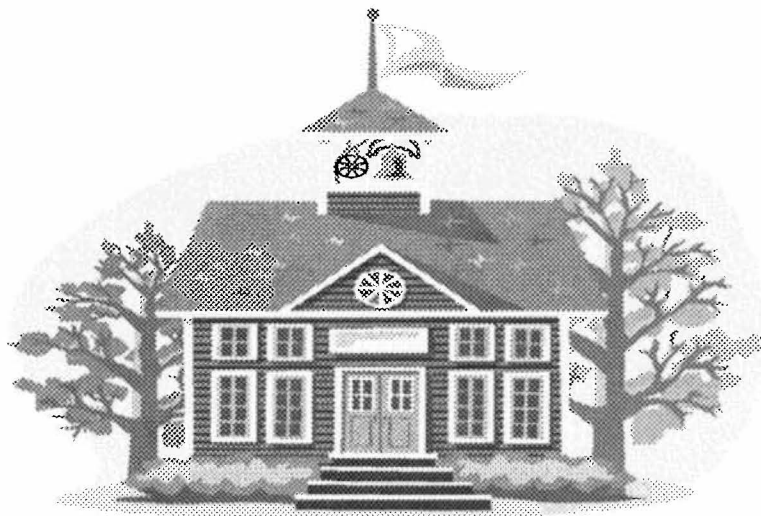


**SCHOOL DISTRICT**

**OF**

**FAIR HAVEN**



**FAIR HAVEN BOARD OF EDUCATION  
FAIR HAVEN, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**FAIR HAVEN BOARD OF EDUCATION**

**FAIR HAVEN, NEW JERSEY**

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

**PREPARED BY**

**FAIR HAVEN BOARD OF EDUCATION  
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

**FAIR HAVEN SCHOOL DISTRICT**

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## **INTRODUCTORY SECTION**

# Fair Haven Board of Education

Nelson Ribon

Superintendent  
(732)747-2294

224 Hance Road

Fair Haven, New Jersey 07704-

Valery Petrone

Business Administrator  
(732) 747-0324

December 4, 2015

Honorable President and  
Members of the Board of Education  
Fair Haven Borough Board of Education  
County of Monmouth  
Fair Haven, NJ

Dear Board Members:

The comprehensive annual financial report of the Fair Haven School district of the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organization chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget ('OMB') 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 auditor's report on compliance and on internal control over financial reporting and findings and questioned costs are included in the single audit section of this report.



1. **REPORTING ENTITY AND ITS SERVICES:** The Fair Haven School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Fair Haven Board of Education and its two elementary schools constitute the District's reporting entity.

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> |                       |
|--------------------|---------------------------------|-----------------------|
|                    | <u>Student Enrollment</u>       | <u>Percent Change</u> |
| 2014/15            | 1016                            | 0.00                  |
| 2013/14            | 1016                            | (2.4)                 |
| 2012/13            | 1041                            | 1.75                  |
| 2011/12            | 1023                            | 0.79                  |
| 2010/11            | 1015                            | (.09)                 |
| 2009/10            | 1016                            | 2.63                  |
| 2008/09            | 990                             | (1.03)                |
| 2007/08            | 1015                            | 0.50                  |
| 2006/07            | 1010                            | 1.84                  |

2. **ECONOMIC CONDITIONS AND OUTLOOK:** Fair Haven is close to 100 percent developed no large increase in tax base can be anticipated. However enrollment should continue to increase due to turn-over in homes wherein the new owner has several school-age children compared to the previous owner. Realtors continue to hold Fair Haven's educational system in high regard. Per-pupil costs remain below the state average.

3. **MAJOR INITIATIVES:** 2014-15

During the 2014-15 school year the district did tremendous work on the integration of technology for instructional purposes, as well as part of our professional support and growth efforts. Through the transition to Google Apps for Education (GAPE), along with the purchase and use of over 400 chromebooks in grades 2 through 8, our staff members were able to expand their instructional practices to address all types of learners in engaging and fun ways in our efforts to meet the State and Core Curriculum standards in effective and efficient ways. Furthermore, the district shifted the use of handheld devices, such as iPads, to the primary grades, which has resulted in some powerful learning opportunities for our students beginning in kindergarten.

In the area of curriculum and instruction, we expanded our offerings in the areas of science, technology, engineering and mathematics. We began a coding program in the middle school grades, began our quest to gamify content and learning opportunities in the upper elementary grades, initiated a pull-out mathematics program for our gifted and talented students in grades six through eight, and began science competitions in multiple grades, while beginning the work necessary to effectively transition to the Next Generation Science Standards.

In literacy, we continued our commitment to Teachers College (TC) Readers and Writers Workshop from Columbia University. Not only did we fund TC staff developers at both schools for all teachers, we also added a part-time literacy coach at the primary school. We also consistently sent general and special education teachers, representing cross-curricular areas, to TC for professional development throughout the school year.

As for the operations of our district, we embarked on a thorough needs assessment of both of school buildings as part of our pre-referendum work that will inevitably lead to an upgrade and expansion of both facilities once a referendum is approved by the community's voters within the coming year(s). We also continued to upgrade our safety and security in the district based on our needs assessments, and from recommendations made by our local and county law enforcement agencies.

Our district also embarked on digitizing a great deal of the information we produce in hopes of being more efficient, cost-conscious, as well as transparent to our staff and community. Thus far we have seen great benefits of our work in a relatively short period of time.

Finally, the cornerstone of our instructional practices and growth in student learning opportunities continued to be by way of targeted professional development and training. This not only included staff, but also community members, substitute teachers and our Board of Education. The large amount of funding dedicated to training and resources in support of quality instruction and learning continued, along with collection and analysis of data to measure the impact of our efforts.

4. **INTERNAL ACCOUNTING CONTROLS:** The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in the conformity with generally accepted accounting principles ("GAAP") The internal control structure is designed to provide reasonable but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized 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 adequate internal controls are in place to ensure compliance with applicable laws and regulation related to those programs. Internal control is also subject to periodic evaluation by the District management.

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, this District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund and Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amounts 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 cancelled 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.
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles as promulgated by the Governmental Account Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements" – Note 1.
7. **DEBT ADMINISTRATION:** At June 30, 2015, the District's outstanding debt issues include \$6,510,000 of general obligation bonds. The General Obligations Bonds which were voter approved were issued in 2005 and 2013. The proceeds of this bond issue were placed in the District's Capital Projects fund to provide funds for construction of additions and renovations to both elementary schools.
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to 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 provisions of the Government Unit Deposit Protection Act ("GUPA"). GUPA 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.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive, hazard and theft insurance on property and contents and fidelity bonds.
10. **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting

firm of Robert A. Hulsart and Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single audit Act of 1984 and the related OMB Circular A-133 and state treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are 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.

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

Respectfully submitted,

Nelson Ribon

Nelson Ribon  
Superintendent

Valery Petrone

Valery Petrone  
Business Administrator

**FAIR HAVEN BOARD OF EDUCATION****FAIR HAVEN, NEW JERSEY****ROSTER OF OFFICIALS**

JUNE 30, 2015

Members of the Board of EducationTerm Expires

|                                |      |
|--------------------------------|------|
| Mark Mancuso, President        | 2015 |
| Claudia Brasch, Vice President | 2016 |
| Michael Bernstein              | 2016 |
| Bennett Coleman                | 2015 |
| Jennifer Halcrow               | 2018 |
| Bruce Padula                   | 2018 |
| Karen Saad                     | 2018 |
| Jeffrey Spector                | 2016 |
| Randi Walker                   | 2015 |

Other District Officials

Nelson Ribon, Superintendent  
 Valery Petrone, Business Administrator/Board Secretary  
 Thomas O'Hara, Treasurer  
 Anthony Sciarrillo, Solicitor

**FAIR HAVEN BOARD OF EDUCATION**

**FAIR HAVEN, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

JUNE 30, 2015

**AUDIT FIRM**

Robert A. Hulsart and Company  
CPA  
2807 Hurley Pond Road  
PO Box 1409  
Wall, NJ 07719

**ATTORNEY**

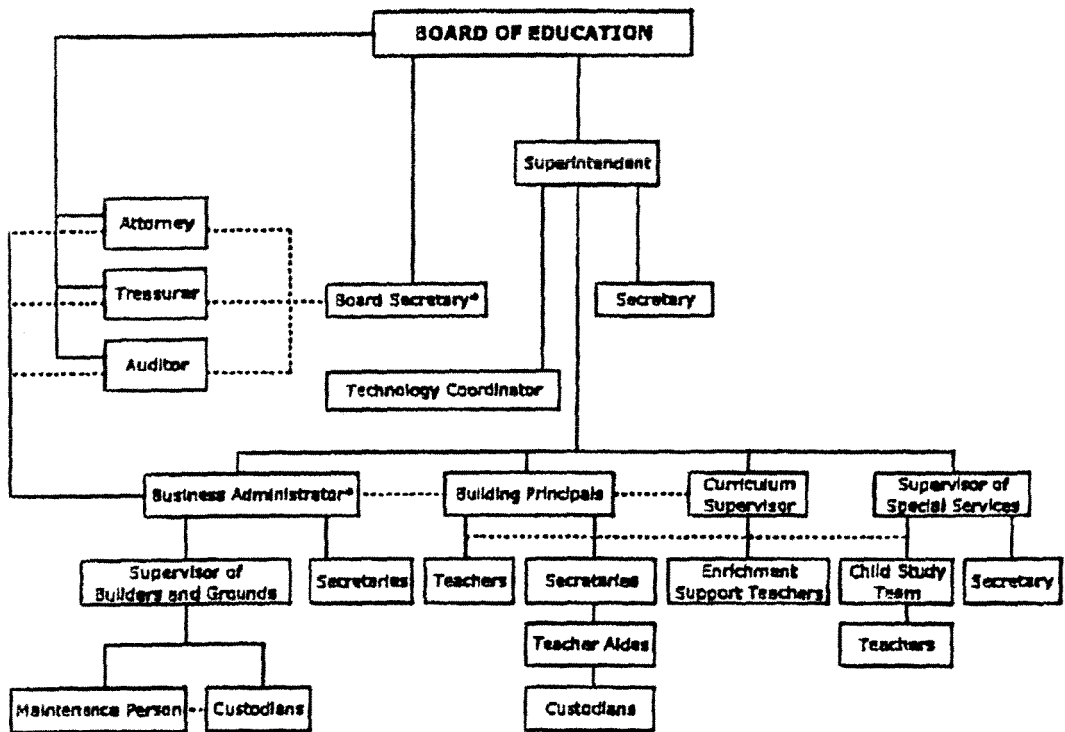
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 St. Paul  
Westfield, NJ 07090

**OFFICIAL DEPOSITORIES**

Wells Fargo  
Little Silver, NJ 07739

PNC Bank  
Fair Haven, NJ 07704

**FAIR HAVEN SCHOOL DISTRICT  
ORGANIZATIONAL CHART**



\*One position (dual responsibility)

————— Line/Staff Relationship  
 ..... Advisory/Consultive Relationship

Revised 12/99

**FINANCIAL SECTION**



# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

9.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:  
(732) 280-8888

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rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Fair Haven School District  
County of Monmouth  
Fair Haven, New Jersey

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fair Haven School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditors Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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 Board of Education of the Fair Haven School District, in the County of Monmouth, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015 on our consideration of the Fair Haven's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fair Haven Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

December 4, 2015

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**FAIR HAVEN PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF FAIR HAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The discussion and analysis of Fair Haven Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2014-2015 fiscal year are as follows:

- General revenues accounted for \$15,572,882 in revenue or 98% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$368,616 or 2% percent to total revenues of \$15,941,498.
- Total assets of governmental activities decreased by \$2,135,649.
- The School District had \$14,841,921 in expenses; only \$368,616 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$15,572,882 were adequate to provide for these programs.
- The General Fund had \$14,773,882 in revenues and \$14,069,034 in expenditures. The General Fund's balance increased \$854,044 over 2014. This decrease was anticipated by the Board of Education.

**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 Fair Haven Public 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 Fair Haven Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

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

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

### 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 the 2014-2015 fiscal year?" 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 that position. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

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

#### Fund Financial Statements

The analysis of the School District's major (all) funds begins on Exhibit A-1. 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. However, these fund financial statements focus on the School District's most significant funds. 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 Assets 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

Table 1 provides a summary of the School District's net position comparisons of fiscal year 2015 with 2014.

**Table 1**  
**Net Position**

|   | <u>2015</u>          | <u>2014</u>       |
|---|----------------------|-------------------|
| <b><u>Assets</u></b>                        |                      |                   |
| Current and Other Assets                    | \$ 3,230,303         | 5,570,535         |
| Capital Assets, Net                         | <u>10,568,352</u>    | <u>10,397,986</u> |
| Total Assets                                | <u>\$ 13,798,655</u> | <u>15,968,521</u> |
| <b><u>Deferred Outflow of Resources</u></b> |                      |                   |
| Contribution to Pension Plan                | <u>\$ 255,282</u>    | <u>          </u> |
| <b><u>Deferred Inflow of Resources</u></b>  |                      |                   |
| Pension Deferrals                           | <u>\$ 381,594</u>    | <u>          </u> |
| <b><u>Liabilities</u></b>                   |                      |                   |
| Other Liabilities                           | \$ 19,011            | 2,767,141         |
| Long-Term Liabilities                       | <u>10,091,857</u>    | <u>7,416,049</u>  |
| Total Liabilities                           | <u>\$ 10,110,868</u> | <u>10,183,190</u> |
| <b><u>Net Position</u></b>                  |                      |                   |
| Invested in Capital Assets, Net of Debt     | \$ 4,058,352         | 3,420,937         |
| Restricted                                  | 2,819,790            | 1,894,869         |
| Unrestricted                                | <u>(3,316,667)</u>   | <u>469,525</u>    |
| Total Net Position                          | <u>\$ 3,561,475</u>  | <u>5,785,331</u>  |

Table 2 shows the changes in net position for fiscal year 2015. Revenue and expense comparisons to fiscal year 2014.

