed. Services	11-190-100-320	-	5,461.00	5,461.00	5,461.00	-
Purchased Professional -						
Technical Services	11-190-100-340	80,100.00	(23,000.00)	57,100.00	53,955.78	3,144.22
Other Purchased Services	11-190-100-500	43,600.00	198.01	43,798.01	43,752.24	45.77
General Supplies	11-190-100-610	183,000.00	89,322.37	272,322.37	255,795.91	16,526.46
Textbooks	11-190-100-640	65,000.00	(11,903.97)	53,096.03	50,189.83	2,906.20
Other Objects	11-190-100-800	3,500.00	(395.00)	3,105.00	3,105.00	-
Total Regular Programs - Instruction		4,852,912.00	76,313.26	4,929,225.26	4,891,112.73	38,112.53

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	421,056.00	10,848.16	431,904.16	425,925.77	5,978.39
Other Salaries for Instruction	11-204-100-106	50,854.00	(11,874.52)	38,979.48	38,642.95	336.53
General Supplies	11-204-100-610	1,000.00	(120.71)	879.29	879.29	-
Total Learning and/or Language Disabilities		472,910.00	(1,147.07)	471,762.93	465,448.01	6,314.92
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	267,657.00	(50,000.00)	217,657.00	208,251.80	9,405.20
Other Salaries for Instruction	11-212-100-106	91,364.00	(12,754.85)	78,609.15	78,609.15	-
General Supplies	11-212-100-610	3,000.00	4,363.82	7,363.82	7,351.98	11.84
Total Multiple Disabilities		362,021.00	(58,391.03)	303,629.97	294,212.93	9,417.04
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	538,135.00	43,400.00	581,535.00	571,510.97	10,024.03
Other Salaries for Instruction	11-213-100-106	-	31,240.29	31,240.29	31,239.32	0.97
General Supplies	11-213-100-610	250.00	-	250.00	-	250.00
Total Resource Room		538,385.00	74,640.29	613,025.29	602,750.29	10,275.00
Preschool Disabilities - Part Time:						
Salaries of Teachers	11-215-100-101	69,332.00	(16,247.00)	53,085.00	36,262.97	16,822.03
General Supplies	11-215-100-600	4,450.00	(3,957.22)	492.78	492.78	-
Total Preschool Disabilities - Part-Time		73,782.00	(20,204.22)	53,577.78	36,755.75	16,822.03
Total Special Education		1,447,098.00	(5,102.03)	1,441,995.97	1,399,166.98	42,828.99
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	-	15,111.00	15,111.00	14,959.40	151.60
General Supplies	11-230-100-610	1,000.00	-	1,000.00	1,000.00	-
Total Basic Skills/Remedial		1,000.00	15,111.00	16,111.00	15,959.40	151.60
Bilingual Education - Instruction:						
Salaries	11-240-100-101	56,602.00	(60.00)	56,542.00	56,032.00	510.00
General Supplies	11-240-100-610	300.00	-	300.00	300.00	-
Total Bilingual Education - Instruction		56,902.00	(60.00)	56,842.00	56,332.00	510.00
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	52,000.00	-	52,000.00	46,360.00	5,640.00
Purchased Services	11-401-100-500	4,000.00	(250.00)	3,750.00	3,675.00	75.00
Supplies & Materials	11-401-100-600	2,000.00	(608.00)	1,392.00	1,392.00	-
Other Objects	11-401-100-800	2,000.00	(2,000.00)	-	-	-
Total School Sponsored Cocurricular Activities		60,000.00	(2,858.00)	57,142.00	51,427.00	5,715.00
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	127,430.00	19,942.00	147,372.00	140,660.43	6,711.57
Supplies and Materials	11-402-100-600	9,500.00	(3,500.00)	6,000.00	5,894.19	105.81
Other Objects	11-402-100-800	27,800.00	(48.59)	27,751.41	25,256.70	2,494.71
Total School Sponsored Athletics - Instruction:		164,730.00	16,393.41	181,123.41	171,811.32	9,312.09

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Summer School - Instruction:						
Salaries of Teachers	11-422-100-101	3,578.00	48.59	3,626.59	3,626.59	-
Total Summer School - Instruction:		3,578.00	48.59	3,626.59	3,626.59	-
Total - Instruction		6,586,220.00	99,846.23	6,686,066.23	6,589,436.02	96,630.21
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's -State Regular	11-000-100-561	14,500.00	-	14,500.00	14,500.00	-
Tuition to Other LEA's -State Special	11-000-100-562	105,000.00	(2,680.29)	102,319.71	100,591.71	1,728.00
Tuition to CSSD & Reg. Day Schools	11-000-100-565	948,100.00	(133,007.62)	815,092.38	781,608.20	33,484.18
Tuition to Private Schools for the Handicapped - State	11-000-100-566	766,100.00	224,871.31	990,971.31	990,970.55	0.76
Total Undistributed Expenditures - Instruction		1,833,700.00	89,183.40	1,922,883.40	1,887,670.46	35,212.94
Attendance & Social Work Services:						
Salaries	11-000-211-100	7,650.00	-	7,650.00	7,650.00	-
Total Attendance & Social Work Services		7,650.00	-	7,650.00	7,650.00	-
Health Services:						
Salaries	11-000-213-100	137,634.00	3,704.00	141,338.00	141,236.34	101.66
Purchased Professional & Technical Services	11-000-213-300	5,320.00	(60.00)	5,260.00	5,200.00	60.00
Supplies and Materials	11-000-213-600	4,240.00	(2,240.00)	2,000.00	1,229.69	770.31
Other Objects	11-000-213-800	300.00	(65.00)	235.00	170.00	65.00
Total Health Services		147,494.00	1,339.00	148,833.00	147,836.03	996.97
Other Support Services - Speech, OT, PT & Related						
Salaries	11-000-216-100	139,482.00	-	139,482.00	139,197.56	284.44
Purchased Prof. Ed. Services	11-000-216-320	-	21,446.00	21,446.00	21,426.00	20.00
General Supplies	11-000-216-600	3,000.00	20.19	3,020.19	3,020.19	-
Total Other Support Services - Students - Related Services		142,482.00	21,466.19	163,948.19	163,643.75	304.44
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	293,956.00	1,836.00	295,792.00	295,791.38	0.62
Salaries of Secretarial & Clerical Assistants	11-000-218-105	44,640.00	174.00	44,814.00	44,163.22	650.78
Other Purchased Professional & Technical Services	11-000-218-390	4,150.00	-	4,150.00	4,127.27	22.73
Other Purchased Services	11-000-218-500	7,500.00	(3,768.00)	3,732.00	2,000.66	1,731.34
Other Objects	11-000-218-800	100.00	2,900.00	3,000.00	3,000.00	-
Total Other Support Services - Students - Regular		350,346.00	1,142.00	351,488.00	349,082.53	2,405.47

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	286,465.00	13,535.39	300,000.39	300,000.39	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	44,385.00	179.00	44,564.00	44,564.00	-
Purchased Prof. Ed. Services	11-000-219-320	64,698.00	(3,915.45)	60,782.55	34,087.00	26,695.55
Other Purchased Professional & Technical Services	11-000-219-390	2,225.00	-	2,225.00	2,203.04	21.96
Other Purchased Services	11-000-219-500	500.00	(500.00)	-	-	-
Miscellaneous Purchased Services	11-000-219-592	-	817.94	817.94	817.94	-
Supplies & Materials	11-000-219-600	8,500.00	(2,499.48)	6,000.52	6,000.52	-
Other Objects	11-000-219-800	1,500.00	2,692.21	4,192.21	4,192.21	-
Total Other Support Services - Students - Special Services		408,273.00	10,309.61	418,582.61	391,865.10	26,717.51
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	71,002.00	-	71,002.00	67,636.92	3,365.08
Salaries of Secr. & Clerical Asst.	11-000-221-105	10,000.00	(2,500.00)	7,500.00	-	7,500.00
Supplies and Materials	11-000-221-600	5,580.00	(482.70)	5,097.30	5,089.54	7.76
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		86,582.00	(2,982.70)	83,599.30	72,726.46	10,872.84
Educational Media Services/School Library:						
Salaries	11-000-222-100	61,540.00	67,415.00	128,955.00	128,952.92	2.08
Salaries of Technology Coordinators	11-000-222-177	82,684.00	(82,684.00)	-	-	-
Purchased Professional & Technical Services	11-000-222-300	25,900.00	(18,460.99)	7,439.01	7,438.14	0.87
Supplies and Materials	11-000-222-600	1,000.00	19,768.00	20,768.00	-	20,768.00
Total Educational Media Services/School Library		171,124.00	(13,961.99)	157,162.01	136,391.06	20,770.95
Instructional Staff Training Services:						
Purchased Professional - Educational Staff	11-000-223-320	9,825.00	179.99	10,004.99	5,715.94	4,289.05
Other Objects	11-000-223-800	500.00	-	500.00	500.00	-
Total Instructional Staff Training Services		10,325.00	179.99	10,504.99	6,215.94	4,289.05
Support Services General Administration:						
Salaries	11-000-230-100	237,728.00	4,578.66	242,306.66	230,469.99	11,836.67
Legal Services	11-000-230-331	35,000.00	(10,000.00)	25,000.00	19,848.00	5,152.00
Audit Fees	11-000-230-332	20,000.00	(300.00)	19,700.00	18,900.00	800.00
Architectural/Engineering Services	11-000-230-334	7,500.00	(1,655.00)	5,845.00	-	5,845.00
Other Purchased Professional Services	11-000-230-339	5,510.00	2,355.00	7,865.00	7,842.46	22.54
Communications/Telephone	11-000-230-530	16,200.00	-	16,200.00	14,694.74	1,505.26
Other Purchased Services (400-500 Series)	11-000-230-585	-	300.00	300.00	-	300.00
Other Purchasing Services	11-000-230-590	108,500.00	(300.00)	108,200.00	100,610.59	7,589.41
General Supplies	11-000-230-610	2,500.00	580.00	3,080.00	2,640.31	439.69
Miscellaneous Expenditures	11-000-230-890	500.00	(500.00)	-	-	-
BOE Membership Dues & Fees	11-000-230-895	14,000.00	100.00	14,100.00	12,436.84	1,663.16
Total Support Services General Administration		447,438.00	(4,841.34)	442,596.66	407,442.93	35,153.73

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	509,029.00	9,501.12	518,530.12	515,628.92	2,901.20
Salaries of Secretarial & Clerical Assistants	11-000-240-105	180,106.00	43,426.28	223,532.28	223,532.28	-
Purchased Professional & Technical Services	11-000-240-300	6,250.00	-	6,250.00	6,205.96	44.04
Other Purchased Services	11-000-240-500	2,500.00	50.00	2,550.00	2,340.00	210.00
Supplies & Materials	11-000-240-600	4,000.00	-	4,000.00	3,568.66	431.34
Other Objects	11-000-240-800	5,500.00	(710.00)	4,790.00	4,694.00	96.00
Total Support Services School Administration		707,385.00	52,267.40	759,652.40	755,969.82	3,682.58
Central Services:						
Salaries	11-000-251-100	249,423.00	3,374.00	252,797.00	247,414.76	5,382.24
Purchased Professional Services	11-000-251-330	11,200.00	(30.00)	11,170.00	9,014.50	2,155.50
Purchased Technical Services	11-000-251-340	3,225.00	577.50	3,802.50	3,513.21	289.29
Miscellaneous Purchased Services	11-000-251-592	2,000.00	(380.00)	1,620.00	516.84	1,103.16
Supplies & Materials	11-000-251-600	8,500.00	-	8,500.00	5,854.50	2,645.50
Miscellaneous Expenditures	11-000-251-890	2,400.00	-	2,400.00	2,400.00	-
Total Central Services		276,748.00	3,541.50	280,289.50	268,713.81	11,575.69
Administrative Information Technology:						
Salaries	11-000-252-100	8,229.00	-	8,229.00	7,817.55	411.45
Purchased Technical Services	11-000-252-340	9,560.00	-	9,560.00	8,367.95	1,192.05
Supplies and Materials	11-000-252-600	10,000.00	-	10,000.00	9,755.42	244.58
Other Objects	11-000-252-800	10,000.00	-	10,000.00	5,057.21	4,942.79
Total Administrative Information Technology		37,789.00	-	37,789.00	30,998.13	6,790.87
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	166,161.00	(10,580.48)	155,580.52	151,641.11	3,939.41
Cleaning, Repair & Maintenance Services	11-000-261-420	85,680.00	61,185.04	146,865.04	122,339.71	24,525.33
General Supplies	11-000-261-610	31,500.00	(363.38)	31,136.62	24,528.57	6,608.05
Other Objects	11-000-261-800	51,000.00	738.50	51,738.50	39,569.97	12,168.53
Total Allowable Maintenance For School Facilities		334,341.00	50,979.68	385,320.68	338,079.36	47,241.32
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	435,172.00	(8,712.84)	426,459.16	420,401.98	6,057.18
Cleaning, Repair & Maintenance Services	11-000-262-420	14,000.00	1,800.00	15,800.00	14,091.06	1,708.94
Insurance	11-000-262-520	30,000.00	-	30,000.00	26,960.00	3,040.00
General Supplies	11-000-262-610	27,000.00	200.00	27,200.00	25,507.25	1,692.75
Energy (Natural Gas)	11-000-262-621	85,000.00	2,024.53	87,024.53	60,803.98	26,220.55
Energy (Electricity)	11-000-262-622	200,000.00	-	200,000.00	190,950.09	9,049.91
Other Objects	11-000-262-800	275.00	-	275.00	130.00	145.00
Total Operation & Maintenance of Plant Services		791,447.00	(4,688.31)	786,758.69	738,844.36	47,914.33

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	78,007.00	(180.00)	77,827.00	74,583.41	3,243.59
Salaries for Pupil Transportation (Other than Between Home & School)	11-000-270-162	12,000.00	19,644.27	31,644.27	31,644.27	-
Management Fee - ESC & CTSA Trans Program	11-000-270-350	14,000.00	(14,000.00)	-	-	-
Contracted Services - (Other than Between Home & School)	11-000-270-512	7,500.00	500.00	8,000.00	6,861.00	1,139.00
Contracted Services - Jointure Agreements - (Special Education	11-000-270-515	7,500.00	3,950.00	11,450.00	11,450.00	-
Contracted Services - ESC's & CTSA's - (Regular Students	11-000-270-517	89,250.00	30,000.00	119,250.00	114,150.77	5,099.23
Contracted Services - ESC's & CTSA's - (Special Education Students)	11-000-270-518	257,750.00	64,150.00	321,900.00	314,101.55	7,798.45
Miscellaneous Purchased Services - Transportation	11-000-270-593	3,500.00	-	3,500.00	3,500.00	-
General Supplies	11-000-270-610	250.00	-	250.00	-	250.00
Transportation Supplies	11-000-270-615	20,000.00	1,495.00	21,495.00	19,263.05	2,231.95
Miscellaneous Expenditures	11-000-270-800	150.00	5.00	155.00	155.00	-
Total Student Transportation Services		489,907.00	105,564.27	595,471.27	575,709.05	19,762.22
Unallocated Benefits Employee Benefits:						
Social Security Contributions	11-000-291-220	155,000.00	12,564.60	167,564.60	166,030.18	1,534.42
Other Retirement Contributions - PERS	11-000-291-241	175,000.00	(9,616.00)	165,384.00	165,384.00	-
Other Retirement Contributions - Regular	11-000-291-249	5,500.00	3,500.00	9,000.00	8,458.41	541.59
Unemployment Compensation	11-000-291-250	50,000.00	(50,000.00)	-	-	-
Workman's Compensation	11-000-291-260	115,000.00	-	115,000.00	115,000.00	-
Health Benefits	11-000-291-270	2,511,250.00	(224,016.41)	2,287,233.59	2,117,510.84	169,722.75
Tuition Reimbursement	11-000-291-280	-	17,500.00	17,500.00	17,161.93	338.07
Other Employee Benefits	11-000-291-290	19,450.00	(13,900.00)	5,550.00	5,436.58	113.42
Total Unallocated Benefits - Employee Benefits		3,031,200.00	(263,967.81)	2,767,232.19	2,594,981.94	172,250.25
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	381,151.00	(381,151.00)
On-Behalf TPAF Medical Contributions		-	-	-	605,076.00	(605,076.00)
Reimbursed TPAF Social Security		-	-	-	526,692.10	(526,692.10)
Total Undistributed Expenditures		9,274,231.00	45,530.89	9,319,761.89	10,386,739.83	(1,066,977.94)
Total Expenditures - Current Expense		15,860,451.00	145,377.12	16,005,828.12	16,976,175.85	(970,347.73)
Capital Outlay:						
Equipment:						
Undistributed Expenditures:						
Instruction	12-000-100-730	-	12,359.82	12,359.82	11,963.48	396.34
Administrative Information Technology	12-000-252-730	-	23,000.00	23,000.00	22,823.04	176.96
Required Maintenance for School Facilities	12-000-261-730	-	17,260.00	17,260.00	17,260.00	-
Total Equipment		-	52,619.82	52,619.82	52,046.52	573.30

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Facilities Acquisition & Construction Services:						
Legal Services	12-000-400-331	5,000.00	(5,000.00)	-	-	-
Architectural/Engineering Services	12-000-400-334	16,800.00	(16,800.00)	-	-	-
Other Purchased Prof. and Tech. Services	12-000-400-390	9,200.00	(1,200.00)	8,000.00	-	8,000.00
Construction Services	12-000-400-450	221,880.00	(103,848.00)	118,032.00	-	118,032.00
Other Objects	12-000-400-800	1,560.00	-	1,560.00	-	1,560.00
Assessment for Debt Service on SDA Funding	12-000-400-896	1,230.00	-	1,230.00	1,230.00	-
Total Facilities Acquisition & Construction Services		255,670.00	(126,848.00)	128,822.00	1,230.00	127,592.00
Total Capital Outlay		255,670.00	(74,228.18)	181,441.82	53,276.52	128,165.30
Total Expenditures		16,116,121.00	71,148.94	16,187,269.94	17,029,452.37	(842,182.43)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(541,533.00)	(71,248.94)	(612,781.94)	85,822.72	698,604.66
Other Financing Sources/(Uses):						
Interest Deposit to Capital Reserve		(100.00)	100.00	-	-	-
Transfer to Capital Projects		-	(103,848.00)	(103,848.00)	(103,848.00)	-
ROD Grant		101,776.00	-	101,776.00	-	(101,776.00)
Total Other Financing Sources/(Uses)		101,676.00	(103,748.00)	(2,072.00)	(103,848.00)	(101,776.00)
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses		(439,857.00)	(174,996.94)	(614,853.94)	(18,025.28)	596,828.66
Fund Balances, July 1		1,521,320.22	-	1,521,320.22	1,521,320.22	-
Fund Balances, June 30		\$ 1,081,463.22	\$ (174,996.94)	\$ 906,466.28	\$ 1,503,294.94	\$ 596,828.66

RECAPITULATION OF BUDGET TRANSFERS

Rollover of Prior Year Encumbrances	<u>\$ 174,996.94</u>
	<u><u>\$ 174,996.94</u></u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 344,572.00
Maintenance Reserve	248,630.00
Emergency Reserve	25,000.00
Excess Surplus	187,318.00
Excess Surplus Designated for Subsequent Year's Expenditures	166,053.00
Assigned Fund Balance:	
Unreserved Designated for Subsequent Year's Expenditures	163,140.00
Unreserved Designated for Subsequent Year's Expenditures - ARRA	2,089.37
Year-end Encumbrances	54,084.20
Unassigned Fund Balance	<u>312,408.37</u>
Subtotal	<u>1,503,294.94</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(650,213.40)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 853,081.54</u>

**SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

REVENUES	JUNE 30, 2015				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Local Sources	\$ -	\$ 4,600.00	\$ 4,600.00	2,458.96	\$ (2,141.04)
Federal Sources	618,500.00	126,355.17	744,855.17	716,042.74	(28,812.43)
State Sources	375,496.00	(45,116.82)	330,379.18	310,558.42	(19,820.76)
Total Revenues	993,996.00	85,838.35	1,079,834.35	1,029,060.12	(50,774.23)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	174,397.00	35,675.00	210,072.00	281,509.00	(71,437.00)
Other Salaries for Instruction	130,180.00	(24,086.00)	106,094.00	28,743.00	77,351.00
Purchased Professional Services (300 Series)	307,000.00	29,880.17	336,880.17	336,784.00	96.17
General Supplies	33,178.00	(11,106.86)	22,071.14	22,065.13	6.01
Textbooks	19,500.00	2,783.00	22,283.00	22,246.23	36.77
Total Instruction	664,255.00	33,145.31	697,400.31	691,347.36	6,052.95
Support Services:					
Salaries	18,000.00	(2,582.00)	15,418.00	19,376.00	(3,958.00)
Personal Services - Employee Benefits	72,938.00	14,319.00	87,257.00	87,257.00	-
Purchased Professional Services (300 Series)	237,803.00	17,340.83	255,143.83	208,625.38	46,518.45
Supplies	1,000.00	19,015.21	20,015.21	19,995.42	19.79
Miscellaneous Expenditures	-	4,600.00	4,600.00	2,458.96	2,141.04
Total Support Services	329,741.00	52,693.04	382,434.04	337,712.76	44,721.28
Total Expenditures	993,996.00	85,838.35	1,079,834.35	1,029,060.12	50,774.23
Total Outflows	993,996.00	85,838.35	1,079,834.35	1,029,060.12	50,774.23
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**SOUTH AMBOY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30,2015**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 17,115,275.09	\$ 1,029,060.12
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	646,433.80	18,841.20
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(650,213.40)	(16,149.60)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	46,071.14
Current Year	-	(24,546.00)
	-	(24,546.00)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 17,111,495.49	\$ 1,053,276.86
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 17,029,452.37	\$ 1,029,060.12
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	46,071.14
Current Year	-	(24,546.00)
	-	(24,546.00)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 17,029,452.37	\$ 1,050,585.26

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.02030%	0.01947%	**N/A							
District's proportionate share of the net pension liability (asset)	3,801,481.00	3,720,229.00	**N/A							
District's covered-employee payroll	1,477,021.14	946,954.60	**N/A							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	257.37%	392.86%	**N/A							
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%	**N/A							

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 168,859.00	\$ 167,384.00	**N/A							
Contributions in relation to the contractually required contribution	168,859.00	167,384.00	**N/A							
Contribution deficiency (excess)	\$ -	\$ -	\$ -	**N/A						
District's covered-employee payroll	\$ 1,477,021.14	\$ 946,954.60	**N/A							
Contributions as a percentage of covered-employee payroll	11.43%	17.68%	**N/A							