**Table 2**  
**Changes in Net Position**

|   | <u>2015</u>         | <u>2014</u>       |
|---|---------------------|-------------------|
| <b><u>Revenues</u></b>                          |                     |                   |
| Program Revenues                                |                     |                   |
| Charges for Services                            | \$ 137,643          | 178,263           |
| Operating Grants and Contributions              | 230,973             | 221,968           |
| General Revenues                                |                     |                   |
| Property Taxes                                  | 13,569,855          | 13,239,550        |
| Grants and Entitlements                         | 1,740,748           | 1,561,634         |
| Other   | <u>262,279</u>      | <u>19,249</u>     |
| Total Revenues                                  | <u>15,941,498</u>   | <u>15,220,664</u> |
| <b><u>Program Expenses</u></b>                  |                     |                   |
| Instruction                                     | 5,789,913           | 5,534,423         |
| Support Services                                |                     |                   |
| Pupils and Instructional Staff                  | 2,005,637           | 1,928,933         |
| General Administration, School Administration,  |                     |                   |
| Business  | 1,042,210           | 1,093,772         |
| Operations and Maintenance of Facilities        | 1,454,789           | 1,371,557         |
| Pupil Transportation                            | 116,865             | 99,214            |
| Interest on Debt                                | 245,988             | 285,077           |
| Food Service                                    | 42,337              | 24,598            |
| Miscellaneous (Depreciation, Employee Benefits) | <u>4,144,182</u>    | <u>4,084,598</u>  |
| Total Expenses                                  | <u>14,841,921</u>   | <u>14,422,172</u> |
| Other Financing Uses                            | <u>149,196</u>      | <u>(404,791)</u>  |
| Change in Net Position                          | <u>\$ 1,248,773</u> | <u>393,701</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 86% percent of revenues for governmental activities for the Fair Haven Public School District for fiscal year 2015. The District's total revenues were \$15,920,982 for the fiscal year ended June 30, 2015. Federal, state, local grants and other local revenues accounted for another 14%.

### **Business-Type Activities**

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

- Food service expenses exceeded revenues by \$21,801.
- Charges for services represent \$17,022 of revenue. This represents amount paid by patrons for daily food services.

### **Governmental Activities**



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

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 District.

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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 unallocated depreciation and amortization.

### **The School Board' Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Fair Haven's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2015, it reported a combined net position of \$3,561,475. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board'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.

**The School Board' Funds (Continued)**

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

**Capital Assets**

At June 30, 2015, the School Board had approximately \$10,568,352 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2015 fiscal year.

|                                 | <b><u>Governmental<br/>Activities</u></b> |
|---------------------------------|---|
| Table II                        |   |
| Capital Assets at June 30, 2015 |   |
| Land                            | \$ 439,000                                |
| Land Improvements               | 18,873                                    |
| Buildings                       | 10,017,274                                |
| Machinery and Equipment         | <u>93,205</u>                             |
| Total                           | <u>\$ 10,568,352</u>                      |

**Debt Administration**

At June 30, 2015, the School District had \$10,091,857 in outstanding debt. Of this amount \$241,753 is for compensated absences and the balance of \$6,510,000 is for bonds for school construction.

The District also had \$3,340,104 in deferred pension liability.

**Economic Factors and Next Year's Budget**

The Fair Haven Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Fair Haven is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

**Economic Factors and Next Year's Budget (Continued)**

The \$(3,329,083) of unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(3,329,083).

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Fair Haven Public School District has committed itself to financial excellence 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 contact Ms. Valery Petrone, School Business Administrator/Board Secretary at Fair Haven Board of Education, 224 Hance Road, Fair Haven, NJ 07704.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2015

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>       |
|---|------------------------------------|-------------------------------------|--------------------|
| <b><u>Assets</u></b>                            |                                    |                                     |                    |
| Cash and Cash Equivalents                       | \$ 290,299                         | 11,203                              | 301,502            |
| Receivables, Net                                | 144,084                            | 1,213                               | 145,297            |
| Restricted Assets:                              |                                    |                                     |                    |
| Cash and Cash Equivalents                       | 2,159,697                          |                                     | 2,159,697          |
| Capital Reserve Account - Cash                  | 623,807                            |                                     | 623,807            |
| Capital Assets-Not Depreciated                  | 439,000                            |                                     | 439,000            |
| Capital Assets, Net                             | 10,129,352                         |                                     | 10,129,352         |
| Total Assets                                    | <u>13,786,239</u>                  | <u>12,416</u>                       | <u>13,798,655</u>  |
| <b><u>Deferred Outflow of Resources</u></b>     |                                    |                                     |                    |
| Contribution to Pension Plan                    | <u>255,282</u>                     |                                     | <u>255,282</u>     |
| <b><u>Deferred Inflow of Resources</u></b>      |                                    |                                     |                    |
| Pension Deferrals                               | <u>381,594</u>                     |                                     | <u>381,594</u>     |
| <b><u>Liabilities</u></b>                       |                                    |                                     |                    |
| Deferred Revenue                                | 15,634                             |                                     | 15,634             |
| Accounts Payable                                | 3,377                              |                                     | 3,377              |
| Noncurrent Liabilities:                         |                                    |                                     |                    |
| Due Within One Year                             | 680,000                            |                                     | 680,000            |
| Due Beyond One Year                             | 9,411,857                          |                                     | 9,411,857          |
| Total Liabilities                               | <u>10,110,868</u>                  | <u>-</u>                            | <u>10,110,868</u>  |
| <b><u>Net Position</u></b>                      |                                    |                                     |                    |
| Invested in Capital Assets, Net of Related Debt | 4,058,352                          |                                     | 4,058,352          |
| Restricted For:                                 |                                    |                                     |                    |
| Debt Service                                    | 51,920                             |                                     | 51,920             |
| Capital Projects                                | 64,905                             |                                     | 64,905             |
| Other Purposes                                  | 2,702,965                          |                                     | 2,702,965          |
| Unrestricted                                    | <u>(3,329,083)</u>                 | <u>12,416</u>                       | <u>(3,316,667)</u> |
| Total Net Position                              | <u>\$ 3,549,059</u>                | <u>12,416</u>                       | <u>3,561,475</u>   |

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

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit A-2

Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

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

|   | Program Revenues  |                         |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                     |
|---|-------------------|-------------------------|--|--|-----------------------------|---------------------|
|   | Expenses          | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total               |
| <b><u>Functions/Programs</u></b>                |                   |                         |  |  |                             |                     |
| Governmental Activities:                        |                   |                         |  |  |                             |                     |
| Instruction:                                    |                   |                         |  |  |                             |                     |
| Regular   | \$ 4,190,656      |                         |  | (4,190,656)  |                             | (4,190,656)         |
| Special Education                               | 1,534,886         |                         | 11,176                                   | (1,523,710)  |                             | (1,523,710)         |
| Other Instruction                               | 64,371            |                         |  | (64,371)   |                             | (64,371)            |
| Support Services:                               |                   |                         |  |  |                             |                     |
| Tuition   | 120,621           | 120,621                 |  | -  |                             | -                   |
| Student & Instruction Related Services          | 1,885,016         |                         | 216,286                                  | (1,668,730)  |                             | (1,668,730)         |
| School Administrative Services                  | 378,429           |                         |  | (378,429)  |                             | (378,429)           |
| General and Business Administrative<br>Services | 663,781           |                         |  | (663,781)  |                             | (663,781)           |
| Plant Operations and Maintenance                | 1,454,789         |                         |  | (1,454,789)  |                             | (1,454,789)         |
| Pupil Transportation                            | 116,865           |                         |  | (116,865)  |                             | (116,865)           |
| Unallocated Employee Benefits                   | 3,841,208         |                         |  | (3,841,208)  |                             | (3,841,208)         |
| Unallocated Depreciation                        | 302,974           |                         |  | (302,974)  |                             | (302,974)           |
| Interest on Long-Term Debt                      | 245,988           |                         |  | (245,988)  |                             | (245,988)           |
| <b>Total Government Activities</b>              | <b>14,799,584</b> | <b>120,621</b>          | <b>227,462</b>                           | <b>(14,451,501)</b>                                  | <b>-</b>                    | <b>(14,451,501)</b> |
| Business-Type Activities:                       |                   |                         |  |  |                             |                     |
| Food Service                                    | 42,337            | 17,022                  | 3,511                                    |  | (21,804)                    | (21,804)            |
| <b>Total Business-Type Activities</b>           | <b>42,337</b>     | <b>17,022</b>           | <b>3,511</b>                             | <b>-</b>   | <b>(21,804)</b>             | <b>(21,804)</b>     |
| <b>Total Primary Government</b>                 | <b>14,841,921</b> | <b>137,643</b>          | <b>230,973</b>                           | <b>(14,451,501)</b>                                  | <b>(21,804)</b>             | <b>(14,473,305)</b> |

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

**FAIR HAVEN SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

Exhibit A-2  
Sheet 2 of 2

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

|  | <u>Program Revenues</u> |                                 | <u>Net (Expense) Revenue and<br/>Changes in Net Position</u> |                                    |                                     |                   |
|--|-------------------------|---------------------------------|--|------------------------------------|-------------------------------------|-------------------|
|  | <u>Expenses</u>         | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u>            | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>      |
| General Revenues:                                  |                         |                                 |  |                                    |                                     |                   |
| Taxes:   |                         |                                 |  |                                    |                                     |                   |
| Property Taxes, Levied for General Purpose,<br>Net |                         |                                 |  | 12,717,198                         |                                     | 12,717,198        |
| Taxes Levied for Debt Service                      |                         |                                 |  | 852,657                            |                                     | 852,657           |
| Federal and State Aid Not Restricted               |                         |                                 |  | 1,740,748                          |                                     | 1,740,748         |
| Tuition  |                         |                                 |  | 197,298                            |                                     | 197,298           |
| Investment Earnings and Miscellaneous Income       |                         |                                 |  | 64,978                             | 3                                   | 64,981            |
| Total General Revenues and Transfers               |                         |                                 |  | <u>15,572,879</u>                  | <u>3</u>                            | <u>15,572,882</u> |
| Other Financing Sources (Uses):                    |                         |                                 |  |                                    |                                     |                   |
| Cancel Accounts Payable                            |                         |                                 |  | 153,297                            |                                     | 153,297           |
| Prior Year Adjustment                              |                         |                                 |  | (4,101)                            |                                     | (4,101)           |
| Total Other Financing Sources (Uses)               |                         |                                 |  | <u>149,196</u>                     | <u>-</u>                            | <u>149,196</u>    |
| Change in Net Position                             |                         |                                 |  | 1,270,574                          | (21,801)                            | 1,248,773         |
| Restatement for Pension                            |                         |                                 |  | (3,340,104)                        |                                     | (3,340,104)       |
| Net Position - Beginning                           |                         |                                 |  | <u>5,618,589</u>                   | <u>34,217</u>                       | <u>5,652,806</u>  |
| Net Position - Ending                              |                         |                                 |  | <u>\$ 3,549,059</u>                | <u>12,416</u>                       | <u>3,561,475</u>  |

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



**FUND FINANCIAL STATEMENTS – B**

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2015

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|-------------------------------------|-----------------------------|----------------------------------|---|
| <b><u>Assets</u></b>                          |                         |                                     |                             |                                  |   |
| Cash and Cash Equivalents                     | \$ 2,993,264            | 15,634                              | 64,905                      |                                  | 3,073,803                               |
| Interfund Receivable                          | 57,239                  |                                     |                             |                                  | 57,239                                  |
| Receivables From Other Governments            | 34,925                  |                                     |                             | 109,159                          | 144,084                                 |
| Total Assets                                  | <u>\$ 3,085,428</u>     | <u>15,634</u>                       | <u>64,905</u>               | <u>109,159</u>                   | <u>3,275,126</u>                        |
| <b><u>Liabilities and Fund Balance</u></b>    |                         |                                     |                             |                                  |   |
| Liabilities:                                  |                         |                                     |                             |                                  |   |
| Deferred Revenue                              | \$ -                    | 15,634                              |                             |                                  | 15,634                                  |
| Accounts Payable                              | 3,377                   |                                     |                             |                                  | 3,377                                   |
| Interfund Payable                             |                         |                                     |                             | 57,239                           | 57,239                                  |
| Total Liabilities                             | <u>3,377</u>            | <u>15,634</u>                       | <u>-</u>                    | <u>57,239</u>                    | <u>76,250</u>                           |
| Fund Balance:                                 |                         |                                     |                             |                                  |   |
| Restricted For:                               |                         |                                     |                             |                                  |   |
| Emergency Reserve                             | 250,000                 |                                     |                             |                                  | 250,000                                 |
| Designated for Subsequent Years Expenditures  |                         |                                     |                             | 51,919                           | 51,919                                  |
| Designated for Subsequent Years Expenditures- |                         |                                     |                             |                                  |   |
| Excess Surplus                                | 241,806                 |                                     |                             |                                  | 241,806                                 |
| Excess Surplus                                | 562,461                 |                                     |                             |                                  | 562,461                                 |
| Maintenance Reserve                           | 1,024,981               |                                     |                             |                                  | 1,024,981                               |
| Capital Reserve Account                       | 623,807                 |                                     |                             |                                  | 623,807                                 |
| Committed To:                                 |                         |                                     |                             |                                  |   |
| Other Purposes                                | 155,991                 |                                     | 45,916                      |                                  | 201,907                                 |
| Unassigned:                                   |                         |                                     |                             |                                  |   |
| Debt Service                                  |                         |                                     |                             | 1                                | 1                                       |
| Capital Projects                              |                         |                                     | 18,989                      |                                  | 18,989                                  |
| General Fund                                  | 223,005                 |                                     |                             |                                  | 223,005                                 |
| Total Fund Balances                           | <u>3,082,051</u>        | <u>-</u>                            | <u>64,905</u>               | <u>51,920</u>                    | <u>3,198,876</u>                        |
| Total Liabilities and Fund Balance            | <u>\$ 3,085,428</u>     | <u>15,634</u>                       | <u>64,905</u>               | <u>109,159</u>                   |   |

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,723,566 and the accumulated depreciation is \$6,155,214.