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.07169%	0.07058%	N/A							
State's proportionate share of the net pension liability (asset) associated with the District	\$ 38,313,708.00	\$ 35,668,263.00	N/A							
District's covered-employee payroll	\$ 7,618,906.46	\$ 5,400,840.20	**N/A							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%	**N/A							

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**SOUTH AMBOY SCHOOL DISTRICT
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68) –
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	NO CHILD LEFT BEHIND				NJ NON-PUBLIC					
	TITLE I	TITLE II-A	TITLE III	TITLE III IMMIGRANT	IDEA Part B BASIC	IDEA Part B PRESCHOOL	TEXTBOOKS AID	NURSING AID	TECHNOLOGY AID	HOME INSTRUCTION
Revenues:										
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	288,283.36	63,150.03	11,501.22	8,785.00	337,253.13	7,070.00	-	-	-	-
State Sources	-	-	-	-	-	-	22,246.23	31,666.41	11,968.00	7,112.04
Total Revenues	\$ 288,283.36	\$ 63,150.03	\$ 11,501.22	\$ 8,785.00	\$ 337,253.13	\$ 7,070.00	\$ 22,246.23	\$ 31,666.41	\$ 11,968.00	\$ 7,112.04
Expenditures:										
Instruction:										
Salaries of Teachers	\$ 176,072.00	\$ 29,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries of Other Instruction	-	-	-	-	-	-	-	-	-	-
Purchased Professional Services (300 Series)	11,500.00	-	-	-	306,246.00	7,070.00	-	-	11,968.00	-
General Supplies	11,682.00	-	5,291.00	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	22,246.23	-	-	-
Total Instruction	199,254.00	29,000.00	5,291.00	-	306,246.00	7,070.00	22,246.23	-	11,968.00	-
Support Services:										
Salaries	-	-	-	-	-	-	-	-	-	-
Employee Benefits	44,479.00	7,540.00	-	-	-	-	-	-	-	-
Purchased Professional Services (300 Series)	39,550.16	26,610.03	-	-	31,007.13	-	-	31,666.41	-	7,112.04
General Supplies	5,000.20	-	6,210.22	8,785.00	-	-	-	-	-	-
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	-
Total Support Services	89,029.36	34,150.03	6,210.22	8,785.00	31,007.13	-	-	31,666.41	-	7,112.04
Total Expenditures	\$ 288,283.36	\$ 63,150.03	\$ 11,501.22	\$ 8,785.00	\$ 337,253.13	\$ 7,070.00	\$ 22,246.23	\$ 31,666.41	\$ 11,968.00	\$ 7,112.04

**SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	NJ NON-PUBLIC		NJ NON-PUBLIC				TOTAL
	AUXILIARY SERVICES CH. 192	COMPENSTORY EDUCATION	EXAM & CLASSIFICATION	CORRECTIVE SUPPLEMENTAL INSTRUCTION	PRESCHOOL EDUCATION	LOWES GRANT	
Revenues:							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,458.96	2,458.96
Federal Sources	-	-	-	-	-	-	716,042.74
State Sources	9,376.00	25,313.61	14,419.00	8,602.00	18,345.00	161,510.13	310,558.42
Total Revenues	\$ 9,376.00	\$ 25,313.61	\$ 14,419.00	\$ 8,602.00	\$ 18,345.00	\$ 161,510.13	\$ 1,029,060.12
Expenditures:							
Instruction:							
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ 76,437.00	\$ -	281,509.00
Salaries of Other Instruction	-	-	-	-	28,743.00	-	28,743.00
Purchased Professional Services (300 Series)	-	-	-	-	-	-	336,784.00
General Supplies	-	-	-	-	5,092.13	-	22,065.13
Textbooks	-	-	-	-	-	-	22,246.23
Total Instruction	-	-	-	-	110,272.13	-	691,347.36
Support Services:							
Salaries	9,376.00	-	-	-	10,000.00	-	19,376.00
Employee Benefits	-	-	-	-	35,238.00	-	87,257.00
Purchased Professional Services (300 Series)	-	25,313.61	14,419.00	8,602.00	18,345.00	6,000.00	208,625.38
General Supplies	-	-	-	-	-	-	19,995.42
Miscellaneous Expenditure	-	-	-	-	-	2,458.96	2,458.96
Total Support Services	9,376.00	25,313.61	14,419.00	8,602.00	18,345.00	2,458.96	337,712.76
Total Expenditures	\$ 9,376.00	\$ 25,313.61	\$ 14,419.00	\$ 8,602.00	\$ 18,345.00	\$ 161,510.13	\$ 1,029,060.12

**SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2015**

<u>DISTRICT-WIDE TOTALS</u>	2015 Budgeted	2015 Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 76,437.00	\$ 76,437.00	\$ -
Salaries of Other Instruction	28,743.00	28,743.00	-
General Supplies	5,098.14	5,092.13	6.01
	<hr/>	<hr/>	
Total Instruction	110,278.14	110,272.13	6.01
	<hr/>	<hr/>	
Support Services:			
Salaries	10,000.00	10,000.00	-
Employee Benefits	35,238.00	35,238.00	-
Purchased Professional Services (300 Series)	6,000.00	6,000.00	-
	<hr/>	<hr/>	
Total Support Services	51,238.00	51,238.00	-
	<hr/>	<hr/>	
Total Expenditures	<u>\$ 161,516.14</u>	<u>\$ 161,510.13</u>	<u>\$ 6.01</u>

SUMMARY OF LOCATION TOTALS

Total revised 2014-15 Preschool Education Aid Allocation	\$ 161,496.00
Add: Actual ECPA/PEA Carryover (June 30, 2014)	<u>20.14</u>
Total Preschool Education Aid Funds Available for 2014-15 Budget	<u>161,516.14</u>
Less:	
2014-15 Budgeted Preschool Education Aid (Including prior-year budget carryover)	<u>(161,516.14)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2015	-
Add:	
June 30, 2015 Unexpended Preschool Education Aid	<u>6.01</u>
2014-15 Carryover - Preschool Education Aid Programs	<u>\$ 6.01</u>
2014-15 Preschool Education Aid Carryover Budgeted for Preschool Programs 2015-16	<u>-</u>

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F. Capital Projects Fund

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**SOUTH AMBOY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Project Title/Issue	Date	Revised Appropriations	Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
Elementary School Renovation	03/14/13	\$ 8,470,000.00	\$ 1,780,132.83	\$ 5,025,421.18	\$ 1,664,445.99
Middle/High School Roof	04/28/14	200,880.00	14,580.00	186,300.00	-
		<u>\$ 8,670,880.00</u>	<u>\$ 1,794,712.83</u>	<u>\$ 5,211,721.18</u>	<u>\$ 1,664,445.99</u>
Fund Balance Per B-2					<u>\$ 1,664,445.99</u>

**SOUTH AMBOY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources:	
ROD Grant Proceeds	\$ 80,352.00
Transfer From Capital Reserve	<u>103,848.00</u>
Total Revenues	<u>184,200.00</u>
Expenditures and Other Financing Uses:	
Expenditures:	
Legal Services	3,320.00
Architectural/Engineering Services	27,976.00
Construction Services	<u>5,180,425.18</u>
Total Expenditures	<u>5,211,721.18</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	(5,027,521.18)
Fund Balance - July 1	<u>6,691,967.17</u>
Fund Balance - June 30	<u><u>\$ 1,664,445.99</u></u>

**SOUTH AMBOY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
ELEMENTARY SCHOOL RENOVATION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond and Note Proceeds	\$ 8,470,000.00	\$ -	\$ 8,470,000.00	\$ 8,470,000.00
Total Revenues	8,470,000.00	-	8,470,000.00	8,470,000.00
Expenditures and Other Financing Sources:				
Legal Services	50,419.94	3,320.00	53,739.94	53,739.94
Architectural/Engineering Services	659,124.19	26,076.00	685,200.19	685,200.19
Purchased Professional and Technical Services	29,147.31	-	29,147.31	466,602.50
Construction Services	1,041,441.39	4,996,025.18	6,037,466.57	7,264,457.37
Total Expenditures	1,780,132.83	5,025,421.18	6,805,554.01	8,470,000.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 6,689,867.17	\$ (5,025,421.18)	\$ 1,664,445.99	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Note Authorization Date	03/14/13
Notes Authorized	1,150,000.00
Notes Issued	1,150,000.00
Bonds Authorized Date	06/24/13
Bonds Authorized	8,470,000.00
Bonds Issued	8,470,000.00
Original Authorization Cost	8,470,000.00
Additional Authorization Cost	-
Revised Authorization Cost	8,470,000.00
Percentage Increase over Original Authorized Cost	
Percentage Completion	80.35%
Original Target Completion Date	08/31/15
Revised Target Completion Date	06/30/16

**SOUTH AMBOY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE/HIGH SCHOOL PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
ROD Grant Proceeds	\$ -	\$ 80,352.00	\$ 80,352.00	\$ 80,352.00
Transfer From Capital Reserve	16,680.00	103,848.00	120,528.00	120,528.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	16,680.00	184,200.00	200,880.00	200,880.00
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Sources:				
Architectural/Engineering Services	14,580.00	1,900.00	16,480.00	16,480.00
Construction Services	-	184,400.00	184,400.00	184,400.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	14,580.00	186,300.00	200,880.00	200,880.00
	<hr/>	<hr/>	<hr/>	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 2,100.00	\$ (2,100.00)	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
Additional Project Information:				
Project Number				4830-030-14-1001
Grant Date				9/04/14
Note Authorization Date				Not Applicable
Notes Authorized				Not Applicable
Notes Issued				Not Applicable
Original Authorization Cost				254,440.00
Additional Authorization Cost				(53,560.00)
Revised Authorization Cost				200,880.00
Percentage Increase over Original Authorized Cost				Not Applicable
Percentage Completion				100.00%
Original Target Completion Date				12/31/14
Revised Target Completion Date				42,185.00

G. Proprietary Funds

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Enterprise Funds

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**SOUTH AMBOY SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 62,965.42
Accounts Receivable:	
State	553.41
Federal	19,777.97
Local	17,383.02
Inventories	<u>19,236.63</u>
Total Current Assets	<u>119,916.45</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	295,890.00
Less: Accumulated Depreciation	<u>(281,406.00)</u>
Total Noncurrent Assets	<u>14,484.00</u>
Total Assets	<u>134,400.45</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>25,749.90</u>
Total Current Liabilities	<u>25,749.90</u>
NET POSITION	
Net Investment in Capital Assets	14,484.00
Unrestricted	<u>94,166.55</u>
Total Net Position	<u><u>\$ 108,650.55</u></u>

**SOUTH AMBOY SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUND</u> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 95,916.39
Daily Sales - Nonreimbursable Programs	64,454.68
Miscellaneous Revenue	<u>21,003.39</u>
Total Operating Revenues	<u>181,374.46</u>
Operating Expenses:	
Salaries	139,856.64
Employee Benefits	35,862.69
Purchase Professional Services	40,438.77
General Supplies	24,728.68
Depreciation	1,712.00
Repairs and Maintenance	7,719.32
Miscellaneous	9,858.76
Cost of Sales	<u>178,230.79</u>
Total Operating Expenses	<u>438,407.65</u>
Operating Loss	<u>(257,033.19)</u>
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	4,926.40
Federal Sources:	
National School Lunch Program	193,721.20
National School Lunch Program - PB Lunch	5,766.78
National School Breakfast Program	22,812.88
Food Distribution Programs	<u>38,269.05</u>
Total Nonoperating Revenues/(Expenses)	<u>265,496.31</u>
Change in Net Position	8,463.12
Total Net Position - Beginning	<u>100,187.43</u>
Total Net Position - Ending	<u><u>\$ 108,650.55</u></u>