10,568,352

Deferred outflow of resources - contributions to the pension plan

255,282

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(381,594)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(10,091,857)

Net position of governmental activities

\$ 3,549,059

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

**FAIR HAVEN SCHOOL DISTRICT**

**Exhibit B-2  
Sheet 1 of 2**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

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

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|-----------------------------|----------------------------------|---|
| <b><u>Revenues</u></b>                       |                         |                                     |                             |                                  |   |
| Local Sources:                               |                         |                                     |                             |                                  |   |
| Local Tax Levy                               | \$12,717,198            |                                     |                             | 852,657                          | 13,569,855                              |
| Tuition Charges                              | 317,919                 |                                     |                             |                                  | 317,919                                 |
| Miscellaneous                                | 73                      |                                     | 64,905                      |                                  | 64,978                                  |
| Total Local Sources                          | <u>13,035,190</u>       | <u>-</u>                            | <u>64,905</u>               | <u>852,657</u>                   | <u>13,952,752</u>                       |
| State Sources                                | 1,738,692               |                                     |                             | 2,056                            | 1,740,748                               |
| Federal Sources                              |                         | 227,462                             |                             |                                  | 227,462                                 |
| Total Revenues                               | <u>14,773,882</u>       | <u>227,462</u>                      | <u>64,905</u>               | <u>854,713</u>                   | <u>15,920,962</u>                       |
| <b><u>Expenditures</u></b>                   |                         |                                     |                             |                                  |   |
| Current:                                     |                         |                                     |                             |                                  |   |
| Regular Instruction                          | 4,190,656               |                                     |                             |                                  | 4,190,656                               |
| Special Education Instruction                | 1,523,710               | 11,176                              |                             |                                  | 1,534,886                               |
| Other Instruction                            | 64,371                  |                                     |                             |                                  | 64,371                                  |
| Support Services and Undistributed Costs:    |                         |                                     |                             |                                  |   |
| Tuition                                      | 120,621                 |                                     |                             |                                  | 120,621                                 |
| Student and Instruction Related Services     | 1,668,730               | 216,286                             |                             |                                  | 1,885,016                               |
| School Administrative Services               | 378,429                 |                                     |                             |                                  | 378,429                                 |
| General and Business Administrative Services | 663,781                 |                                     |                             |                                  | 663,781                                 |
| Plant Operations and Maintenance             | 1,454,789               |                                     |                             |                                  | 1,454,789                               |
| Pupil Transportation                         | 116,865                 |                                     |                             |                                  | 116,865                                 |
| Unallocated Benefits                         | 3,729,192               |                                     |                             |                                  | 3,729,192                               |
| Debt Service:                                |                         |                                     |                             |                                  |   |
| Principal                                    |                         |                                     |                             | 650,000                          | 650,000                                 |
| Interest and Other Charges                   |                         |                                     |                             | 254,963                          | 254,963                                 |
| Capital Outlay                               | <u>157,890</u>          |                                     |                             |                                  | <u>157,890</u>                          |
| Total Expenditures                           | <u>14,069,034</u>       | <u>227,462</u>                      | <u>-</u>                    | <u>904,963</u>                   | <u>15,201,459</u>                       |

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit B-2

Sheet 2 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

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

|  | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Revenue<br/>Fund</u></b> | <b><u>Capital<br/>Projects</u></b> | <b><u>Debt<br/>Service<br/>Fund</u></b> | <b><u>Total<br/>Governmental<br/>Funds</u></b> |
|--|--------------------------------|--|------------------------------------|---|--|
| Excess (Deficiency) of Revenues Over Expenditures                                | <u>704,848</u>                 | <u>-</u>                                   | <u>64,905</u>                      | <u>(50,250)</u>                         | <u>719,503</u>                                 |
| Other Financing Sources (Uses):  |                                |  |                                    |   |  |
| Accounts Payable Cancelled   | 153,297                        |  |                                    |   | 153,297  |
| Prior Year Adjustment  | <u>(4,101)</u>                 |  |                                    |   | <u>(4,101)</u>                                 |
| Total Other Financing Sources (Uses)   | <u>149,196</u>                 | <u>-</u>                                   | <u>-</u>                           | <u>-</u>                                | <u>149,196</u>                                 |
| Excess (Deficiency) of Revenues Over Expenditures<br>And Other Financing Sources | <u>854,044</u>                 |  |                                    | <u>(50,250)</u>                         | <u>868,699</u>                                 |
| Net Change in Fund Balances  | 854,044                        | -  |                                    | (50,250)                                | 868,699  |
| Fund Balance - July 1  | <u>2,228,007</u>               |  |                                    | <u>102,170</u>                          | <u>2,330,177</u>                               |
| Fund Balance - June 30   | <u>\$ 3,082,051</u>            | <u>-</u>                                   | <u>64,905</u>                      | <u>51,920</u>                           | <u>3,198,876</u>                               |

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

|   |           |           |
|---|-----------|-----------|
| Total Net Change in Fund Balances - Governmental Funds (From B-2)   | \$        | 868,699   |
| <p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:</p> <p>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.</p> |           |           |
| Depreciation Expense  | (302,974) |           |
| Capital Outlay  | 157,890   |           |
|   |           | (145,084) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.   |           | 650,000   |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position  |           | 255,282   |
| Pension related deferrals   |           | (381,594) |
| Accrued Interest  |           | 8,975     |
| Compensated Absences and Other Liabilities  |           | 14,296    |
| Change in Net Position of Governmental Activities   | \$        | 1,270,574 |

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

**FAIR HAVEN SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

Exhibit B-4

**PROPRIETARY FUNDS**

**JUNE 30, 2015**

|                            | <b><u>Enterprise<br/>Fund</u></b> |
|----------------------------|-----------------------------------|
| <b><u>Assets</u></b>       |                                   |
| Current Assets:            |                                   |
| Cash and Cash Equivalents  | \$ 11,203                         |
| Accounts Receivable:       |                                   |
| State                      | 13                                |
| Federal                    | 244                               |
| Other                      | 956                               |
| Total Current Assets       | <u>12,416</u>                     |
| Total Assets               | <u>\$ 12,416</u>                  |
| <br>                       |                                   |
| <b><u>Net Position</u></b> |                                   |
| Unrestricted               | <u>\$ 12,416</u>                  |
| Total Net Position         | <u>\$ 12,416</u>                  |

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2015

|                                       | <u>Enterprise<br/>Fund</u> |
|---------------------------------------|----------------------------|
| Operating Revenues:                   |                            |
| Local Sources:                        |                            |
| Daily Sales Reimbursable Programs     | \$ 16,278                  |
| Daily Sales Non-Reimbursable Programs | 744                        |
| Total Operating Revenue               | <u>17,022</u>              |
| Operating Expenses:                   |                            |
| Cost of Food                          | 17,070                     |
| Salaries                              | 25,000                     |
| Miscellaneous                         | 267                        |
| Total Operating Expenses              | <u>42,337</u>              |
| Operating (Loss)/Profit               | (25,315)                   |
| Non-Operating Revenues:               |                            |
| State Sources:                        |                            |
| State School Lunch Program            | 197                        |
| Federal Sources:                      |                            |
| National School Lunch Program         | 3,033                      |
| National School Lunch HHFKA Program   | 281                        |
| Interest Revenue                      | 3                          |
| Total Non-Operating Revenues          | <u>3,514</u>               |
| Change in Net Position                | (21,801)                   |
| Net Position, July 1                  | <u>34,217</u>              |
| Net Position, June 30                 | <u>\$ 12,416</u>           |

**STATEMENT OF CASH FLOWS**

Exhibit B-6

**PROPRIETARY FUNDS**

**JUNE 30, 2015**

|   | <b>Enterprise<br/>Fund</b> |
|---|----------------------------|
|   | <hr/>                      |
| Cash Flows from Operating Activities:   |                            |
| Receipts from Daily Sales   | \$ 17,022                  |
| Payments for Salaries   | (25,000)                   |
| Payments to Suppliers   | (17,644)                   |
| Net Cash Used by Operating Activities   | <hr/> <u>(25,622)</u>      |
| <br>Cash Flows from Noncapital Financing Activities:  |                            |
| State Sources   | 197                        |
| Federal Sources   | 3,314                      |
| Net Cash Provided by Noncapital Financing Activities  | <hr/> <u>3,511</u>         |
| <br>Cash Flows from Investing Activities:   |                            |
| Interest  | 3                          |
|   | <hr/>                      |
| Net Increase/(Decrease) in Cash and Cash Equivalents  | (22,108)                   |
| <br>Cash and Cash Equivalents July 1  | <hr/> <u>33,311</u>        |
| <br>Cash and Cash Equivalents June 30   | <hr/> <u>\$ 11,203</u>     |
| <br>Cash Flows from Operating Activities:   |                            |
| Operating (Loss)/Profit   | \$ (25,315)                |
| Adjustments to Reconcile Operating Loss to Cash<br>Provided (Used) by Operating Activities: |                            |
| Changes in Assets and Liabilities:  |                            |
| (Increase)/Decrease in Accounts Receivable  | <hr/> <u>(307)</u>         |
| Net Cash Used by Operating Activities   | <hr/> <u>\$ (25,622)</u>   |

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



STATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDS

JUNE 30, 2015

|   | <u>Scholarship<br/>Fund</u> | <u>Unemployment<br/>Compensation<br/>Trust</u> |
|---|-----------------------------|--|
| Assets:   |                             |  |
| Cash and Cash Equivalents                                   | \$ 15,827                   | 20,737   |
| Total Assets  | <u>\$ 15,827</u>            | <u>20,737</u>                                  |
| Net Position:   |                             |  |
| Held in Trust for Unemployment Claims<br>and Other Purposes | \$ 15,827                   | 20,737   |
| Total Net Position  | <u>\$ 15,827</u>            | <u>20,737</u>                                  |

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Exhibit B-8

**FIDUCIARY FUNDS**

**JUNE 30, 2015**

|                                  | <b><u>Scholarship<br/>Fund</u></b> | <b><u>Unemployment<br/>Compensation<br/>Trust</u></b> |
|----------------------------------|------------------------------------|---|
| <b><u>Additions</u></b>          |                                    |   |
| Contributions                    |                                    | 22,785  |
| Total Contributions              | <u>-</u>                           | <u>22,785</u>   |
| Investment Earnings:             |                                    |   |
| Interest                         | <u>4</u>                           | <u>-</u>  |
| Net Investments Earnings         | <u>4</u>                           | <u>-</u>  |
| Total Additions                  | <u>4</u>                           | <u>22,785</u>   |
| <b><u>Deductions</u></b>         |                                    |   |
| Scholarship Payments             | 475                                | -   |
| Unemployment Claims              | <u>-</u>                           | <u>46,917</u>   |
| Total Deductions                 | <u>475</u>                         | <u>46,917</u>   |
| Change in Net Position           | (471)                              | (24,132)  |
| Net Position - Beginning of Year | <u>16,298</u>                      | <u>44,869</u>   |
| Net Position - End of the Year   | <u>\$ 15,827</u>                   | <u>20,737</u>   |

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

**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**FAIR HAVEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1: Summary of Significant Accounting Policies**

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

**A. Reporting Entity:**

The Fair Haven School District is a Type II district located in the County of Monmouth, 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. The purpose of the district is to educate students in grades K-8. The Fair Haven School District had an approximate enrollment at June 30, 2015 of 1,007 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government 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

**B. Government-Wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

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.

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Fiduciary Fund Types**

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

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance and the following scholarship funds:

Egan (Stokes) Memorial Fund  
Viola L. Sickles Memorial Fund  
World Language Award  
Dr. Patricia B. Campbell Art Award

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

**E. Basis of Accounting:**

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**E. Basis of Accounting (Continued):**

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

**F. 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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; 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(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

**G. Encumbrances:**

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

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



**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**G. Encumbrances (Continued):**

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.

**H. Short-Term Interfund Receivables/Payables:**

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

**I. Inventories and Prepaid Expenses**

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

**J. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. Accumulated depreciation for fiscal year 2015, fiscal year 2015 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

|                            |         |
|----------------------------|---------|
| Buildings and Improvements | 20 – 50 |
| Equipment and Vehicles     | 5 – 20  |
| Furniture and Fixtures     | 5 – 20  |

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

NOTE 1: Summary of Significant Accounting Policies (Continued)J. Capital Assets and Depreciation (Continued)

|                                     | <u>Balance</u><br><u>July 1, 2014</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u><br><u>June 30, 2015</u> |
|-------------------------------------|---------------------------------------|------------------|--------------------|--|
| Governmental Activities:            |                                       |                  |                    |  |
| Capital Assets that are             |                                       |                  |                    |  |
| Not Being Depreciated:              |                                       |                  |                    |  |
| Land                                | \$ 439,000                            | _____            | _____              | <u>439,000</u>                         |
| Total Capital Assets Not            | <u>439,000</u>                        | _____            | _____              | <u>439,000</u>                         |
| Being Depreciated                   |                                       |                  |                    |  |
| Capital Assets – Being Depreciated: |                                       |                  |                    |  |
| Site Improvements                   | 170,900                               |                  |                    | 170,900                                |
| Buildings & Improvements            | 14,516,682                            |                  |                    | 14,516,682                             |
| Machinery & Equipment               | <u>1,562,644</u>                      | <u>34,340</u>    | _____              | <u>1,596,984</u>                       |
| Totals at Historical Cost           | <u>16,250,226</u>                     | <u>34,340</u>    | _____              | <u>16,284,566</u>                      |
| Less: Accumulated                   |                                       |                  |                    |  |
| Depreciation for                    |                                       |                  |                    |  |
| Site Improvements                   | (147,788)                             | (4,239)          |                    | (152,027)                              |
| Buildings and Improvements          | (4,214,755)                           | (284,653)        |                    | (4,499,408)                            |
| Machinery & Equipment               | <u>(1,489,697)</u>                    | <u>(14,082)</u>  | _____              | <u>(1,503,779)</u>                     |
| Total Accumulated Depreciation      | <u>(5,852,240)</u>                    | <u>(302,974)</u> | _____              | <u>(6,155,214)</u>                     |
| Total Capital Assets Being          |                                       |                  |                    |  |
| Depreciated, Net of Accumulated     |                                       |                  |                    |  |
| Depreciation                        | <u>10,397,986</u>                     | <u>(268,634)</u> | _____              | <u>10,129,352</u>                      |
| Governmental Activities             |                                       |                  |                    |  |
| Capital Assets, Net                 | <u>\$ 10,836,986</u>                  | <u>(268,634)</u> | _____              | <u>10,568,352</u>                      |

Depreciation expense was charged to governmental functions as follows:

|             |                  |
|-------------|------------------|
| Unallocated | <u>\$302,974</u> |
|-------------|------------------|

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**K. Accrued Salaries and Wages**

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

**L. Compensated Absences**

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

**M. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

**N. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

**O. Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**P. Tuition Receivable**

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

**Q. Tuition Payable**

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

**NOTE 2: Cash and Cash Equivalents and Investments**

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

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

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

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

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

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

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

**NOTE 2: Cash and Cash Equivalents and Investments****Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

As of June 30, 2015, the District's deposits and investments are summarized as follows:

|       |                     |
|-------|---------------------|
| FDIC  | \$ 317,162          |
| GUPDA | <u>3,125,585</u>    |
|       | <u>\$ 3,442,747</u> |

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

|                                    |                           |
|------------------------------------|---------------------------|
|                                    | <b>Cash and Cash</b>      |
|                                    | <b><u>Equivalents</u></b> |
| Interest Bearing Checking Accounts | <u>\$3,228,244</u>        |
| Total                              | <u>\$3,228,244</u>        |

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2015 was \$3,228,244 and the bank balance was \$3,442,747. Of the bank balance \$317,162 was covered by federal depository insurance and \$3,125,585 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the general long-term debt account group:

|                              | <u>Balance</u><br><u>June 30, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2015</u> | <u>Long-Term</u><br><u>Portion</u> | <u>2015-16</u><br><u>Payment</u> |
|------------------------------|--|------------------|------------------|--|------------------------------------|----------------------------------|
| Compensated Absences Payable | \$ 256,049                             |                  | 14,296           | 241,753                                | 241,753                            |                                  |
| Bonds Payable                | 7,160,000                              |                  | 650,000          | 6,510,000                              | 5,830,000                          | 680,000                          |
| Pension Liability            |  | 3,340,104        |                  | 3,340,104                              | 3,340,104                          |                                  |
|                              | <u>\$ 7,416,049</u>                    | <u>3,340,104</u> | <u>664,296</u>   | <u>10,091,857</u>                      | <u>9,411,857</u>                   | <u>680,000</u>                   |

**A. Bonds Payable**

| Year Ending June 30, | <u>Principal</u>    | <u>Interest</u>  | <u>Total</u>     |
|----------------------|---------------------|------------------|------------------|
| 2015/2016            | \$ 680,000          | 202,118          | 882,118          |
| 2016/2017            | 705,000             | 177,668          | 882,668          |
| 2017/2018            | 330,000             | 160,417          | 490,417          |
| 2018/2019            | 340,000             | 150,518          | 490,518          |
| 2019-2020            | 350,000             | 136,917          | 486,917          |
| 2021-2025            | 2,040,000           | 470,588          | 2,510,588        |
| 2026-2030            | <u>2,065,000</u>    | <u>169,447</u>   | <u>2,234,447</u> |
|                      | <u>\$ 6,510,000</u> | <u>1,467,673</u> | <u>7,977,673</u> |

Bonds issued 4/15/2005 for \$3,415,000 at interest from 3.25% to 5.00% maturing 7/15/2017 with a balance of \$765,000 at June 30, 2015.

Bonds issued 1/23/2013 for \$8,140,000 at interest of 4.25% maturing 6/1/2030 with a balance of \$5,745,000 at June 30, 2015.

**NOTE 4: Pension Plans**

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

**NOTE 4: Pension Plans (Continued)**

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

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

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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.

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**NOTE 4: Pension Plans (Continued)**

**Contribution Requirements** – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5 ½% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

| <b><u>Year<br/>Funding</u></b> | <b><u>Annual<br/>Pension<br/>Cost (APC)</u></b> | <b><u>Percentage<br/>of APC<br/>Contributed</u></b> | <b><u>Net<br/>Pension<br/>Obligation</u></b> |
|--------------------------------|---|---|--|
| 6/30/15                        | \$ 150,251                                      | 100%  | 0  |
| 6/30/14                        | 143,985   | 100%  | 0  |
| 6/30/13                        | 141,335   | 100%  | 0  |

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

| <b><u>Year<br/>Funding</u></b> | <b><u>Annual<br/>Pension<br/>Cost (APC)</u></b> | <b><u>Percentage<br/>of APC<br/>Contributed</u></b> | <b><u>Net<br/>Pension<br/>Obligation</u></b> |
|--------------------------------|---|---|--|
| 6/30/15                        | \$ 866,588                                      | 100%  | 0  |
| 6/30/14                        | 698,139   | 100%  | 0  |
| 6/30/13                        | 1,009,177                                       | 100%  | 0  |

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$866,588 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$442,679 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.



**NOTE 4: Pension Plans (Continued)****Pension Expense Deferred Outflows/Inflows – PERS**

For the year ended June 30, 2015, the District recognized pension expense of \$150,251. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|  | <b><u>Deferred<br/>Outflows<br/>of Resources</u></b> | <b><u>Deferred<br/>Inflows<br/>of Resources</u></b> |
|--|--|---|
| Difference Between Expected and Actual Experience  | \$   |   |
| Changes of Assumptions   | 105,031  |   |
| Net Difference Between Projected and Actual Earnings<br>on Pension Plan Investments                              |  | 199,052   |
| Changes in Proportion and Differences Between District<br>Contributions and Proportionate Share of Contributions |  | 182,542   |
| District Contributions Subsequent to the Measurement<br>Date   | <u>150,251</u>                                       | <u>          </u>                                   |
| Total  | <u>\$ 255,282</u>                                    | <u>381,594</u>                                      |

\$255,282 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project 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:

**Additional Information**

Collective balances at December 31, 2013 and 2014 are as follows:

|   | <b><u>Dec. 31, 2014</u></b> | <b><u>Dec. 31, 2013</u></b> |
|---|-----------------------------|-----------------------------|
| Collective Deferred Outflows of Resources | \$ 255,282                  |                             |
| Collective Deferred Inflows of Resources  | 381,594                     |                             |
| Collective Net Pension Liability          | 3,340,104                   | 3,625,643                   |
| District's Proportion                     | .01784%                     | .01897%                     |

**NOTE 4: Pension Plans (Continued)****Components of Net Pension Liability**

The components of the net pension liability of the participating employers for PERS as of June 30, 2014 and 2013 are as follows:

|  | <b>2014</b>              |                       |                       |
|--|--------------------------|-----------------------|-----------------------|
|  | <u>State</u>             | <u>Local</u>          | <u>Total</u>          |
| Total Pension Liability  | \$ 28,777,950,141        | 39,071,470,586        | 67,849,420,727        |
| Plan Fiduciary Net Position  | <u>8,650,846,191</u>     | <u>20,348,735,583</u> | <u>28,999,581,774</u> |
| Net Pension Liability  | <u>\$ 20,127,103,950</u> | <u>18,722,735,003</u> | <u>38,849,838,953</u> |
| Plan Fiduciary Net Position<br>as a Percentage of the Total<br>Pension Liability | 30.06%                   | 52.08%                | 42.74%                |

|  | <b>2013</b>              |                       |                       |
|--|--------------------------|-----------------------|-----------------------|
|  | <u>State</u>             | <u>Local</u>          | <u>Total</u>          |
| Total Pension Liability  | \$ 27,515,277,069        | 37,272,295,162        | 64,787,572,231        |
| Plan Fiduciary Net Position  | <u>8,216,653,950</u>     | <u>18,160,308,251</u> | <u>26,376,962,201</u> |
| Net Pension Liability  | <u>\$ 19,298,623,119</u> | <u>19,111,986,911</u> | <u>38,410,610,030</u> |
| Plan Fiduciary Net Position<br>as a Percentage of the Total<br>Pension Liability | 29.86%                   | 48.72%                | 40.71%                |

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

|                           |                            |
|---------------------------|----------------------------|
| Inflation Rate            | 3.01%                      |
| Salary Increases:         |                            |
| 2012-2021                 | 2.15% - 4.40% Based on Age |
| Thereafter                | 3.15% – 5.40% Based on Age |
| Investment Rate of Return | 7.90%                      |

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.

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.

**NOTE 4: Pension Plans (Continued)****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%   |

**Discount Rate**

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

**NOTE 4: Pension Plans (Continued)****Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|       | <b>2014</b>                    |                            |                                |
|-------|--------------------------------|----------------------------|--------------------------------|
|       | <b>At 1%</b>                   | <b>At Current</b>          | <b>At 1%</b>                   |
|       | <b><u>Decrease (4.39%)</u></b> | <b><u>Rate (5.39%)</u></b> | <b><u>Increase (6.39%)</u></b> |
| State | \$ 23,772,450,916              | 20,127,103,950             | 17,069,920,644                 |
| Local | <u>23,553,838,159</u>          | <u>18,722,735,003</u>      | <u>14,665,837,859</u>          |
| Total | <u>\$ 47,326,289,075</u>       | <u>38,849,838,953</u>      | <u>31,735,758,503</u>          |
|       | <b>2013</b>                    |                            |                                |
|       | <b>At 1%</b>                   | <b>At Current</b>          | <b>At 1%</b>                   |
|       | <b><u>Decrease (4.55%)</u></b> | <b><u>Rate (5.55%)</u></b> | <b><u>Increase (6.55%)</u></b> |
| State | \$ 22,822,255,839              | 19,298,623,119             | 16,351,193,705                 |
| Local | <u>23,791,905,551</u>          | <u>19,111,986,911</u>      | <u>15,190,834,283</u>          |
| Total | <u>\$ 46,614,161,390</u>       | <u>38,410,610,030</u>      | <u>31,542,027,988</u>          |

**Teachers Pensions and Annuity Fund (TPAF)****Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2014 and 2013 are as follows:

|  | <b>2014</b>              | <b>2013</b>           |
|--|--------------------------|-----------------------|
| Total Pension Liability  | \$ 81,095,320,000        | 76,678,639,671        |
| Plan Fiduciary Net Position  | <u>27,282,252,461</u>    | <u>25,888,126,040</u> |
| Net Pension Liability  | <u>\$ 53,813,067,539</u> | <u>50,790,513,631</u> |
| Plan Fiduciary Net Position<br>as a Percentage of the Total<br>Pension Liability | 33.64%                   | 33.76%                |

**NOTE 4: Pension Plans (Continued)**

**State Proportionate Share of Net Pension Liability Attributable to District**

|                       | <u>2014</u>          | <u>2013</u>       |
|-----------------------|----------------------|-------------------|
| District's Liability  | <u>\$ 33,414,670</u> | <u>30,694,361</u> |
| District's Proportion | .06209%              | .06043%           |

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

|                           |                            |
|---------------------------|----------------------------|
| Inflation Rate            | 2.50%                      |
| Salary Increases:         |                            |
| 2012-2021                 | Varies Based on Experience |
| Thereafter                | Varies Based on Experience |
| Investment Rate of Return | 7.90%                      |

Mortality rates 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 improvements. 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.