**SOUTH AMBOY SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 164,111.44
Payments to Employees & Benefits	(175,719.33)
Payments to Suppliers	<u>(200,034.04)</u>
Net Cash Flows from Operating Activities	<u>(211,641.93)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	5,024.77
Federal Sources	<u>218,641.48</u>
Net Cash Flows from Noncapital Financing Activities	<u>223,666.25</u>
Change in Cash & Cash Equivalents	12,024.32
Balances - Beginning of Year	<u>50,941.10</u>
Balances - End of Year	<u><u>\$ 62,965.42</u></u>

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

Operating Loss	\$ (257,033.19)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Food Distribution Program	38,269.05
Depreciation Expense	1,712.00
(Increase)/Decrease in Inventories	(3,076.67)
(Increase)/Decrease in Accounts Receivable	(17,263.02)
Increase/(Decrease) in Accounts Payable	<u>25,749.90</u>
Total Adjustments	<u>45,391.26</u>
Net Cash Flows from Operating Activities	<u><u>\$ (211,641.93)</u></u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**SOUTH AMBOY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	PAYROLL FUND	STUDENT ACTIVITY FUND	
Cash & Cash Equivalents	\$ 106,615.98	\$ 44,958.11	\$ 414,539.79	\$ 125,319.30	\$ 691,433.18
Intrafund Receivable	-	-	7,101.00	-	7,101.00
Total Assets	106,615.98	44,958.11	421,640.79	125,319.30	698,534.18
LIABILITIES					
Intrafund Payable	7,101.00	-	-	-	7,101.00
Payable to State Government	652.92	-	-	-	652.92
Payroll Deductions & Withholdings	-	-	421,640.79	-	421,640.79
Due to Student Groups	-	-	-	125,319.30	125,319.30
Total Liabilities	7,753.92		421,640.79	125,319.30	554,714.01
NET POSITION					
Reserve for Scholarship Held in Trust for Unemployment Claims & Other Purposes	-	44,958.11	-	-	44,958.11
	98,862.06	-	-	-	98,862.06
Total Net Position	\$ 98,862.06	\$ 44,958.11	\$ -	\$ -	\$ 143,820.17

**SOUTH AMBOY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

ADDITIONS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP AND DONATIONS	TOTAL
Contributions:			
Employees	\$ 14,893.01	\$ -	\$ 14,893.01
Other	-	12,706.19	12,706.19
	<hr/>	<hr/>	<hr/>
Total Contributions	14,893.01	12,706.19	27,599.20
	<hr/>	<hr/>	<hr/>
Investment Earnings:			
Interest	-	853.85	853.85
	<hr/>	<hr/>	<hr/>
Net Investment Earnings	-	853.85	853.85
	<hr/>	<hr/>	<hr/>
Total Additions	14,893.01	13,560.04	28,453.05
	<hr/>	<hr/>	<hr/>
DEDUCTIONS			
Scholarship Awarded	-	5,125.00	5,125.00
Unemployment Claims	14,853.67	-	14,853.67
	<hr/>	<hr/>	<hr/>
Total Deductions	14,853.67	5,125.00	19,978.67
	<hr/>	<hr/>	<hr/>
Change in Net Position	39.34	8,435.04	8,474.38
Net Position - Beginning of the Year	98,822.72	36,523.07	135,345.79
	<hr/>	<hr/>	<hr/>
Net Position - End of the Year	\$ 98,862.06	\$ 44,958.11	\$ 143,820.17
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

ASSETS	BALANCE JULY 1, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents - High School	\$ 98,174.99	\$ 167,627.05	\$ 165,737.87	\$ 100,064.17
Cash & Cash Equivalents - Athletic	25,342.21	18,577.38	18,664.46	25,255.13
Total Assets	\$ 123,517.20	\$ 186,204.43	\$ 184,402.33	\$ 125,319.30
LIABILITIES				
Due to Student Groups	\$ 123,517.20	\$ 186,204.43	\$ 184,402.33	\$ 125,319.30
Total Liabilities	\$ 123,517.20	\$ 186,204.43	\$ 184,402.33	\$ 125,319.30

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ 393,236.44	\$ 11,095,807.66	\$ 11,074,504.31	\$ 414,539.79
Interfund Accounts Receivable	7,101.00	-	-	7,101.00
Total Assets	\$ 400,337.44	\$ 11,095,807.66	\$ 11,074,504.31	\$ 421,640.79
LIABILITIES				
Payroll Deductions & Withholdings	\$ 400,337.44	\$ 5,591,248.75	\$ 5,569,945.40	\$ 421,640.79
Net Payroll	-	5,504,558.91	5,504,558.91	-
Total Liabilities	\$ 400,337.44	\$ 11,095,807.66	\$ 11,074,504.31	\$ 421,640.79

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I. Long-Term Debt

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**SOUTH AMBOY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2015**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS DATE	ANNUAL PAYMENTS AMOUNT	INTEREST RATE	AMOUNT OUTSTANDING		AMOUNT OUTSTANDING JUNE 30, 2015	
						JUNE 30, 2014	ISSUED		
School Refunding ERIP Bonds, Series 2005	06/23/05	\$ 415,000.00	09/15/15	\$ 40,000.00	5.000%	\$ 155,000.00	\$ -	\$ 35,000.00	
			09/15/16	40,000.00	5.000%				
			09/15/17	40,000.00	5.000%				
School Bomds, Series 2013	08/20/13	8,470,000.00	09/01/15	350,000.00	3.000%	8,470,000.00	-	-	
			09/01/16	315,000.00	3.000%				
			09/01/17	325,000.00	3.000%				
			09/01/18	335,000.00	3.000%				
			09/01/19	345,000.00	3.000%				
			09/01/20	360,000.00	3.000%				
			09/01/21	370,000.00	3.000%				
			09/01/22	380,000.00	3.000%				
			09/01/23	395,000.00	3.000%				
			09/01/24	405,000.00	3.000%				
			09/01/25	420,000.00	3.400%				
			09/01/26	430,000.00	3.400%				
			09/01/27	445,000.00	3.400%				
			09/01/28	460,000.00	4.000%				
		09/01/29	480,000.00	4.000%					
		09/01/30	495,000.00	4.000%					
		09/01/31	515,000.00	4.100%					
		09/01/32	530,000.00	4.200%					
		09/01/33	550,000.00	4.300%					
		09/01/34	565,000.00	4.400%					
Total						\$ 8,625,000.00	\$ -	\$ 35,000.00	\$ 8,590,000.00

**SOUTH AMBOY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2015**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2014	ISSUED	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2015
Wireless Network and Security Cameras	2.323%	\$ 131,979.54	\$ 116,979.54	\$ -	\$ 28,245.35	\$ 88,734.19
Total			\$ 116,979.54	\$ -	\$ 28,245.35	\$ 88,734.19

**SOUTH AMBOY SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 502,137.00	\$ -	\$ 502,137.00	\$ 502,137.00	\$ -
Miscellaneous	-	-	-	4,522.08	4,522.08
Total Revenues	502,137.00	-	502,137.00	506,659.08	4,522.08
Expenditures:					
Regular Debt Service:					
Interest on Bonds	460,262.00	-	460,262.00	441,883.99	18,378.01
Interest on Early Retirement Bonds	6,875.00	-	6,875.00	6,875.00	-
Redemption of Principal	35,000.00	-	35,000.00	35,000.00	-
Total Regular Debt Service	502,137.00	-	502,137.00	483,758.99	18,378.01
Total Expenditures	502,137.00	-	502,137.00	483,758.99	18,378.01
Excess/(Deficiency) of Revenues & Other Financing Sources					
Over/(Under) Expenditures & Other Financing Uses	-	-	-	22,900.09	22,900.09
Fund Balance, July 1	25,721.86	-	25,721.86	25,721.86	-
Fund Balance, June 30	\$ 25,721.86	\$ -	\$ 25,721.86	\$ 48,621.95	\$ 22,900.09

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
Net Investment in Capital Assets	\$ 7,510,722.82	\$ 2,602,943.22	\$ 8,184,106.00	\$ 9,175,959.88	\$ 8,284,843.00	\$ 7,382,118.00	\$ 6,562,737.00	\$ 6,080,895.00	\$ 5,470,592.00	\$ 4,829,624.00
Restricted	2,556,931.61	7,372,766.68	1,809,703.00	810,072.74	553,855.00	402,708.00	210,547.00	76,357.00	419,252.00	695,806.00
Unrestricted	(4,334,444.06)	(500,571.71)	(703,164.00)	(615,218.19)	(328,141.00)	(427,903.00)	(376,588.00)	(92,583.00)	(105,683.00)	(130,800.00)
Total Governmental Activities	\$ 5,733,210.37	\$ 9,475,138.19	\$ 9,290,645.00	\$ 9,370,814.43	\$ 8,510,557.00	\$ 7,356,923.00	\$ 6,396,696.00	\$ 6,064,669.00	\$ 5,784,161.00	\$ 5,394,630.00
Business-Type Activities:										
Net Investment in Capital Assets	\$ 14,484.00	\$ 16,196.00	\$ 17,908.00	\$ 28,043.46	\$ 29,493.00	\$ 36,993.00	\$ 10,285.00	\$ 11,700.00	\$ 9,312.00	\$ 21,908.00
Restricted	-	-	-	-	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00
Unrestricted	94,166.55	83,991.43	81,504.00	49,757.92	49,572.00	42,544.00	9,302.00	7,019.00	50,967.00	49,239.00
Total Business-Type Activities	\$ 108,650.55	\$ 100,187.43	\$ 99,412.00	\$ 77,801.38	\$ 100,064.00	\$ 100,536.00	\$ 40,586.00	\$ 39,718.00	\$ 81,278.00	\$ 92,146.00
Government-Wide:										
Net Investment in Capital Assets	\$ 7,525,206.82	\$ 2,619,139.22	\$ 8,202,014.00	\$ 9,204,003.34	\$ 8,314,336.00	\$ 7,419,111.00	\$ 6,573,022.00	\$ 6,092,595.00	\$ 5,479,904.00	\$ 4,851,532.00
Restricted	2,556,931.61	7,372,766.68	1,809,703.00	810,072.74	574,854.00	423,707.00	231,546.00	97,356.00	440,251.00	716,805.00
Unrestricted	(4,240,277.51)	(416,580.28)	(621,660.00)	(565,460.27)	(278,569.00)	(385,359.00)	(367,286.00)	(85,364.00)	(54,716.00)	(81,561.00)
Total District Net Position	\$ 5,841,860.92	\$ 9,575,325.62	\$ 9,390,057.00	\$ 9,448,615.81	\$ 8,610,621.00	\$ 7,457,459.00	\$ 6,437,282.00	\$ 6,104,387.00	\$ 5,865,439.00	\$ 5,486,776.00