**NOTE 4: Pension Plans (Continued)****Long-Term Expected Rate of Return**

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

| <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%   |

**Discount Rate**

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

**NOTE 4: Pension Plans (Continued)****Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

|                            | <u>At 1% Decrease</u> | <u>At Current<br/>Discount Rate</u> | <u>At 1% Increase</u> |
|----------------------------|-----------------------|-------------------------------------|-----------------------|
| 2014 (3.68%, 4.68%, 5.68%) | \$ 64,722,984,539     | 53,813,067,539                      | 44,738,870,539        |
| 2013 (3.95%, 4.95%, 5.95%) | 61,017,578,926        | 50,790,513,631                      | 42,351,665,847        |

**NOTE 5: 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, 2014, 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 prefunding 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 6: Contingent Liabilities**

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

**NOTE 7: Equity Balance**

At June 30, 2015, the General Fund equity balance was as follows:

|   |                     |
|---|---------------------|
| Restricted Fund Balance:  |                     |
| Maintenance Reserve – Designated for Subsequent Year’s Expenditures | \$ 350,000          |
| Maintenance Reserve   | 674,981             |
| Emergency Reserve   | 250,000             |
| Capital Reserve – Designated for Subsequent Year’s Expenditures     | 553,807             |
| Capital Reserve   | 70,000              |
| Excess Surplus – Designated for Subsequent Year’s Expenditures      | 241,806             |
| Excess Surplus  | 562,461             |
| Committed Fund Balance:   |                     |
| Year End Encumbrances   | 155,991             |
| Unassigned Fund Balance   | <u>262,784</u>      |
|   | <u>\$ 3,121,830</u> |

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2015-2016 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

**2% Calculation of Excess Surplus**

|  |                      |
|--|----------------------|
| 2014-15 Total General Fund Expenditures Per the CAFR | \$ 14,069,034        |
| Decreased by:  |                      |
| On-Behalf TPAF Pension and Social Security           | <u>(1,309,267)</u>   |
| Adjusted 14-15 General Fund Expenditures             | <u>\$ 12,759,767</u> |
| 2% of Adjusted 2014-15 General Fund Expenditures     | <u>\$ 255,194</u>    |
| Enter Greater of Above or \$250,000                  | \$ 255,194           |
| Increased by Allowable Adjustment                    | <u>7,590</u>         |
| Maximum Unassigned Fund Balance                      | <u>\$ 262,784</u>    |



**NOTE 7: Equity Balance (Continued)****2% Calculation of Excess Surplus (Continued)****Section 2**

|   |                    |
|---|--------------------|
| Total General Fund – Fund Balance @ 6-30-15                             | \$ 3,121,830       |
| Decreased by:   |                    |
| Reserved for Encumbrances   | (155,991)          |
| Designated for Subsequent Years Expenditures – Excess Surplus           | (241,806)          |
| Other Reserves  | <u>(1,898,788)</u> |
| Total Unassigned Fund Balance   | <u>\$ 825,245</u>  |
| Restricted Fund Balance – Excess Surplus                                | <u>\$ 562,461</u>  |
| <b><u>Recapitulation of Excess Surplus as of June 30, 2015</u></b>      |                    |
| Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures | \$ 241,806         |
| Reserved Excess Surplus   | <u>562,461</u>     |
| Total   | <u>\$ 804,267</u>  |

**Section 3****Detail of Allowable Adjustment**

|                               |                 |
|-------------------------------|-----------------|
| Non-Public Transportation Aid | <u>\$ 7,590</u> |
|-------------------------------|-----------------|

**Detail of Other Restricted Fund Balance**

|                                     |                     |
|-------------------------------------|---------------------|
| Maintenance Reserve                 | \$ 1,024,981        |
| Emergency Reserve                   | 250,000             |
| Capital Reserve                     | <u>623,807</u>      |
| Total Other Restricted Fund Balance | <u>\$ 1,898,788</u> |

**NOTE 8: 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.

**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 the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year:

**NOTE 8: Risk Management (Continued)**

| <u>Fiscal Year</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-------------------------------|-------------------------------|-------------------|-----------------------|
| 2012-2013          | \$ 0                          | 19,958                        | 34,245            | 59,473                |
| 2013-2014          | 0                             | 20,628                        | 35,232            | 44,869                |
| 2014-2015          | 0                             | 22,785                        | 46,917            | 20,737                |

**NOTE 9: Interfund Receivables and Payables**

There were interfund balances on the balance sheet at June 30, 2015 as follows:

|                   | <u>From</u>      | <u>To</u>     |
|-------------------|------------------|---------------|
| General Fund      | \$               | 57,239        |
| Debt Service Fund | <u>57,239</u>    | <u>      </u> |
|                   | <u>\$ 57,239</u> | <u>57,239</u> |

The interfund represents a temporary loan from the General Fund to the Debt Service Fund due to a tax levy payment receivable at June 30, 2015. The General Fund will be repaid upon receipt of the tax levy payment.

**NOTE 10: Capital Reserve Account**

A Capital Reserve account was established by the Borough of Fair Haven Board of Education by inclusion of \$100 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

|                                 |                   |
|---------------------------------|-------------------|
| Beginning Balance, July 1, 2014 | \$ 323,807        |
| Increased by:                   |                   |
| Board Resolution                | <u>300,000</u>    |
| Ending Balance, June 30, 2015   | <u>\$ 623,807</u> |

**NOTE 10: Capital Reserve Account (Continued)**

“A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district’s long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district’s long-range facilities plan.” (N.J.S.A. 18A:7G-31c)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district’s LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f1)).

“Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations.” (N.J.A.C. 6:23A-5.1(j)).

**NOTE 11: Fair Values of Financial Instruments**

The following methods and assumptions were used by the Fair Haven Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

**NOTE 12: Fund Balance Appropriated**

**General Fund** – Of the \$3,121,830 General Fund fund balance at June 30, 2015, \$155,991 is reserve for encumbrances; \$674,981 is reserved for maintenance; \$250,000 is reserved for emergency reserve; \$241,806 is excess surplus designated for subsequent years expenditures in the 2015-2016 budget; \$70,000 has been reserved in the Capital Reserve Account; \$562,461 is reserved excess surplus; \$350,000 is maintenance reserve designated for subsequent year’s expenditures in the 2015-16 budget; \$150,000 is capital reserve designated for subsequent year’s expenditures in the 2015-16 budget; and \$262,784 is unreserved and undesignated.

**Debt Service Fund** – The Debt Service Fund fund balance at June 30, 2015 of \$51,920 is designated for subsequent year’s expenditures, of which \$50,919 will be budgeted in 2015-2016.

**NOTE 13: 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, may have an effect on the District’s programs and activities.

**NOTE 14: Significant Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2015. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2015 through December 4, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|  | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Revenues:  |                                   |                                    |                                |                      |  |
| Local Sources:                                   |                                   |                                    |                                |                      |  |
| Local Tax Levy                                   | \$ 12,717,098                     |                                    | 12,717,098                     | 12,717,198           | 100  |
| Tuition From Individuals                         | 25,000                            |                                    | 25,000                         | 53,685               | 28,685   |
| Tuition From Other LEA's                         | 60,000                            |                                    | 60,000                         | 258,590              | 198,590  |
| Tuition Extended Year                            |                                   |                                    | -                              | 5,644                | 5,644  |
| Interest Earned on Investments                   |                                   |                                    | -                              | 6                    | 6  |
| Miscellaneous                                    | 6,000                             |                                    | 6,000                          | 67                   | (5,933)  |
| Total Local Sources                              | <u>12,808,098</u>                 | <u>-</u>                           | <u>12,808,098</u>              | <u>13,035,190</u>    | <u>227,092</u>                                 |
| State Sources:                                   |                                   |                                    |                                |                      |  |
| Special Education Aid                            | 378,931                           |                                    | 378,931                        | 378,931              | -  |
| Extraordinary Aid                                |                                   |                                    | -                              | 243                  | 243  |
| Transportation Aid                               | 10,271                            |                                    | 10,271                         | 10,271               |  |
| Security Aid                                     | 14,892                            |                                    | 14,892                         | 14,892               |  |
| PARCC Readiness Aid                              | 9,715                             |                                    | 9,715                          | 9,715                |  |
| Per Pupil Growth Aid                             | 9,715                             |                                    | 9,715                          | 9,715                |  |
| Other State Aid - Non Public Transportation      |                                   |                                    |                                | 7,590                | 7,590  |
| TPAF Pension (On Behalf-Non-Budgeted)            |                                   |                                    | -                              | 866,588              | 866,588  |
| TPAF Social Security (Reimbursed - Non-Budgeted) |                                   |                                    |                                | 442,679              | 442,679  |
| Total State Sources                              | <u>423,524</u>                    | <u>-</u>                           | <u>423,524</u>                 | <u>1,740,624</u>     | <u>1,317,100</u>                               |
| Total Revenues                                   | <u>13,231,622</u>                 | <u>-</u>                           | <u>13,231,622</u>              | <u>14,775,814</u>    | <u>1,544,192</u>                               |

**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to<br/>Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|---|
| <b><u>Expenditures:</u></b>                        |                            |                             |                         |                  |   |
| Current Expense:                                   |                            |                             |                         |                  |   |
| Regular Programs - Instruction:                    |                            |                             |                         |                  |   |
| Pre-School/Kindergarten - Salaries of Teachers     | 203,898                    | 25,317                      | 229,215                 | 228,306          | 909                                     |
| Grades 1-5 - Salaries of Teachers                  | 2,364,439                  | 77,420                      | 2,441,859               | 2,441,859        | -                                       |
| Grades 6-8 - Salaries of Teachers                  | 1,361,388                  | (124,265)                   | 1,237,123               | 1,202,899        | 34,224                                  |
| Regular Programs - Undistributed Instruction:      |                            |                             |                         |                  |   |
| Other Salaries For Instruction                     | 54,000                     | (552)                       | 53,448                  | 53,448           | -                                       |
| General Supplies                                   | 173,000                    | 26,869                      | 199,869                 | 182,814          | 17,055                                  |
| Textbooks  | 51,025                     | 3,960                       | 54,985                  | 44,946           | 10,039                                  |
| Other Objects                                      | 17,350                     | 6,462                       | 23,812                  | 23,090           | 722                                     |
| Regular Programs - Home Instruction:               |                            |                             |                         |                  |   |
| Salaries of Teachers                               | 7,000                      | 6,295                       | 13,295                  | 13,294           | 1                                       |
| <b>Total Regular Programs - Instruction</b>        | <u>4,232,100</u>           | <u>21,506</u>               | <u>4,253,606</u>        | <u>4,190,656</u> | <u>62,950</u>                           |
| Special Education:                                 |                            |                             |                         |                  |   |
| Learning and/or Language Disabilities:             |                            |                             |                         |                  |   |
| Salaries of Teachers                               | 186,066                    | 88,840                      | 274,906                 | 274,887          | 19                                      |
| Other Salaries for Instruction                     | 176,245                    | 6,908                       | 183,153                 | 183,152          | 1                                       |
| General Supplies                                   | 750                        | (136)                       | 614                     | 412              | 202                                     |
| <b>Total Learning and/or Language Disabilities</b> | <u>363,061</u>             | <u>95,612</u>               | <u>458,673</u>          | <u>458,451</u>   | <u>222</u>                              |
| Resource Room/Resource Center:                     |                            |                             |                         |                  |   |
| Salaries of Teachers                               | 1,074,001                  | (90,368)                    | 983,633                 | 872,148          | 111,485                                 |
| General Supplies                                   | 2,894                      |                             | 2,894                   | 2,561            | 333                                     |
| <b>Total Resource Room/Resource Center</b>         | <u>1,076,895</u>           | <u>(90,368)</u>             | <u>986,527</u>          | <u>874,709</u>   | <u>111,818</u>                          |



**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|  | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Pre-School Disabilities - Part Time                      |                                   |                                    |                                |                      |  |
| Salaries of Teachers                                     | 66,600                            | 1,573                              | 68,173                         | 67,969               | 204  |
| Other Salaries for Instruction                           | 158,439                           | (29,930)                           | 128,509                        | 112,857              | 15,652   |
| Purchased Professional Educational Services              | 10,000                            |                                    | 10,000                         | 9,724                | 276  |
| Total Pre-School Handicapped                             | <u>235,039</u>                    | <u>(28,357)</u>                    | <u>206,682</u>                 | <u>190,550</u>       | <u>16,132</u>                                  |
| Total Special Education - Instruction                    | <u>1,674,995</u>                  | <u>(23,113)</u>                    | <u>1,651,882</u>               | <u>1,523,710</u>     | <u>128,172</u>                                 |
| Bilingual Education                                      |                                   |                                    |                                |                      |  |
| Salaries of Teachers                                     | 1,000                             | 345                                | 1,345                          | 1,345                | -  |
| Total Basic Skills/Remedial - Instruction                | <u>1,000</u>                      | <u>345</u>                         | <u>1,345</u>                   | <u>1,345</u>         | <u>-</u>                                       |
| School Sponsored Co-Curricular Activities - Instruction: |                                   |                                    |                                |                      |  |
| Salaries   | 33,500                            | (2,550)                            | 30,950                         | 30,934               | 16   |
| Supplies and Materials                                   | 500                               |                                    | 500                            |                      | 500  |
| Total School Sponsored Co-Curricular                     | <u>34,000</u>                     | <u>(2,550)</u>                     | <u>31,450</u>                  | <u>30,934</u>        | <u>516</u>                                     |
| School Sponsored Athletics - Instruction:                |                                   |                                    |                                |                      |  |
| Salaries   | 18,570                            | 8,921                              | 27,491                         | 27,254               | 237  |
| Supplies and Materials                                   | 5,000                             | (1,687)                            | 3,313                          | 3,306                | 7  |
| Other Objects  | 1,500                             | 35                                 | 1,535                          | 1,532                | 3  |
| Total School Sponsored Athletics - Instruction           | <u>25,070</u>                     | <u>7,269</u>                       | <u>32,339</u>                  | <u>32,092</u>        | <u>247</u>                                     |

**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|   | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Total Instruction   | <u>5,967,165</u>                  | <u>3,457</u>                       | <u>5,970,622</u>               | <u>5,778,737</u>     | <u>191,885</u>                                 |
| Undistributed Expenditures-Instruction:                   |                                   |                                    |                                |                      |  |
| Tuition to Private School for Handicapped Within State    |                                   | 55,725                             | 55,725                         | 55,621               | 104  |
| Tuition to Other LEA's Within State - Special             |                                   | 65,000                             | 65,000                         | 65,000               | -  |
| Total Undistributed Expenditures-Instruction              | <u>-</u>                          | <u>120,725</u>                     | <u>120,725</u>                 | <u>120,621</u>       | <u>104</u>                                     |
| Undistributed Expenditures - Health:                      |                                   |                                    |                                |                      |  |
| Salaries  | 128,845                           | 1,505                              | 130,350                        | 130,165              | 185  |
| Purchased Professional and Technical Services             | 7,500                             | (1,640)                            | 5,860                          | 5,610                | 250  |
| Supplies and Materials                                    | 2,450                             | 4,405                              | 6,855                          | 6,475                | 380  |
| Total Undistributed Expenditures - Health:                | <u>138,795</u>                    | <u>4,270</u>                       | <u>143,065</u>                 | <u>142,250</u>       | <u>815</u>                                     |
| Undistributed Expenditures - Other Support Services       |                                   |                                    |                                |                      |  |
| Students - Related Services:                              |                                   |                                    |                                |                      |  |
| Salaries of Teachers                                      | 222,200                           | (8,439)                            | 213,761                        | 213,447              | 314  |
| Purchased Professional Educational Services               | 63,000                            | 16,700                             | 79,700                         | 79,697               | 3  |
| Supplies and Materials                                    | 1,000                             | 196                                | 1,196                          | 1,195                | 1  |
| Total Undistributed Expenditures - Other Support Services |                                   |                                    | -                              |                      |  |
| Students - Related Services                               | <u>286,200</u>                    | <u>8,457</u>                       | <u>294,657</u>                 | <u>294,339</u>       | <u>318</u>                                     |
| Undistributed Expenditures - Other Support Services       |                                   |                                    |                                |                      |  |
| Students - Extra. Services                                |                                   |                                    |                                |                      |  |
| Salaries  | <u>103,410</u>                    | <u>(15,212)</u>                    | <u>88,198</u>                  | <u>85,534</u>        | <u>2,664</u>                                   |

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 5 of 11

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to<br/>Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Undistributed Expenditures-Other Supp. Serv.              |                            |                             |                         |                |   |
| Students - Regular  |                            |                             |                         |                |   |
| Salaries of Other Professional Staff                      | 86,523                     | (9,100)                     | 77,423                  | 72,758         | 4,665                                   |
| Supplies and Materials                                    | 300                        |                             | 300                     | 65             | 235                                     |
| Total Undistributed Expenditures-Other Supp. Serv. - Reg. | <u>86,823</u>              | <u>(9,100)</u>              | <u>77,723</u>           | <u>72,823</u>  | <u>4,900</u>                            |
| Undistributed Expenditures-Other Sup. Serv.               |                            |                             |                         |                |   |
| Students-Spec. Serv.:                                     |                            |                             |                         |                |   |
| Salaries of Other Professional Staff                      | 375,816                    | 2,488                       | 378,304                 | 378,303        | 1                                       |
| Salaries of Secretarial and Clerical Assts.               | 42,500                     |                             | 42,500                  | 40,173         | 2,327                                   |
| Other Purchased Professional and Technical Services       | 13,500                     | (1,600)                     | 11,900                  | 11,575         | 325                                     |
| Miscellaneous Purchased Services                          | 4,000                      | (1,990)                     | 2,010                   | 1,075          | 935                                     |
| Supplies and Materials                                    | 4,000                      | 350                         | 4,350                   | 4,327          | 23                                      |
| Other Objects   | 750                        | (350)                       | 400                     | 325            | 75                                      |
| Total Undistributed Expenditures-Other Sup. Serv.         | <u>440,566</u>             | <u>(1,102)</u>              | <u>439,464</u>          | <u>435,778</u> | <u>3,686</u>                            |
| Undistributed Expenditures-Impvt of Inst. Serv.           |                            |                             |                         |                |   |
| Salaries of Supervisors of Instruction                    | 135,000                    | (2,850)                     | 132,150                 | 131,422        | 728                                     |
| Salaries of other Professional Staff                      | 93,557                     | (5,165)                     | 88,392                  | 86,260         | 2,132                                   |
| Other Purchased Services                                  | 850                        | 2,850                       | 3,700                   | 3,660          | 40                                      |
| Supplies and Materials                                    | 1,250                      |                             | 1,250                   | 292            | 958                                     |
| Other Objects   | 9,275                      | -8275                       | 1,000                   | 820            | 180                                     |
| Total Undistributed Expenditures-Impvt. of Inst. Serv     | <u>239,932</u>             | <u>(13,440)</u>             | <u>226,492</u>          | <u>222,454</u> | <u>4,038</u>                            |

**FAIR HAVEN SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 6 of 11**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|  | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Undistributed Expenditures - Edu. Media Serv./Sch. Library:              |                                   |                                    |                                |                      |  |
| Salaries   | 135,940                           | (896)                              | 135,044                        | 133,791              | 1,253  |
| Salaries of Technology Coordinators                                      | 158,975                           | (1,604)                            | 157,371                        | 157,207              | 164  |
| Purchased Professional and Technical Services                            | 41,280                            | 6,044                              | 47,324                         | 47,174               | 150  |
| Supplies and Materials   | 29,500                            | (7,145)                            | 22,355                         | 15,132               | 7,223  |
| Total Undistributed Expenditures - Edu. Media Serv./<br>School Library   | <u>365,695</u>                    | <u>(3,601)</u>                     | <u>362,094</u>                 | <u>353,304</u>       | <u>8,790</u>                                   |
| Undistributed Expenditures - Instr. Staff Training Serv:                 |                                   |                                    |                                |                      |  |
| Purchased Professional-Educational Services                              | 20,000                            | 12,395                             | 32,395                         | 32,395               | -  |
| Other Purchased Services   | 24,750                            | 5,108                              | 29,858                         | 29,853               | 5  |
| Total Undistributed Expenditures - Instructional<br>Staff Training Serv. | <u>44,750</u>                     | <u>17,503</u>                      | <u>62,253</u>                  | <u>62,248</u>        | <u>5</u>                                       |
| Undistributed Expenditures - Supp. Serv. - General<br>Administration:    |                                   |                                    |                                |                      |  |
| Salaries   | 217,791                           | (8,332)                            | 209,459                        | 208,555              | 904  |
| Legal Services   | 45,000                            | 9,372                              | 54,372                         | 54,372               | -  |
| Audit Fees   | 10,000                            |                                    | 10,000                         | 10,000               | -  |
| Communications/Telephone   | 35,000                            | 9,129                              | 44,129                         | 44,089               | 40   |
| Other Purchased Services (400-500 Series)                                | 32,657                            | 5,234                              | 37,891                         | 37,497               | 394  |
| Supplies and Materials   | 4,000                             | 307                                | 4,307                          | 4,307                | -  |
| BOE Supplies   | 800                               |                                    | 800                            | 558                  | 242  |
| BOE Dues and Fees  | 9,097                             | 603                                | 9,700                          | 9,054                | 646  |
| Miscellaneous Expenditures   | 10,150                            | (138)                              | 10,012                         | 9,997                | 15   |
| Total Undistributed Expenditures - Supp. Serv.<br>General Administration | <u>364,495</u>                    | <u>16,175</u>                      | <u>380,670</u>                 | <u>378,429</u>       | <u>2,241</u>                                   |

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 7 of 11

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to<br/>Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| Undistributed Expenditures-Support Serv.-School Admin.      |                            |                             |                         |                  |   |
| Salaries of Principals/Assistant Principals                 | 235,460                    | (6,459)                     | 229,001                 | 228,865          | 136                                     |
| Salaries of Secretarial/Clerical Assistants                 | 145,975                    | (10,255)                    | 135,720                 | 130,911          | 4,809                                   |
| Other Purchased Services                                    | 2,250                      | 2,780                       | 5,030                   | 4,785            | 245                                     |
| Supplies and Materials                                      | 22,000                     | 1,079                       | 23,079                  | 23,078           | 1                                       |
| Other Objects   | 3,000                      | 300                         | 3,300                   | 2,850            | 450                                     |
| Total Undistributed Expend.-Supp. Serv.-School Admin.       | <u>408,685</u>             | <u>(12,555)</u>             | <u>396,130</u>          | <u>390,489</u>   | <u>5,641</u>                            |
| Undistributed Expenditures-Allow. Maint. School Facilities: |                            |                             |                         |                  |   |
| Salaries  | 104,624                    | (10,606)                    | 94,018                  | 74,419           | 19,599                                  |
| Cleaning, Repair and Maintenance Services                   | 262,000                    | 71,995                      | 333,995                 | 229,833          | 104,162                                 |
| Total Undistributed Expenditures-Allow. Maint. School Fac.  | <u>366,624</u>             | <u>61,389</u>               | <u>428,013</u>          | <u>304,252</u>   | <u>123,761</u>                          |
| Undistributed Expenditures - Other Oper. & Maint. of Plant: |                            |                             |                         |                  |   |
| Salaries  | 483,500                    | (50,163)                    | 433,337                 | 431,912          | 1,425                                   |
| Cleaning, Repair and Maintenance Services                   | 120,202                    | (53,024)                    | 67,178                  | 67,178           | -                                       |
| Purchased Professional And Technical Services               | 62,000                     | 183,845                     | 245,845                 | 194,498          | 51,347                                  |
| Other Purchased Property Services                           | 79,750                     | (8,052)                     | 71,698                  | 70,405           | 1,293                                   |
| Insurance   | 74,025                     | (3,250)                     | 70,775                  | 70,529           | 246                                     |
| Misc. Purchased Services                                    | 6,500                      | (330)                       | 6,170                   | 3,607            | 2,563                                   |
| General Supplies  | 65,000                     | 17,583                      | 82,583                  | 80,542           | 2,041                                   |
| Energy - Electricity  | 250,000                    | 973                         | 250,973                 | 201,130          | 49,843                                  |
| Energy - Natural Gas  | 110,000                    | (110,000)                   | -                       | -                | -                                       |
| Other Objects   | 1,950                      |                             | 1,950                   | 1,301            | 649                                     |
| Total Undistributed Expend. - Other Oper. & Main. of Plant  | <u>1,252,927</u>           | <u>(22,418)</u>             | <u>1,230,509</u>        | <u>1,121,102</u> | <u>109,407</u>                          |
| Security:   |                            |                             |                         |                  |   |
| Salaries  | 27,250                     | 1,045                       | 28,295                  | 28,295           | -                                       |
| Purchased Professional and Technical Services               |                            | 1,140                       | 1,140                   | 1,140            | -                                       |
| Total Security  | <u>27,250</u>              | <u>2,185</u>                | <u>29,435</u>           | <u>29,435</u>    | <u>-</u>                                |

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 8 of 11

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final to<br/>Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|---|
| Total Undistributed Expenditures - Operation & Maintenance of Plant Services | 1,646,801                  | 41,156                      | 1,687,957               | 1,454,789     | 233,168                                 |
| Undistributed Expenditures - Student Transportation Serv:                    |                            |                             |                         |               |   |
| Contr. Serv. (Other Than Between Home & School)-Vendors                      | 11,000                     | 7,272                       | 18,272                  | 18,271        | 1                                       |
| Contr. Serv. (Between Home & School)-Joint Agreement                         | 45,000                     | 17,568                      | 62,568                  | 62,567        | 1                                       |
| Contr. Serv. (Special Education Students)-Joint Agreements                   | 21,500                     | 10,020                      | 31,520                  | 31,519        | 1                                       |
| Contr. Services Aid in Lieu - School Choice                                  | 884                        | (164)                       | 720                     | 88            | 632                                     |
| Contr. Services Aid in Lieu - Non-Public                                     | 4,420                      |                             | 4,420                   | 4,420         | -                                       |
| Total Undistributed Expenditures - Student Transportation Services           | 82,804                     | 34,696                      | 117,500                 | 116,865       | 635                                     |
| Undistributed Expenditures - Central Services                                |                            |                             |                         |               |   |
| Support Services:  |                            |                             |                         |               |   |
| Salaries   | 237,575                    | (2,800)                     | 234,775                 | 229,331       | 5,444                                   |
| Purchased Professional Services  | 33,000                     | 767                         | 33,767                  | 33,767        | -                                       |
| Other Purchased Services   | 9,200                      | (3,244)                     | 5,956                   | 5,518         | 438                                     |
| Supplies and Materials   | 5,500                      | 227                         | 5,727                   | 3,292         | 2,435                                   |
| Other Objects  | 1,400                      |                             | 1,400                   | 1,384         | 16                                      |
| Total Undistributed Expenditures - Business and Other Support Services       | 286,675                    | (5,050)                     | 281,625                 | 273,292       | 8,333                                   |
| Regular Programs-Instruction - Employee Benefits                             |                            |                             |                         |               |   |
| Health Benefits  | 1,894,991                  | (1,894,991)                 | -                       | -             | -                                       |
| Tuition Reimbursement  | 10,000                     | (10,000)                    | -                       | -             | -                                       |
| Other Employee Benefits  | 35,575                     | (35,575)                    | -                       | -             | -                                       |
| Total Regular Programs - Instruction - Employee Benefits                     | 1,940,566                  | (1,940,566)                 | -                       | -             | -                                       |