Source: District CAFR, Schedule A-1

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

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ (4,891,112.73)	\$ (4,690,540.71)	\$ (4,608,357.00)	\$ (7,266,397.96)	\$ (7,178,755.00)	\$ (7,682,620.00)	\$ (7,390,206.00)	\$ (7,280,561.00)	\$ (6,677,479.00)	\$ (6,271,349.00)
Special Education	(2,093,200.57)	(2,067,469.99)	(2,120,159.00)	(2,045,480.51)	(1,931,783.00)	(1,996,166.00)	(1,930,458.00)	(2,239,866.00)	(1,842,550.00)	(1,601,797.00)
Other Special Education	(72,291.40)	(52,448.71)	(55,658.00)	(356,945.37)	(125,052.00)	(108,127.00)	(107,843.00)	(170,514.00)	(221,158.00)	(220,571.00)
Other Instruction	(226,864.91)	(230,656.01)	(268,091.00)	(244,461.09)	(281,085.00)	(279,161.00)	(280,764.00)	(374,596.00)	(367,684.00)	(346,349.00)
Support Services:										
Tuition	(1,887,670.46)	(1,688,058.77)	(1,580,405.00)	(1,303,971.03)	(890,539.00)	(764,049.00)	(739,111.00)	(638,294.00)	(572,386.00)	(507,504.00)
Student & Instruction Related Services	(1,603,717.19)	(1,630,638.06)	(1,701,874.00)	(2,006,403.74)	(2,199,333.00)	(2,214,753.00)	(2,306,857.00)	(2,690,910.00)	(2,700,072.00)	(2,497,053.00)
School Administrative Services	(755,969.82)	(670,794.28)	(645,410.00)	(820,150.84)	(891,351.00)	(856,744.00)	(724,495.00)	(832,977.00)	(856,567.00)	(771,085.00)
General & Business Administrative Services	(707,154.87)	(735,962.82)	(775,242.00)	(571,764.68)	(787,335.00)	(873,835.00)	(1,012,973.00)	(743,264.00)	(884,319.00)	(1,007,038.00)
Plant Operations & Maintenance	(1,076,923.72)	(1,090,171.17)	(1,021,540.00)	(1,382,360.23)	(1,486,353.00)	(1,467,512.00)	(1,459,434.00)	(1,389,553.00)	(1,405,594.00)	(1,251,822.00)
Pupil Transportation	(575,709.05)	(461,275.08)	(440,783.00)	(484,807.30)	(492,918.00)	(540,031.00)	(663,073.00)	(610,366.00)	(504,173.00)	(414,807.00)
Central Services	-	-	-	(270,913.82)	-	-	-	-	-	-
Administrative Informational Technology	-	-	-	(45,716.57)	-	-	-	-	-	-
Unallocated Benefits	(5,841,251.11)	(4,004,231.57)	(4,147,624.00)	-	-	-	-	-	-	-
Interest & Other Charges on Long-Term Debt	(291,463.97)	(267,698.55)	(34,925.00)	(54,687.57)	(79,035.00)	(70,222.00)	(147,285.00)	(178,809.00)	(209,886.00)	(214,694.00)
Capital Outlay	-	-	-	-	-	-	-	(30,171.00)	(1,100.00)	-
Unallocated Amortization of Bond Costs	-	-	(2,500.00)	-	-	-	-	-	-	-
Unallocated Increase/(Decrease) in Compensated Absences	(11,405.00)	(52,964.00)	(24,873.00)	-	-	-	-	-	-	-
Adjustment to Fixed Assets	5,679.55	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	(424,913.00)	(540,641.00)	(540,641.00)	-	-	-	-	-	(301,284.00)	(369,442.00)
Total Governmental Activities Expenses	(20,453,968.25)	(18,183,550.72)	(17,968,082.00)	(16,854,060.71)	(16,343,539.00)	(16,853,220.00)	(16,762,499.00)	(17,179,881.00)	(16,544,252.00)	(15,473,511.00)
Business-Type Activities:										
Food Service	(438,407.65)	(453,777.02)	(401,774.00)	(446,074.26)	(445,217.00)	(484,806.00)	(441,389.00)	(482,335.00)	(421,463.00)	(394,074.00)
Total Business-Type Activities Expense	(438,407.65)	(453,777.02)	(401,774.00)	(446,074.26)	(445,217.00)	(484,806.00)	(441,389.00)	(482,335.00)	(421,463.00)	(394,074.00)
Total District Expenses	\$ (20,892,375.90)	\$ (18,637,327.74)	\$ (18,369,856.00)	\$ (17,300,134.97)	\$ (16,788,756.00)	\$ (17,338,026.00)	\$ (17,203,888.00)	\$ (17,662,216.00)	\$ (16,965,715.00)	\$ (15,867,585.00)
Program Revenues:										
Governmental Activities:										
Charge for Services	\$ -	\$ -	\$ -	\$ 930.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & Contributions	4,287,453.36	1,342,264.52	1,160,640.00	249,378.00	662,790.00	187,855.00	211,050.00	1,095,516.00	1,086,445.00	1,025,277.00
Total Governmental Activities Program Revenues	4,287,453.36	1,342,264.52	1,160,640.00	250,308.20	662,790.00	187,855.00	211,050.00	1,095,516.00	1,086,445.00	1,025,277.00

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

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-Type Activities:										
Charges for Services:										
Grants & Contributions	265,496.31	264,642.92	227,944.00	224,890.46	229,304.00	256,124.00	204,251.00	190,673.00	167,544.00	133,367.00
Food Service	181,374.46	189,909.51	190,913.00	193,795.54	215,333.00	242,748.00	238,006.00	250,102.00	243,051.00	252,522.00
Total Business Type Activities	446,870.77	454,552.43	418,857.00	418,686.00	444,637.00	498,872.00	442,257.00	440,775.00	410,595.00	385,889.00
Program Revenues	\$ 4,734,324.13	\$ 1,796,816.95	\$ 1,579,497.00	\$ 668,994.20	\$ 1,107,427.00	\$ 686,727.00	\$ 653,307.00	\$ 1,536,291.00	\$ 1,497,040.00	\$ 1,411,166.00
Net (Expense)/Revenue:	\$ (16,166,514.89)	\$ (16,841,286.20)	\$ (16,807,442.00)	\$ (16,603,752.51)	\$ (15,680,749.00)	\$ (16,665,365.00)	\$ (16,551,449.00)	\$ (16,084,365.00)	\$ (15,457,807.00)	\$ (14,448,234.00)
Governmental Activities	8,463.12	775.41	17,083.00	(27,388.26)	(580.00)	14,066.00	868.00	(41,560.00)	(10,868.00)	(8,185.00)
Business-Type Activities	(16,158,051.77)	(16,840,510.79)	(16,790,359.00)	(16,631,140.77)	(15,681,329.00)	(16,651,299.00)	(16,550,581.00)	(16,125,925.00)	(15,468,675.00)	(14,456,419.00)
Total District-Wide Net Expense	\$ (16,149,588.65)	\$ (16,839,735.38)	\$ (16,773,276.00)	\$ (16,658,529.03)	\$ (15,681,909.00)	\$ (16,651,233.00)	\$ (16,549,713.00)	\$ (16,247,914.00)	\$ (15,479,543.00)	\$ (14,464,584.00)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,770,681.00	\$ 8,297,895.00	\$ 8,135,191.00	\$ 7,975,677.00	\$ 7,819,292.00	\$ 7,544,615.00	\$ 7,254,438.00	\$ 6,975,421.00	\$ 6,768,167.00	\$ 6,638,436.00
Taxes Levied for Debt Service	502,137.00	576,120.00	576,120.00	590,929.00	761,346.00	720,533.00	730,001.00	747,659.00	736,936.00	711,839.00
Unrestricted/Restricted Grants & Contributions	6,810,334.12	8,060,389.36	8,453,621.00	8,958,499.82	8,235,410.00	9,348,697.00	8,884,047.00	8,720,792.00	8,317,795.00	7,735,759.00
Transfers	-	-	-	1,704.00	1,590.00	3,056.00	3,105.00	4,067.00	5,582.00	(7,500.00)
Investment Earnings	-	-	-	8,200.00	16,745.00	8,691.00	11,885.00	39,160.00	18,858.00	24,040.00
Miscellaneous Income	61,663.95	91,374.65	51,660.00	8,200.00	16,745.00	8,691.00	11,885.00	39,160.00	18,858.00	24,040.00
Total Governmental Activities	16,144,816.07	17,025,779.01	17,216,592.00	17,535,009.82	16,834,383.00	17,625,592.00	16,883,476.00	16,487,099.00	15,847,338.00	15,108,865.00
Business-Type Activities:										
Insurance Damage Reimbursement	-	-	12,950.00	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	5,126.00	108.00	45,884.00	-	-	-	155.00
Total Business-Type Activities	-	-	12,950.00	5,126.00	108.00	45,884.00	-	-	-	155.00
Total District-Wide	\$ 16,144,816.07	\$ 17,025,779.01	\$ 17,229,542.00	\$ 17,540,135.82	\$ 16,834,491.00	\$ 17,671,476.00	\$ 16,883,476.00	\$ 16,487,099.00	\$ 15,847,338.00	\$ 15,109,020.00
Change in Net Position:										
Governmental Activities	\$ (21,698.82)	\$ 184,492.81	\$ 409,150.00	\$ 931,257.31	\$ 1,153,634.00	\$ 960,227.00	\$ 332,027.00	\$ 402,734.00	\$ 389,531.00	\$ 660,631.00
Business-Type Activities	8,463.12	775.41	30,033.00	(22,262.26)	(472.00)	59,950.00	868.00	(41,560.00)	(10,868.00)	(8,030.00)
Total District	\$ (13,235.70)	\$ 185,268.22	\$ 439,183.00	\$ 908,995.05	\$ 1,153,162.00	\$ 1,020,177.00	\$ 332,895.00	\$ 361,174.00	\$ 378,663.00	\$ 652,601.00

Source: District CAFR, Schedule A-2

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

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 553,851.00	\$ 402,317.00	\$ 209,780.00	\$ 75,590.00	\$ 418,831.00	\$ 688,887.00
Unreserved	-	-	-	-	(309,372.00)	(403,363.00)	(394,141.00)	(45,030.00)	(50,204.00)	(67,530.00)
Restricted	971,573.00	1,270,238.00	822,057.00	605,188.00	-	-	-	-	-	-
Assigned	219,313.57	-	69,655.00	456,575.00	-	-	-	-	-	-
Unassigned	(337,805.03)	(395,351.51)	(172,275.00)	(252,030.00)	-	-	-	-	-	-
Total General Fund	\$ 853,081.54	\$ 874,886.49	\$ 719,437.00	\$ 809,733.00	\$ 244,479.00	\$ (1,046.00)	\$ (184,361.00)	\$ 30,560.00	\$ 368,627.00	\$ 621,357.00
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 45.00	\$ 346.00	\$ 421.00	\$ 421.00	\$ -	\$ 14,296.00
Unassigned, Reported in:										
Special Revenue Fund	(16,149.60)	(18,841.20)	(18,253.00)	(18,018.00)	-	-	-	-	-	-
Capital Projects Fund	1,664,445.99	6,691,967.17	-	-	-	-	-	-	-	-
Debt Service Fund	48,621.95	25,721.86	1.00	-	(41.00)	(298.00)	(30.00)	346.00	421.00	(7,377.00)
Total All Other Governmental Funds	\$ 1,696,918.34	\$ 6,698,847.83	\$ (18,252.00)	\$ (18,018.00)	\$ 4.00	\$ 48.00	\$ 391.00	\$ 767.00	\$ 421.00	\$ 6,919.00