**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Variance<br/>Final to<br/>Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|--------------------|---|
| Support Services-Gen'l Adm.-Employee Benefits                   |                            |                             |                         |                    |   |
| Health Benefits   | 71,460                     | (71,460)                    | -                       |                    | -                                       |
| Total Support Services-Gen'l Adm.-Employee Benefits             | <u>71,460</u>              | <u>(71,460)</u>             | <u>-</u>                | <u>-</u>           | <u>-</u>                                |
| Unallocated Benefits:   |                            |                             |                         |                    |   |
| Social Security Contributions                                   | 184,000                    | 46,863                      | 230,863                 | 230,679            | 184                                     |
| Other Retirement Contributions - PERS                           | 166,400                    | (16,100)                    | 150,300                 | 150,251            | 49                                      |
| Unemployment Compensation                                       | 20,000                     | 6,895                       | 26,895                  | 26,894             | 1                                       |
| Workmen's Compensation  | 90,750                     | (21,936)                    | 68,814                  | 67,227             | 1,587                                   |
| Health Benefits   | 285,350                    | 1,955,994                   | 2,241,344               | 1,944,874          | 296,470                                 |
| Total Unallocated Benefits                                      | <u>746,500</u>             | <u>1,971,716</u>            | <u>2,718,216</u>        | <u>2,419,925</u>   | <u>298,291</u>                          |
| On-Behalf TPAF Pension Contributions (Non-Budgeted)             |                            |                             |                         |                    |   |
| Reimbursed TPAF Social Security Contributions<br>(Non-Budgeted) | -                          | -                           | -                       | 866,588<br>442,679 | (866,588)<br>(442,679)                  |
| Total On-Behalf Contributions                                   | <u>-</u>                   | <u>-</u>                    | <u>-</u>                | <u>1,309,267</u>   | <u>(1,309,267)</u>                      |
| Total Undistributed Expenditures                                | <u>7,254,157</u>           | <u>142,612</u>              | <u>7,396,769</u>        | <u>8,132,407</u>   | <u>(735,638)</u>                        |
| Total Current Expense   | <u>13,221,322</u>          | <u>146,069</u>              | <u>13,367,391</u>       | <u>13,911,144</u>  | <u>(543,753)</u>                        |
| Capital Outlay:   |                            |                             |                         |                    |   |
| Facilities Acquisition and Construction Services:               |                            |                             |                         |                    |   |
| Purchased Professional Technical Services                       | 47,500                     | (47,500)                    | -                       |                    | -                                       |
| Assessment for Debt Service on SDA Funding                      |                            |                             | -                       | 16,579             | (16,579)                                |
| Transfer to Capital Projects                                    | 64,905                     |                             | 64,905                  | 64,905             | -                                       |
| Equipment   |                            | 34,340                      | 34,340                  | 34,340             | -                                       |
| Other Facilities Acq. And Construction                          |                            | 64,400                      | 64,400                  | 42,066             | 22,334                                  |
| Total Capital Outlay  | <u>112,405</u>             | <u>51,240</u>               | <u>163,645</u>          | <u>157,890</u>     | <u>5,755</u>                            |

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Final to<br/>Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|----------------------------|
| Total Expenditures   | <u>13,333,727</u>          | <u>197,309</u>              | <u>13,531,036</u>       | <u>14,069,034</u> | <u>(537,998)</u>           |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures                                | <u>(102,105)</u>           | <u>(197,309)</u>            | <u>(299,414)</u>        | <u>706,780</u>    | <u>1,006,194</u>           |
| Other Financing Sources (Uses)   |                            |                             |                         |                   |                            |
| Accounts Payable Cancelled   |                            |                             |                         | 153,297           | 153,297                    |
| Prior Year Adjustment  |                            |                             |                         | <u>(4,101)</u>    | <u>(4,101)</u>             |
| Total Other Financing Sources (Uses)   | <u>-</u>                   | <u>-</u>                    | <u>-</u>                | <u>149,196</u>    | <u>149,196</u>             |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures<br>And Other Financing Sources | <u>(102,105)</u>           | <u>(197,309)</u>            | <u>(299,414)</u>        | <u>855,976</u>    | <u>1,155,390</u>           |
| Fund Balance July 1  | <u>2,265,864</u>           |                             | <u>2,265,854</u>        | <u>2,265,854</u>  |                            |
| Fund Balance June 30   | <u>\$ 2,163,759</u>        | <u>(197,309)</u>            | <u>1,966,440</u>        | <u>3,121,830</u>  | <u>1,155,390</u>           |



**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

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

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Final to<br/>Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------------|----------------------------|
| Restricted Fund Balance:   |                            |                             |                         |                     |                            |
| Capital Reserve  |                            |                             |                         | \$ 70,000           |                            |
| Capital Reserve - Designated for Subsequent Years Expenditures     |                            |                             |                         | 553,807             |                            |
| Maintenance Reserve  |                            |                             |                         | 674,981             |                            |
| Maintenance Reserve - Designated for Subsequent Years Expenditures |                            |                             |                         | 350,000             |                            |
| Excess Surplus   |                            |                             |                         | 562,461             |                            |
| Emergency Reserve  |                            |                             |                         | 250,000             |                            |
| Excess Surplus - Designated for Subsequent Years Expenditures      |                            |                             |                         | 241,806             |                            |
| Assigned Fund Balance:   |                            |                             |                         |                     |                            |
| Year End Encumbrances  |                            |                             |                         | 155,991             |                            |
| Unassigned Fund Balance  |                            |                             |                         | <u>262,784</u>      |                            |
|  |                            |                             |                         | 3,121,830           |                            |
| Reconciliation to Governmental Fund Statement (GAAP):              |                            |                             |                         |                     |                            |
| Final State Aid Payments Not Recognized on GAAP Basis              |                            |                             |                         | <u>(39,779)</u>     |                            |
| Fund Balance Per Governmental Funds (GAAP)                         |                            |                             |                         | <u>\$ 3,082,051</u> |                            |

**FAIR HAVEN SCHOOL DISTRICT**

**Exhibit C-2**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND**

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to<br/>Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Revenues:                                   |                            |                             |                         |                |   |
| Federal Sources                             | \$ 179,878                 | 47,584                      | 227,462                 | 227,462        | -                                       |
| Total Revenues                              | <u>\$ 179,878</u>          | <u>47,584</u>               | <u>227,462</u>          | <u>227,462</u> | <u>-</u>                                |
| Expenditures:                               |                            |                             |                         |                |   |
| Instruction:                                |                            |                             |                         |                |   |
| Tuition                                     | \$ -                       |                             | -                       |                |   |
| General Supplies                            | 9,000                      | 2,176                       | 11,176                  | 11,176         |   |
| Total Instruction                           | <u>9,000</u>               | <u>2,176</u>                | <u>11,176</u>           | <u>11,176</u>  | <u>-</u>                                |
| Support Services:                           |                            |                             |                         |                |   |
| Salaries of Other Professional Staff        | 150,418                    | 41,732                      | 192,150                 | 192,150        | -                                       |
| Other Salaries For Instruction              | 5,874                      | 1,027                       | 6,901                   | 6,901          |   |
| Purchased Professional Educational Services | 14,586                     | 2,649                       | 17,235                  | 17,235         |   |
| Total Support Services                      | <u>170,878</u>             | <u>45,408</u>               | <u>216,286</u>          | <u>216,286</u> | <u>-</u>                                |
| Total Expenditures                          | <u>\$ 179,878</u>          | <u>47,584</u>               | <u>227,462</u>          | <u>227,462</u> | <u>-</u>                                |

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET TO GAAP RECONCILIATION**

**NOTE TO RSI**

**JUNE 30, 2015**

|   | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Revenue<br/>Fund</u></b> |
|---|--------------------------------|--|
| <b><u>Sources/Inflows of Resources</u></b>  |                                |  |
| Actual amounts (budgetary) "revenues" from the budgetary comparison schedules   | \$ 14,775,814                  | 227,462                                    |
| Difference - budget to GAAP:  |                                |  |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.  |                                |  |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.   | 37,847                         |  |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.  | <u>(39,779)</u>                |  |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.  | <u>\$ 14,773,882</u>           | <u>227,462</u>                             |
| <b><u>Uses/Outflows of Resources</u></b>  |                                |  |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule  | \$ 14,069,034                  | 227,462                                    |
| Differences - budget to GAAP:   |                                |  |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. |                                |  |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.   | <u>\$ 14,069,034</u>           | <u>227,462</u>                             |

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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

**FAIR HAVEN SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - PERS****Exhibit L-1****LAST TWO FISCAL YEARS**

|  | <u>2014</u>         | <u>2013</u>      |
|--|---------------------|------------------|
| District's Proportion of the Net Pension Liability (Asset)   | 100.000%            | 100.000%         |
| District's Proportionate Share of the Net Pension Liability (Asset)  | \$ 3,340,104        | 3,625,643        |
| State's Proportionate Share of the Net Pension Liability<br>(Asset) Associated with the District                       | <u>-</u>            | <u>-</u>         |
| Total  | <u>\$ 3,340,104</u> | <u>3,625,643</u> |
| District's Covered-Employee Payroll  | \$ 1,170,827        | 1,181,671        |
| District's Proportionate Share of the Net Pension Liability<br>(Asset) as a percentage of its Covered-Employee Payroll | 35.05%              | 32.59%           |
| Plan Fiduciary Net Position as a Percentage of the Total<br>Pension Liability  | 42.74%              | 40.71%           |

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST TWO FISCAL YEARS

|  | <u>2014</u>    | <u>2013</u>    |
|--|----------------|----------------|
| Contractually Required Contribution                                  | \$ 143,985     | 141,335        |
| Contributions in Relation to the Contractually Required Contribution | <u>143,985</u> | <u>141,335</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>    | <u>-</u>       |
| District's Covered-Employee Payroll                                  | \$ 1,170,827   | 1,181,671      |
| Contributions as a Percentage of Covered-Employee Payroll            | 12.30%         | 11.96%         |



**FAIR HAVEN SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - TPAF****Exhibit L-3****LAST TWO FISCAL YEARS**

|  | <u>2014</u>          | <u>2013</u>       |
|--|----------------------|-------------------|
| District's Proportion of the Net Pension Liability (Asset)   | 0.000%               | 0.000%            |
| District's Proportionate Share of the Net Pension Liability (Asset)  | \$ -                 | -                 |
| State's Proportionate Share of the Net Pension Liability<br>(Asset) Associated with the District                       | <u>33,414,670</u>    | <u>30,694,361</u> |
| Total  | <u>\$ 33,414,670</u> | <u>30,694,361</u> |
| District's Covered-Employee Payroll  | \$ 5,858,947         | 6,049,277         |
| District's Proportionate Share of the Net Pension Liability<br>(Asset) as a percentage of its Covered-Employee Payroll | 17.53%               | 19.71%            |
| Plan Fiduciary Net Position as a Percentage of the Total<br>Pension Liability  | 33.64%               | 33.76%            |

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

**FAIR HAVEN SCHOOL DISTRICT**

**SPECIAL REVENUE FUND**

Exhibit E-1

**COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS**

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

|   | <u>Title IIA</u>        | <u>I.D.E.A.<br/>Part B<br/>Basic</u> | <u>I.D.E.A.<br/>Part B<br/>Pre-School</u> | <u>Totals<br/>June 30, 2015</u> |
|---|-------------------------|--------------------------------------|---|---------------------------------|
| Revenues:                                   |                         |                                      |   |                                 |
| Federal Sources                             | <u>\$ 17,235</u>        | <u>203,326</u>                       | <u>6,901</u>                              | <u>227,462</u>                  |
| Total Revenue                               | <u><u>\$ 17,235</u></u> | <u><u>203,326</u></u>                | <u><u>6,901</u></u>                       | <u><u>227,462</u></u>           |
| Expenditures:                               |                         |                                      |   |                                 |
| Instruction:                                |                         |                                      |   |                                 |
| General Supplies                            | <u>\$ -</u>             | <u>11,176</u>                        | <u>-</u>                                  | <u>11,176</u>                   |
| Total Instruction                           | <u>-</u>                | <u>11,176</u>                        | <u>-</u>                                  | <u>11,176</u>                   |
| Support Services:                           |                         |                                      |   |                                 |
| Salaries of Other Professional Staff        |                         | <u>192,150</u>                       |   | <u>192,150</u>                  |
| Other Salaries for Instruction              |                         |                                      | <u>6,901</u>                              | <u>6,901</u>                    |
| Purchased Professional Educational Services | <u>17,235</u>           |                                      |   | <u>17,235</u>                   |
| Total Support Services                      | <u>17,235</u>           | <u>192,150</u>                       | <u>6,901</u>                              | <u>216,286</u>                  |
| Total Expenditures                          | <u><u>\$ 17,235</u></u> | <u><u>203,326</u></u>                | <u><u>6,901</u></u>                       | <u><u>227,462</u></u>           |

**CAPITAL PROJECTS FUND – F**

FAIR HAVEN SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources

|                               |                   |
|-------------------------------|-------------------|
| ROD Grants                    | \$ 43,269         |
| Transfer from Capital Reserve | 64,905            |
|                               | <u>108,174</u>    |
| Fund Balance - Beginning      | <u>-</u>          |
| Fund Balance - Ending         | <u>\$ 108,174</u> |

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit F-2a

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT****BALANCE, AND PROJECT STATUS - BUDGETARY BASIS****VIOLA SICKLES SCHOOL DISTRICT WIDE TELEPHONE SYSTEM****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

|  | <b><u>Prior<br/>Periods</u></b> | <b><u>Current<br/>Year</u></b> | <b><u>Totals</u></b> | <b><u>Revised<br/>Authorized<br/>Cost</u></b> |
|--|---------------------------------|--------------------------------|----------------------|---|
| <b><u>Revenues and Other Financing Sources</u></b>           |                                 |                                |                      |   |
| State Sources - SDA Grant                                    | \$ -                            | 13,442                         | 13,442               | 13,442  |
| Transfer From Capital Outlay                                 |                                 | 20,164                         | 20,164               | 20,164  |
| Total Revenues   | <u>-</u>                        | <u>33,606</u>                  | <u>33,606</u>        | <u>33,606</u>                                 |
| <b><u>Expenditures and Other Financing Uses</u></b>          |                                 |                                |                      |   |
| Purchased Professional and Technical<br>Services             |                                 |                                | -                    | 33,606  |
| Total Expenditures   | <u>-</u>                        | <u>-</u>                       | <u>-</u>             | <u>33,606</u>                                 |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>\$ -</u>                     | <u>33,606</u>                  | <u>33,606</u>        | <u>-</u>                                      |

**Additional Project Information**

|                                 |                  |
|---------------------------------|------------------|
| Project Number                  | 1440-060-14-1005 |
| Grant Date                      | 6/11/2015        |
| Original Authorized Cost        | \$ 33,606        |
| Additional Authorized Cost      | -                |
| Revised Authorized Cost         | \$ 33,606        |
| Percentage Completion           | 0.00%            |
| Original Target Completion Date | 6/30/2016        |
| Revised Target Completion Date  | 6/30/2016        |



**FAIR HAVEN SCHOOL DISTRICT**

**Exhibit F-2b**

**CAPITAL PROJECTS FUND**

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT**

**BALANCE, AND PROJECT STATUS - BUDGETARY BASIS**

**KNOLLWOOD ELEMENTARY/MIDDLE SCHOOL PHONE SYSTEM REPLACEMENT**

**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

|   | <b><u>Prior<br/>Periods</u></b> | <b><u>Current<br/>Year</u></b> | <b><u>Totals</u></b> | <b><u>Revised<br/>Authorized<br/>Cost</u></b> |
|---|---------------------------------|--------------------------------|----------------------|---|
| <b><u>Revenues and Other Financing Sources</u></b>        |                                 |                                |                      |   |
| State Sources - SDA Grant                                 | \$ -                            | 29,827                         | 29,827               | 29,827  |
| Transfer from Capital Outlay                              |                                 | 44,741                         | 44,741               | 44,741  |
| Total Revenues  | <u>-</u>                        | <u>74,568</u>                  | <u>74,568</u>        | <u>74,568</u>                                 |
| <b><u>Expenditures and Other Financing Uses</u></b>       |                                 |                                |                      |   |
| Purchased Professional and Technical Services             | -                               |                                | -                    | 74,568  |
| Total Expenditures  | <u>-</u>                        | <u>-</u>                       | <u>-</u>             | <u>74,568</u>                                 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u>                     | <u>74,568</u>                  | <u>74,568</u>        | <u>-</u>                                      |

**Additional Project Information**

|                                 |                  |
|---------------------------------|------------------|
| Project Number                  | 1440-050-14-1004 |
| Grant Date                      | 6/11/2015        |
| Original Authorized Cost        | \$ 74,568        |
| Additional Authorized Cost      | -                |
| Revised Authorized Cost         | \$ 74,568        |
| Percentage Completion           | 0.00%            |
| Original Target Completion Date | 6/30/2016        |
| Revised Target Completion Date  | 6/30/2016        |

**PROPRIETARY FUNDS – G**

N/A

**FIDUCIARY FUND – H**

**FAIR HAVEN SCHOOL DISTRICT**

**TRUST AND AGENCY FUND**

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**AS OF JUNE 30, 2015**

|                                    | <u>Agency</u>           |                       | <u>Expendable Trusts</u>  |                         |                    | <u>Totals</u>                    |                       |
|------------------------------------|-------------------------|-----------------------|---------------------------|-------------------------|--------------------|----------------------------------|-----------------------|
|                                    | <u>Student Activity</u> | <u>Agency Account</u> | <u>Net Salary Account</u> | <u>Scholarship Fund</u> | <u>Other Trust</u> | <u>Unemployment Compensation</u> | <u>2015</u>           |
| Assets:                            |                         |                       |                           |                         |                    |                                  |                       |
| Cash and Cash Equivalents          | <u>\$ 37,785</u>        | <u>63,739</u>         | <u>7,062</u>              | <u>15,827</u>           | <u>546</u>         | <u>20,737</u>                    | <u>145,696</u>        |
| Total Assets                       | <u><u>\$ 37,785</u></u> | <u><u>63,739</u></u>  | <u><u>7,062</u></u>       | <u><u>15,827</u></u>    | <u><u>546</u></u>  | <u><u>20,737</u></u>             | <u><u>145,696</u></u> |
| Liabilities and Net Position:      |                         |                       |                           |                         |                    |                                  |                       |
| Liabilities:                       |                         |                       |                           |                         |                    |                                  |                       |
| Due to Student Groups              | <u>\$ 37,785</u>        |                       |                           |                         |                    |                                  | <u>37,785</u>         |
| Payroll Withholdings               |                         | <u>63,739</u>         | <u>7,062</u>              |                         |                    |                                  | <u>70,801</u>         |
| Total Liabilities                  | <u>37,785</u>           | <u>63,739</u>         | <u>7,062</u>              | <u>-</u>                | <u>-</u>           | <u>-</u>                         | <u>108,586</u>        |
| Net Position:                      |                         |                       |                           |                         |                    |                                  |                       |
| Unreserved                         |                         |                       |                           | <u>15,827</u>           | <u>546</u>         | <u>20,737</u>                    | <u>37,110</u>         |
| Total Net Position                 | <u>-</u>                | <u>-</u>              | <u>-</u>                  | <u>15,827</u>           | <u>546</u>         | <u>20,737</u>                    | <u>37,110</u>         |
| Total Liabilities and Net Position | <u><u>\$ 37,785</u></u> | <u><u>63,739</u></u>  | <u><u>7,062</u></u>       | <u><u>15,827</u></u>    | <u><u>546</u></u>  | <u><u>20,737</u></u>             | <u><u>145,696</u></u> |

FAIR HAVEN SCHOOL DISTRICT

EXPENDABLE TRUST FUNDS

Exhibit H-2

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                         | <u>Scholarships</u> | <u>Unemployment<br/>Compensation<br/>Insurance<br/>Trust Fund</u> | <u>Other<br/>Trusts</u> | <u>Totals</u> |
|-------------------------|---------------------|---|-------------------------|---------------|
| Additions:              |                     |   |                         |               |
| Local Sources:          |                     |   |                         |               |
| Contributions           | \$ -                | 22,785  |                         | 22,785        |
| Interest on Investments | 4                   |   |                         | 4             |
| Total Additions         | <u>4</u>            | <u>22,785</u>   | <u>-</u>                | <u>22,789</u> |
| Deductions:             |                     |   |                         |               |
| Scholarship Payments    | 475                 |   |                         | 475           |
| Other Payments          |                     | 177   |                         | 177           |
| Unemployment Claims     |                     | 46,740  |                         | 46,740        |
| Total Deductions        | <u>475</u>          | <u>46,917</u>   | <u>-</u>                | <u>47,392</u> |
| Change in Net Position  | (471)               | (24,132)  | -                       | (24,603)      |
| Net Position, July 1    | <u>16,298</u>       | <u>44,869</u>   | <u>546</u>              | <u>61,713</u> |
| Net Position, June 30   | <u>\$ 15,827</u>    | <u>20,737</u>   | <u>546</u>              | <u>37,110</u> |

FAIR HAVEN SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | <u>Balance<br/>July 1, 2014</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | <u>Balance<br/>June 30, 2015</u> |
|--|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| Elementary Schools:<br>Knollwood/Sickles | \$ 37,892                       | 98,726                   | 98,833                        | 37,785                           |
| Total All Schools                        | <u>\$ 37,892</u>                | <u>98,726</u>            | <u>98,833</u>                 | <u>37,785</u>                    |

FAIR HAVEN SCHOOL DISTRICT

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                     | <u>Balance</u><br><u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2015</u> |
|-------------------------------------|---------------------------------------|------------------|------------------|--|
| Assets:                             |                                       |                  |                  |  |
| Cash and Cash Equivalents           | \$ 71,547                             | 4,245,996        | 4,253,804        | 63,739                                 |
| Total Assets                        | <u>\$ 71,547</u>                      | <u>4,245,996</u> | <u>4,253,804</u> | <u>63,739</u>                          |
| Liabilities:                        |                                       |                  |                  |  |
| Payroll Deductions and Withholdings | \$ 71,547                             | 4,245,996        | 4,253,804        | 63,739                                 |
| Total Liabilities                   | <u>\$ 71,547</u>                      | <u>4,245,996</u> | <u>4,253,804</u> | <u>63,739</u>                          |

**LONG-TERM DEBT - I**



**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL LONG-TERM DEBT ACCOUNT GROUP**

Exhibit I-1

**SCHEDULE OF SERIAL BONDS**

**JUNE 30, 2015**

| <b><u>Issue</u></b>    | <b><u>Date of Issue</u></b> | <b><u>Amount of Original Issue</u></b> | <b><u>Annual Date</u></b> | <b><u>Maturities Amount</u></b> | <b><u>Interest Rate</u></b> | <b><u>Beginning Balance July 1, 2014</u></b> | <b><u>Retired</u></b> | <b><u>Ending Balance June 30, 2015</u></b> |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|------------------------|-----------------------------|--|---------------------------|---------------------------------|-----------------------------|--|-----------------------|--|----------------------|-----------|-----------|----------|---------|-------|-----------|---------|-----------|----------|---------|--|----------|---------|--|----------|---------|-------|----------|---------|--|----------|---------|--|----------|---------|--|----------|---------|-------|----------|---------|--|----------|---------|--|----------|---------|-------|----------|---------|-------|----------|---------|-------|----------|---------|-------|----------|---------|--|--|--|--|
| School Refunding Bonds | 4/15/2005                   | \$ 3,415,000                           | 7/15/2015                 | \$ 375,000                      | 4.00%                       | \$ 1,125,000                                 | 360,000               | 765,000                                    |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 7/15/2016                 | 390,000                         | 4.00%                       |  |                       |  | 2013 Refunding Bonds | 1/23/2013 | 6,075,000 | 6/1/2016 | 305,000 | 3.00% | 6,035,000 | 290,000 | 5,745,000 | 6/1/2017 | 315,000 |  | 6/1/2018 | 330,000 |  | 6/1/2019 | 340,000 | 4.00% | 6/1/2020 | 350,000 |  | 6/1/2021 | 375,000 |  | 6/1/2022 | 380,000 |  | 6/1/2023 | 425,000 | 3.00% | 6/1/2024 | 430,000 |  | 6/1/2025 | 430,000 |  | 6/1/2026 | 425,000 | 2.25% | 6/1/2027 | 420,000 | 2.40% | 6/1/2028 | 415,000 | 2.50% | 6/1/2029 | 405,000 | 3.00% | 6/1/2030 | 400,000 |  |  |  |  |
| 2013 Refunding Bonds   | 1/23/2013                   | 6,075,000                              | 6/1/2016                  | 305,000                         | 3.00%                       | 6,035,000                                    | 290,000               | 5,745,000                                  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2017                  | 315,000                         |                             |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2018                  | 330,000                         |                             |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2019                  | 340,000                         | 4.00%                       |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2020                  | 350,000                         |                             |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2021                  | 375,000                         |                             |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2022                  | 380,000                         |                             |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2023                  | 425,000                         | 3.00%                       |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2024                  | 430,000                         |                             |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2025                  | 430,000                         |                             |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2026                  | 425,000                         | 2.25%                       |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2027                  | 420,000                         | 2.40%                       |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2028                  | 415,000                         | 2.50%                       |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  | 6/1/2029                  | 405,000                         | 3.00%                       |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
| 6/1/2030               | 400,000                     |  |                           |                                 |                             |  |                       |  |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |
|                        |                             |  |                           |                                 |                             | <u>\$ 7,160,000</u>                          | <u>650,000</u>        | <u>6,510,000</u>                           |                      |           |           |          |         |       |           |         |           |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |  |          |         |       |          |         |  |          |         |  |          |         |       |          |         |       |          |         |       |          |         |       |          |         |  |  |  |  |

**FAIR HAVEN SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

Exhibit I-3

**DEBT SERVICE FUND**

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <b>Variance<br/>Positive<br/>(Negative)<br/>Final<br/>to Actual</b> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Revenues:   |                            |                             |                         |                |   |
| Local Sources:  |                            |                             |                         |                |   |
| Local Tax Levy  | \$ 852,657                 |                             | 852,657                 | 852,657        |   |
| State Sources:  |                            |                             |                         |                |   |
| Type II Aid   | 2,056                      |                             | 2,056                   | 2,056          |   |
| Total Revenues  | <u>854,713</u>             | <u>-</u>                    | <u>854,713</u>          | <u>854,713</u> | <u>-</u>  |
| Expenditures:   |                            |                             |                         |                |   |
| Regular Debt Service:                                     |                            |                             |                         |                |   |
| Interest  | 254,964                    |                             | 254,964                 | 254,963        | 1   |
| Redemption of Principal                                   | 650,000                    |                             | 650,000                 | 650,000        | -   |
| Total Expenditures  | <u>904,964</u>             | <u>-</u>                    | <u>904,964</u>          | <u>904,963</u> | <u>1</u>  |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (50,251)                   | -                           | (50,251)                | (50,250)       | 1   |
| Fund Balance July 1                                       | <u>102,170</u>             |                             | <u>102,170</u>          | <u>102,170</u> | -   |
| Fund Balance June 30                                      | <u>\$ 51,919</u>           | <u>-</u>                    | <u>51,919</u>           | <u>51,920</u>  | <u>1</u>  |

**STATISTICAL SECTION**

**(Unaudited)**

**FAIR HAVEN SCHOOL DISTRICT**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

J-1

**(Accrual Basis of Accounting)**

|  | <b>Fiscal Year Ending June 30,</b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | <b><u>2006</u></b>                 | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> | <b><u>2010</u></b> | <b><u>2011</u></b> | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> |
| Governmental Activities:                           |                                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Invested in Capital Assets, Net of Related Debt    | \$ 767,577                         | 2,070,076          | 2,055,527          | 2,183,436          | 2,411,927          | 2,686,284          | 3,011,020          | 3,569,293          | 3,420,937          | 4,058,352          |
| Restricted   | 4,721,468                          | 1,201,393          | 990,611            | 1,281,859          | 1,098,271          | 1,682,746          | 2,093,897          | 2,062,088          | 1,894,869          | 2,819,790          |
| Unrestricted                                       | 282,182                            | 197,622            | 85,809             | (59,559)           | (117,974)          | (45,136)           | (53,437)           | (14,167)           | 435,308            | (3,329,083)        |
| <b>Total Governmental Activities Net Position</b>  | <b>\$ 5,771,227</b>                | <b>3,469,091</b>   | <b>3,131,947</b>   | <b>3,405,736</b>   | <b>3,392,224</b>   | <b>4,323,894</b>   | <b>5,051,480</b>   | <b>5,617,214</b>   | <b>5,751,114</b>   | <b>3,549,059</b>   |
| Business-Type