Source: District CAFR, Schedule B-1

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

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Tax Levy	\$ 9,272,818.00	\$ 8,874,015.00	\$ 8,711,311.00	\$ 8,566,606.00	\$ 8,580,638.00	\$ 8,265,148.00	\$ 7,984,439.00	\$ 7,723,080.00	\$ 7,505,103.00	\$ 7,350,275.00
Tuition Charges	-	-	1,818.00	930.20	-	-	-	-	-	-
Interest	-	-	742.00	1,704.11	1,590.00	3,056.00	3,105.00	4,067.00	5,582.00	6,291.00
Miscellaneous	61,431.31	91,374.65	50,918.00	8,200.06	16,745.00	11,941.00	14,835.00	39,160.00	18,858.00	24,040.00
State Sources	8,610,862.75	8,685,703.81	8,769,644.00	8,177,949.09	7,979,969.00	7,638,297.00	8,374,709.00	9,118,513.00	8,545,665.00	8,126,019.00
Federal Sources	806,671.37	716,950.07	844,617.00	1,029,928.73	918,231.00	1,895,005.00	717,438.00	697,795.00	858,575.00	635,017.00
Total Revenue	18,751,783.43	18,368,043.53	18,379,050.00	17,785,318.19	17,497,173.00	17,813,447.00	17,094,526.00	17,582,615.00	16,933,783.00	16,141,642.00
Expenditures:										
Instruction:										
Regular Instruction	4,891,112.73	4,690,540.71	4,608,357.00	4,953,442.37	5,275,156.00	5,623,409.00	5,386,679.00	5,334,754.00	5,187,431.00	5,094,077.00
Special Education										
Instruction	2,093,200.57	2,067,469.99	2,120,159.00	1,465,170.21	1,375,783.00	1,429,821.00	1,384,675.00	1,568,959.00	1,310,239.00	1,208,597.00
Other Special Instruction	72,291.40	52,448.71	55,658.00	54,174.78	88,998.00	77,755.00	77,975.00	119,668.00	157,396.00	166,395.00
Other Instruction	226,864.91	230,656.01	268,091.00	244,461.09	216,757.00	214,379.00	214,637.00	280,336.00	281,888.00	277,402.00
Support Services:										
Student & Instruction										
Related Services	3,519,633.00	3,333,696.83	3,282,279.00	3,011,260.00	2,695,140.00	2,578,553.00	2,598,624.00	2,827,252.00	2,788,087.00	2,640,461.00
School Administrative										
General & Business	755,969.82	670,794.28	645,410.00	628,799.00	642,022.00	621,623.00	526,443.00	589,430.00	616,783.00	587,038.00
Administration Services	707,154.87	735,962.82	775,242.00	767,572.00	746,203.00	710,835.00	700,674.00	628,490.00	699,076.00	696,539.00
Plant Operations &										
Maintenance	1,076,923.72	1,090,171.17	1,022,561.00	1,146,334.00	1,254,456.00	1,251,146.00	1,260,370.00	1,177,360.00	1,202,214.00	1,086,637.00
Pupil Transportation	575,709.05	461,275.08	440,783.00	484,807.00	429,335.00	486,234.00	607,232.00	551,333.00	449,158.00	377,602.00
Unallocated Benefits	4,107,901.04	4,004,231.57	4,147,624.00	3,636,133.00	3,377,104.00	3,515,447.00	3,418,638.00	3,652,763.00	3,326,436.00	2,580,057.00
Capital Outlay	5,264,997.70	1,812,161.76	438,377.00	5,623.00	63,249.00	7,728.00	3,136.00	32,730.00	1,100.00	3,329.00
Debt Service:										
Principal	35,000.00	775,526.00	780,526.00	780,526.00	1,000,526.00	990,526.00	975,526.00	970,526.00	955,526.00	970,453.00
Interest & Other Charges	448,758.99	18,125.20	38,928.00	59,784.00	86,963.00	123,019.00	155,214.00	186,735.00	217,677.00	222,347.00
Total Expenditures	23,775,517.80	19,943,060.13	18,623,995.00	17,238,086.45	17,251,692.00	17,630,475.00	17,309,823.00	17,920,336.00	17,193,011.00	15,910,934.00
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(5,023,734.37)	(1,575,016.60)	(244,945.00)	547,231.74	245,481.00	182,972.00	(215,297.00)	(337,721.00)	(259,228.00)	230,708.00

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

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Financing Sources/(Uses):										
Proceeds from Borrowing	-	7,320,000.00	1,150,000.00	-	-	-	-	-	(7,500.00)	-
Transfers in	103,848.00	16,680.00	-	-	-	-	-	-	31,651.00	-
Transfers Out	(103,848.00)	(16,680.00)	-	-	-	-	-	-	(31,651.00)	-
Capital Leases (Nonbudgeted)	-	131,979.54	-	-	-	-	-	-	-	-
Total Other Financing Sources/ (Uses)	-	7,451,979.54	1,150,000.00	-	-	-	-	-	(7,500.00)	-
Net Change in Fund Balances	\$ (5,023,734.37)	\$ 5,876,962.94	\$ 905,055.00	\$ 547,231.74	\$ 245,481.00	\$ 182,972.00	\$ (215,297.00)	\$ (337,721.00)	\$ (266,728.00)	\$ 230,708.00
Debt Service as a Percentage of Noncapital Expenditures	2.61%	4.38%	2.46%	4.51%	4.88%	6.33%	6.32%	6.53%	6.47%	6.82%

Source: District CAFR, Schedule B-2

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	PRIOR YEAR REFUNDS	MISCELLANEOUS	TOTAL
2015	\$ 794.34	\$ -	\$ 1,043.56	\$ 52,612.37	\$ 54,450.27
2014	747.79	-	6,920.81	74,675.99	82,344.59
2013	742.00	1,818.00	-	50,918.00	53,478.00
2012	1,704.00	930.00	-	8,200.00	10,834.00
2011	1,590.00	-	-	16,745.00	18,335.00
2010	3,056.00	-	-	8,691.00	11,747.00
2009	3,060.00	-	-	118,895.00	121,955.00
2008	3,722.00	-	-	39,160.00	42,882.00
2007	5,582.00	-	-	18,560.00	24,142.00
2006	6,168.00	-	-	24,040.00	30,208.00

Source: District records

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Revenue Capacity Information

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

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	COMMUNICATION EQUIPMENT	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2015	\$ 35,003,600.00	\$ 730,652,500.00	\$ -	\$ -	\$ 69,544,600.00	\$ 23,218,900.00	\$ 5,546,400.00	\$ -	\$ 863,966,000.00	\$ 128,999,900.00	\$ 992,965,900.00	1.093
2014									857,814,200.00	126,777,000.00	984,591,200.00	1.058
2013									N/A	N/A	N/A	N/A
2012									N/A	N/A	N/A	N/A
2011									742,737,200.00	126,382,900.00	869,120,100.00	2.336
2010									N/A	N/A	N/A	N/A
2009									N/A	N/A	N/A	N/A
2008									N/A	N/A	N/A	N/A
2007									N/A	N/A	N/A	N/A
2006									N/A	N/A	N/A	N/A

DATA NOT AVAILABLE

Source: Abstract of Rates - "Assessed Value by Classification"

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

@ = Revaluation

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	(From J-6) TOTAL DIRECT SCHOOL TAX RATE	CITY OF SOUTH AMBOY	MIDDLESEX COUNTY	
2015	0.973	0.120	1.093	1.181	0.382	2.656
2014	0.989	0.069	1.058	1.122	0.385	2.565
2013	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A

Source: Abstract of Ratables, Breakdown of General Tax Rate

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

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2015		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Metuchen Diocese	\$9,273,200	1	0.93%
NRG REMA LLC	\$8,207,100	2	0.83%
Sacred Heart Church	\$5,229,600	3	0.53%
Hillcrest Manor at South Amboy, LLC	\$4,500,000	4	0.45%
Great Lakes Dredge & Dock CO. & ETALS	\$4,481,000	5	0.45%
Rocky Top LLC	\$4,250,000	6	0.43%
Robert Noble Manor, LP	\$4,100,000	7	0.41%
Gillette Enterprises, INC.	\$3,936,900	8	0.40%
New South Amboy Development LLC	\$3,529,800	9	0.36%
Mocco, Peter	\$3,504,300	10	0.35%
Total	<u>\$51,011,900</u>		<u>5.14%</u>

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2006		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
		1	
		2	
		3	
		4	
	DATA NOT AVAILABLE	5	DATA NOT AVAILABLE
		6	
		7	
		8	
		9	
		10	
Total	<u> </u>		<u> </u>

Source: Municipal Tax Assessor and Treasurer

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

YEAR ENDED December 31,	TAXES LEVIED FOR THE YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2015	\$ 9,272,818.00	\$ 9,272,818.00	100.00%	N/A
2014	8,874,015.00	8,874,015.00	100.00%	N/A
2013	8,711,311.00	8,711,311.00	100.00%	N/A
2012	8,566,606.00	8,566,606.00	100.00%	N/A
2011	8,580,638.00	8,580,638.00	100.00%	N/A
2010	8,422,893.00	8,422,893.00	100.00%	N/A
2009	8,124,794.00	8,124,794.00	100.00%	N/A
2008	7,863,309.00	7,863,309.00	100.00%	N/A
2007	15,699,395.00	15,675,104.00	99.85%	N/A
2006	13,702,690.00	13,678,051.00	99.82%	N/A

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

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			PER CAPITA	% of PERSONAL INCOME
	GENERAL OBLIGATION BONDS	CAPITAL LEASES *	TOTAL DISTRICT		
2015	\$ 8,590,000.00	\$ 88,734.19	\$ 8,678,734.19	N/A	N/A
2014	8,625,000.00	116,979.54	8,741,979.54	N/A	N/A
2013	2,080,526.00	-	2,080,526.00	N/A	N/A
2012	1,711,053.00	-	1,711,053.00	N/A	N/A
2011	1,104,000.00	-	1,104,000.00	N/A	N/A
2010	1,504,000.00	215,000.00	1,719,000.00	N/A	N/A
2009	1,909,000.00	415,000.00	2,324,000.00	N/A	N/A
2008	2,319,000.00	600,000.00	2,919,000.00	N/A	N/A
2007	2,734,000.00	775,073.00	3,509,073.00	N/A	N/A
2006	3,149,000.00	935,073.00	4,084,073.00	N/A	N/A

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

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

Debt Capacity Information

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

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2015	\$ 8,590,000.00	N/A	\$ 8,590,000.00	0.99%	970.29
2014	8,625,000.00	N/A	8,625,000.00	1.01%	974.25
2013	2,080,526.00	N/A	2,080,526.00	N/A	235.65
2012	1,711,053.00	N/A	1,711,053.00	N/A	195.82
2011	1,104,000.00	N/A	1,104,000.00	N/A	127.16
2010	1,504,000.00	N/A	1,504,000.00	N/A	173.59
2009	1,909,000.00	N/A	1,909,000.00	N/A	245.69
2008	2,319,000.00	N/A	2,319,000.00	N/A	299.46
2007	2,734,000.00	N/A	2,734,000.00	N/A	353.60
2006	3,149,000.00	N/A	3,149,000.00	N/A	406.11

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

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

GOVERNMENTAL UNIT		ESTIMATED PERCENTAGE APPLICABLE	DEBT OUTSTANDING
Overlapping Debts:			
City of South Amboy	\$ 16,197,012.41	100.00%	\$ 16,197,012.41
Middlesex County General Obligation Debt	578,120,091.00	0.845%	<u>4,884,649.86</u>
Subtotal, Overlapping Debt			21,081,662.27
South Amboy Township Board of Education Direct Debt			<u>8,590,000.00</u>
Total Direct & Overlapping Debt			<u><u>\$ 29,671,662.27</u></u>

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

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

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 34,293,467.37	\$ 35,703,346.84	\$ 25,299,238.31							
Total Net Debt Applicable to Limit	8,590,000.00	8,625,000.00	2,080,526.00	N/A						
Legal Debt Margin	\$ 25,703,467.37	\$ 27,078,346.84	\$ 23,218,712.31							

Total Net Debt Applicable to the Limit as a % of Debt Limit 25.05% 24.16% N/A N/A N/A N/A N/A N/A N/A N/A

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	2014 \$ 821,267,784.00
	2013 873,326,595.00
	2012 877,415,674.00
	<u>\$ 2,572,010,053.00</u>
	<u>\$ 857,336,684.33</u>
Debt Limit (4.0 % of A-3)	\$ 34,293,467.37
Net Bonded School Debt	<u>8,590,000.00</u>
Legal Debt Margin	<u>\$ 25,703,467.37</u>

Source: Equalized valuation bases were obtained from the Annual Debt Statement, City of South Amboy
a Limit set by NISA 18A:24-19 for a K through 12 district; other-% limits would be applicable for other districts

Demographic and Economic Information

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

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

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
2014	8,853	\$ 279,666,270.00	\$ 31,590.00	7.8%
2013	8,829	461,677,239.00	52,291.00	7.8%
2012	8,738	452,016,740.00	51,730.00	N/A
2011	8,682	436,418,094.00	50,267.00	N/A
2010	8,664	412,389,072.00	47,598.00	N/A
2009	7,770	367,015,950.00	47,235.00	8.4%
2008	7,744	379,510,208.00	49,007.00	5.4%
2007	7,732	366,388,552.00	47,386.00	4.0%
2006	7,754	347,425,724.00	44,806.00	4.6%

Source:

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

b Per Capita Personal income - NJ Dept of Labor

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

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

	2015	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
	RANK	
	1	
	2	
	3	
	4	
	5	DATA NOT AVAILABLE
	6	DATA NOT AVAILABLE
	7	
	8	
	9	
	10	
Total	<hr/> <hr/>	<hr/> <hr/>
Total Labor Force	<hr/> <hr/>	

2006 DATA NOT AVAILABLE

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

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Operating Information

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

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

Function/Program	FISCAL YEAR ENDING JUNE 30.									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular	66	67		67						
Special Education	27	20		19						
Other Special Education	3	3		2						
Other Instruction	1	1		1						
Support Services:				23						
Student & Instruction Related Services	28	27	DATA NOT AVAILABLE	2						
General Administration	2	2	DATA NOT AVAILABLE	4						
School Administrative Services	8	9	DATA NOT AVAILABLE	2						
Other Administrative Services	2	3		5						
Central Services	4	5		1						
Technical Administrative Services	1	1		11						
Plant Operations & Maintenance	13	13								
Pupil Transportation	1	1		2						
Total	156	152	-	139	-	-	-	-	-	-

Source: District Personnel Records

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

SCHOOL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2015	1,128	\$ 18,026,761.11	\$ 15,981.17	12.67%	102	11.1	1,076	1,007	-8.54%	93.59%
2014	1,150	16,311,962.53	14,184.32	-9.25%	100	12.0	1,166	1,101	-3.25%	94.43%
2013	1,175	18,366,164.00	15,630.78	20.14%	111	10.6	1,153	1,138	3.36%	98.70%
2012	1,183	15,391,904.00	13,010.91	-6.75%	111	10.7	1,153	1,101	-0.18%	95.49%
2011	1,154	16,100,954.00	13,952.30	0.82%	100	11.5	1,154	1,103	-1.34%	95.58%
2010	1,193	16,509,202.00	13,838.39	-4.78%	100	11.9	1,193	1,118	7.81%	93.71%
2009	1,113	16,175,947.00	14,533.65	-2.62%	102	10.9	1,099	1,037	-4.07%	94.36%
2008	1,121	16,730,345.00	14,924.48	9.10%	101	11.1	1,121	1,081	-5.34%	96.43%
2007	1,171	16,018,708.00	13,679.51	6.63%	100	11.7	1,171	1,142	3.82%	97.52%
2006	1,147	14,714,805.00	12,828.95	N/A	171	6.7	1,147	1,100	N/A	95.90%

Sources: District records

Note: Enrollment based on annual October District count.

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

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

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

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

DISTRICT BUILDINGS	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary:										
South Amboy Elementary:										
Square Feet	89,573	89,573	N/A	73,205	N/A	58,934	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	568	643	N/A	727	N/A	646	N/A	N/A	N/A	N/A
Middle/High School										
Governor Harold G. Hoffman										
Middle/High School										
Square Feet	117,615	117,615	N/A	117,615	N/A	114,335	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	508	466	N/A	526	N/A	508	N/A	N/A	N/A	N/A

Source: District Facilities Office

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

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	Projects	Elementary	High School	Other Facilities	TOTAL
2015	N/A	\$ 166,683.00	\$ 122,043.00	\$ 49,353.36	\$ 338,079.36
2014	N/A	167,483.45	138,147.45	24,447.41	330,078.31
2013	N/A	171,540.00	117,991.00	7,295.00	296,826.00
2012	N/A	235,245.00	126,671.00	19,048.00	380,964.00
2011	N/A	37,602.00	9,325.00	N/A	46,927.00
2010	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A

Source: District records, M-1

**SOUTH AMBOY BOARD OF EDUCATION
INSURANCE SCHEDULE
June 30, 2015**

	LIMITS	DEDUCTIBLE
Middlesex County Municipal Joint Insurance Fund		
Risk Management Plan		
Property (Blanket Building and Contents)	\$ 37,837,000.00	\$ 1,000.00
Boiler and Machinery	25,000,000.00	1,000.00
Equipment Floater	Included	1,000.00
Auto Physical Damage (inc. Garage Keepers Legal Liability)	Actual Cash Value	250/500
Blanket Bond	1,000,000.00	1,000.00
Auto Liability (inc. Garage Keepers Legal Liability)	11,000,000.00	
General Liability	11,000,000.00	
Educator's Legal Liability	6,000,000.00	
Public Official Liability	11,000,000.00	
Employers Liability	11,000,000.00	
Workers' Compensation	Statutory	
Source: District records		

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the South Amboy School District, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise South Amboy School District’s basic financial statements, and have issued our report thereon dated December 04, 2015

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
December 04, 2015

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-
133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08.**

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

Report on Compliance for Each Major Federal and State Program

We have audited South Amboy School District’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2015. South Amboy School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of South Amboy School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred

to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about South Amboy School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and NJ-OMB Circular 04-04 and/or 15-08 and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding No 2015-001. Our opinion on each major federal and state program is not modified with respect to these matters.

South Amboy School District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. South Amboy School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of South Amboy School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Amboy School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Amboy School District's internal control over compliance.

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

than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
December 04, 2015

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**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCELED	(ACCOUNTS RECEIVABLE) JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2015
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:										
National School Lunch Program	10.555	5120-201-372573-63	193,721.20	7/1/14-6/30/15	\$ -	\$ 176,745.80	\$ (193,721.20)	\$ -	\$ (16,975.40)	\$ -
National School Lunch Program	10.555	5120-201-372573-63	192,966.33	7/1/13-6/30/14	(13,721.43)	13,721.43	-	-	-	-
National School Lunch Program - PB Lunch	10.555	N/A	5,766.78	7/1/14-6/30/15	-	5,275.68	(5,766.78)	-	(491.10)	-
National School Lunch Program - PB Lunch	10.555	N/A	5,682.00	7/1/13-6/30/14	(414.66)	414.66	-	-	-	-
Food Distribution Program	10.550	N/A	38,269.05	7/1/14-6/30/15	-	38,269.05	(38,269.05)	-	-	-
Special Milk Program	10.556	N/A	666.99	7/1/13-6/30/14	(49.59)	49.59	-	-	-	-
National School Breakfast Program	10.553	5120-201-372573-63	22,812.88	7/1/13-6/30/14	-	20,501.41	(22,812.88)	-	(2,311.47)	-
National School Breakfast Program	10.553	5120-201-372573-63	23,932.08	7/1/13-6/30/14	(1,932.91)	1,932.91	-	-	-	-
Total U.S. Department of Agriculture					(16,118.59)	256,910.53	(260,569.91)	-	(19,777.97)	-

U.S. DEPARTMENT OF LABOR PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:

General Fund:	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCELED	(ACCOUNTS RECEIVABLE) JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2015
Medical Assistance Program (SEMI)	93.778	N/A	42,754.35	7/1/14-6/30/15	-	29,160.68	(42,754.35)	-	(13,593.67)	-
Medical Assistance Program (SEMI - ARRA)	93.778	N/A	2,089.37	7/1/14-6/30/15	-	2,089.37	(2,089.37)	-	-	-
Total U.S. Department of Labor					-	31,250.05	(44,843.72)	-	(13,593.67)	-

U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:

Title	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCELED	(ACCOUNTS RECEIVABLE) JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2015
Title I	84.010A	NCLB	271,706.00	9/1/14-8/31/15	-	55,796.00	(288,283.36)	6,345.00	(226,142.36)	-
Title I	84.010A	NCLB	289,329.00	9/1/13-8/31/14	(73,469.63)	34,803.00	-	-	(38,666.63)	-
Title II A	84.367A	NCLB	62,424.00	9/1/14-8/31/15	-	52,513.00	(63,150.03)	-	(10,637.03)	-
Title II A	84.367A	NCLB	63,029.00	9/1/13-8/31/14	(12,624.37)	-	-	-	(12,624.37)	-
Title III Part A	84.365	NCLB	11,521.00	9/1/14-8/31/15	-	68.00	(11,501.22)	-	(11,433.22)	-
Title III Immigrant	84.365A	NCLB	8,546.00	9/1/14-8/31/15	-	-	(8,785.00)	-	(8,785.00)	-
Title III Immigrant	84.365A	NCLB	16,624.00	9/1/13-8/31/14	(7,519.00)	7,519.00	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027A	IDEIA	362,137.00	9/1/14-8/31/15	-	213,514.17	(337,253.13)	91.00	(123,647.96)	-
I.D.E.A. Part B, Basic Regular	84.027A	IDEIA	353,696.00	9/1/13-8/31/14	(52,876.83)	52,876.83	-	-	-	-
I.D.E.A. Preschool	84.173A	IDEIA	7,070.00	9/1/14-8/31/15	-	7,161.00	(7,070.00)	(91.00)	-	-
Total U.S. Department of Education					(146,489.83)	424,251.00	(716,042.74)	6,345.00	(431,936.57)	-
Total Federal Awards					\$ (162,608.42)	\$ 712,411.58	\$ (1,021,456.37)	\$ 6,345.00	\$ (465,308.21)	\$ -

**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE 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	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENTS/ CANCELED	(ACCOUNTS RECEIVABLE) JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2015	MEMO ONLY	
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL
State Department of Education:												
General Fund:												
Transportation Aid	495-034-5120-014	43,463.00	7/1/14-6/30/15	\$ -	\$ 43,463.00	\$ (43,463.00)	\$ -	\$ -	\$ -	\$ -	\$ (4,286.05)	\$ 43,463.00
Special Education Categorical Aid	495-034-5120-089	678,015.00	7/1/14-6/30/15	-	678,015.00	(678,015.00)	-	-	-	-	(66,861.61)	678,015.00
Security Aid	495-034-5120-084	56,004.00	7/1/14-6/30/15	-	56,004.00	(56,004.00)	-	-	-	-	(5,522.77)	56,004.00
Equalization Aid	495-034-5120-078	5,720,187.00	7/1/14-6/30/15	-	5,720,187.00	(5,720,187.00)	-	-	-	-	(563,865.31)	5,720,187.00
Adjustment Aid	495-034-5120-085	75,497.00	7/1/14-6/30/15	-	75,497.00	(75,497.00)	-	-	-	-	(7,445.04)	75,497.00
PARCC Readiness Aid	495-034-5120-098	11,320.00	7/1/14-6/30/15	-	11,320.00	(11,320.00)	-	-	-	-	(1,116.31)	11,320.00
Per Pupil Growth Aid	495-034-5120-097	11,320.00	7/1/14-6/30/15	-	11,320.00	(11,320.00)	-	-	-	-	(1,116.31)	11,320.00
Extraordinary Aid	495-034-5120-473	136,575.00	7/1/14-6/30/15	-	136,575.00	(136,575.00)	-	-	-	-	-	136,575.00
Extraordinary Aid	495-034-5120-473	176,109.00	7/1/13-6/30/14	(176,109.00)	176,109.00	-	-	-	-	-	-	-
On-Behalf TPAF Post-Retirement	100-034-5095-116	605,076.00	7/1/14-6/30/15	-	605,076.00	(605,076.00)	-	-	-	-	-	605,076.00
Medical (Nonbudgeted)	100-034-5095-116	381,151.00	7/1/14-6/30/15	-	381,151.00	(381,151.00)	-	-	-	-	-	381,151.00
On-Behalf TPAF Pension	100-034-5095-116	526,692.10	7/1/14-6/30/15	-	501,384.97	(526,692.10)	-	-	(25,307.13)	-	-	526,692.10
Contributions (Nonbudgeted)	100-034-5095-002	511,790.01	7/1/13-6/30/14	(25,432.00)	25,432.00	-	-	-	-	-	-	-
Reimbursed TPAF Social Security	100-034-5095-002	511,790.01	7/1/13-6/30/14	(25,432.00)	25,432.00	-	-	-	-	-	-	-
Reimbursed TPAF Social Security	100-034-5095-002	511,790.01	7/1/13-6/30/14	(25,432.00)	25,432.00	-	-	-	-	-	-	-
Contributions (Nonbudgeted)	100-034-5095-002	511,790.01	7/1/13-6/30/14	(25,432.00)	25,432.00	-	-	-	-	-	-	-
Total General Fund				(201,541.00)	8,284,958.97	(8,245,300.10)	-	-	(161,882.13)	-	(650,213.40)	8,245,300.10
Special Revenue Fund:												
Preschool Education Aid	495-034-5120-086	161,489.99	7/1/14-6/30/15	-	161,496.00	(161,489.99)	-	-	6.01	-	(16,149.60)	161,489.99
Preschool Education Aid	495-034-5120-086	188,412.00	7/1/13-6/30/14	20.14	-	(20.14)	-	-	-	-	-	20.14
N.J. Nonpublic Aid:												
Textbooks Aid	100-034-5120-064	22,283.00	7/1/14-6/30/15	-	22,283.00	(22,246.23)	-	-	-	36.77	-	22,246.23
Textbooks Aid	100-034-5120-065	22,818.00	7/1/13-6/30/14	245.13	-	-	(245.13)	-	-	-	-	-
Nursing Services Aid	100-034-5120-070	37,845.00	7/1/14-6/30/15	-	37,845.00	(31,666.41)	-	-	-	6,178.59	-	31,666.41
Technology Aid	100-034-5120-373	11,968.00	7/1/14-6/30/15	-	11,968.00	(11,968.00)	-	-	-	-	-	11,968.00
Technology Aid	100-034-5120-374	8,320.00	7/1/13-6/30/14	5.67	-	-	(5.67)	-	-	-	-	-
Home Instruction	100-034-5120-066	7,112.04	7/1/14-6/30/15	-	-	(7,112.04)	-	-	(7,112.04)	-	-	7,112.04
Home Instruction	100-034-5120-066	3,626.00	7/1/13-6/30/14	(3,077.97)	3,078.00	-	-	0.03	-	-	-	-
N.J. Nonpublic Auxiliary Services Aid:												
Compensatory Education	100-034-5120-067	25,978.00	7/1/14-6/30/15	-	25,978.00	(25,313.61)	-	-	-	664.39	-	25,313.61
Compensatory Education	100-034-5120-067	82,174.00	7/1/13-6/30/14	24,655.00	-	-	(24,655.00)	-	-	-	-	-
Compensatory Education	100-034-5120-067	10,418.00	7/1/14-6/30/15	-	10,418.00	(9,376.00)	-	-	-	1,042.00	-	9,376.00
Transportation	100-034-5120-067	14,474.00	7/1/13-6/30/14	4,345.00	-	-	(4,345.00)	-	-	-	-	-
Transportation	100-034-5120-067	914.00	7/1/14-6/30/15	-	914.00	-	-	-	-	914.00	-	-
ESL	100-034-5120-067	28,806.00	7/1/13-6/30/14	8,646.00	-	-	(8,646.00)	-	-	-	-	-
ESL	100-034-5120-067	19,381.00	7/1/14-6/30/15	-	19,381.00	(18,345.00)	-	-	-	1,036.00	-	18,345.00
Supplemental Instruction	100-034-5120-066	24,978.00	7/1/13-6/30/14	7,499.00	-	-	(7,499.00)	-	-	-	-	-
Supplemental Instruction	100-034-5120-066	23,422.00	7/1/14-6/30/15	-	23,422.00	(14,419.00)	-	-	-	9,003.00	-	14,419.00
Examination and Classification	100-034-5120-066	27,243.00	7/1/13-6/30/14	6,384.00	-	-	(6,384.00)	-	-	-	-	-
Examination and Classification	100-034-5120-066	9,542.00	7/1/14-6/30/15	-	9,542.00	(8,602.00)	-	-	-	940.00	-	8,602.00
Corrective Speech	100-034-5120-065	9,999.00	7/1/13-6/30/13	3,728.00	-	-	(3,728.00)	-	-	-	-	-
Corrective Speech	100-034-5120-065	9,999.00	7/1/13-6/30/13	3,728.00	-	-	(3,728.00)	-	-	-	-	-
Total Special Revenue Fund				52,449.97	326,325.00	(310,558.42)	(55,507.80)	0.03	(7,106.03)	19,814.75	(16,149.60)	310,558.42

**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE 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	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENTS/ CANCELED	(ACCOUNTS RECEIVABLE) JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2015	MEMO ONLY		
											BUDGETARY EXPENDITURES	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL
Capital Projects Fund													
SDA Rod Grant	4830-030-14-G2YY	-	7/1/14-6/30/15	-	-	(80,352.00)	-	-	(80,352.00)	-	-	-	80,352.00
Total Capital Projects Fund				-	-	(80,352.00)	-	-	(80,352.00)	-	-	-	80,352.00
Enterprise Fund													
State School Lunch Program	100-010-3350-021	4,926.40	7/1/14-6/30/15	-	4,372.99	(4,926.40)	-	-	(553.41)	-	-	-	4,926.40
State School Lunch Program	100-010-3350-021	5,396.89	7/1/13-6/30/14	(651.78)	651.78	-	-	-	-	-	-	-	-
Total Enterprise Fund				(651.78)	5,024.77	(4,926.40)	-	-	(553.41)	-	-	-	4,926.40
				\$ (149,742.81)	\$ 8,616,308.74	(8,641,136.92)	\$ (55,507.80)	\$ 0.03	\$ (249,893.57)	\$ 19,814.75	\$ (666,363.00)	\$ 8,641,136.92	

Less: Grants Not Subject to New Jersey OMB Circular 04-04 and/or 15-08:

On-Behalf TPAF Post-Retirement	100-034-5095-116	605,076.00	7/1/14-6/30/15			605,076.00							
On-Behalf TPAF Pension Contributions (Nonbudgeted)	100-034-5095-116	381,151.00	7/1/14-6/30/15			381,151.00							

Total State Financial Assistance subject to New Jersey OMB Circular 04-04 and/or 15-08:

\$ (7,654,909.92)

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SOUTH AMBOY BOARD OF EDUCATION

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

June 30, 2015

Note 1. General

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

Note 2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. The basis of accounting is described in Note 1 to 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 schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year whereas, for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,779.60) for the general fund and \$24,216.74 for the special revenue fund. See Exhibit C-3, notes to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented on the following page:

SOUTH AMBOY BOARD OF EDUCATION

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

June 30, 2015

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

	State	Federal	Total
General Fund	\$ 8,241,520.50	\$ 44,843.72	\$ 8,286,364.22
Special Revenue Fund	288,990.25	761,827.65	1,050,817.90
Capital Projects Fund	80,352.00	-	80,352.00
Food Service Fund	4,926.40	260,569.91	265,496.31
	<hr/>	<hr/>	<hr/>
Total Awards and Financial Assistance	<u>\$ 8,615,789.15</u>	<u>\$ 1,067,241.28</u>	<u>\$ 9,683,030.43</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. Federal and State Loans Outstanding

The South Amboy School District had the no loan balances outstanding at June 30, 2015:

Note 6. Other

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

**SOUTH AMBOY 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

Type of auditor's report issued:			<u>Unmodified</u>	
Internal control over financial reporting:				
1. Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____	no
2. Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____	none reported
Noncompliance material to basic financial statements noted?	_____	yes	_____ <u>X</u> _____	no

Federal Awards

Internal control over major programs:				
1. Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____	no
2. Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____	none reported
Type of auditor's report issued on compliance for major programs:			<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	_____	yes	_____ <u>X</u> _____	no

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:			<u>\$300,000.00</u>	
Auditee qualified as low-risk auditee?	_____	yes	_____ <u>X</u> _____	no

**SOUTH AMBOY 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 Awards

Dollar threshold used to distinguish between type A and type B programs? \$300,000.00

Auditee qualified as low-risk auditee? _____ yes X no

Type of auditor's report issued in compliance for major programs: Unmodified

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04 and/or 15-08? X yes _____ no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
	State Aid Public Cluster:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
100-034-5095-002	Reimbursed Social Security TPAF

**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

None Reported

Section III – Federal Awards and State Financial Assistance Findings & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04 and/or 15-08, as applicable.

State Aid- Public Cluster:

Finding 2015-001:

Criteria or specific requirement:

Annually in the prebudget year, each district board of education shall establish by school board resolution, a maximum travel expenditure amount for the budget year in accordance with N.J.S.A. 18A:11-12, which the school district shall not exceed in that budget year.

Condition:

District exceeded its established maximum travel expenditures as set forth by board resolution.

**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS (CONTINUED):
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Context:

All districts are required to follow specific guidelines established by N.J.S.A 18A:11-12 related to travel policies and procedures

Effect:

The Commissioner of Education may reduce state aid payments to any district by and any amounts found to be in violation of restrictions placed on travel expenditures in accordance with regulations.

Cause:

Client oversight

Recommendation:

The district follows specific guidelines established by N.J.S.A 18A:11-12 related to travel policies and procedures.

Views of responsible officials and planned corrective actions:

Effective July 1, 2015 the Board increased the travel maximum for the year more in alignment with the district's travel budget.

**SOUTH AMBOY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal awards and state financial assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings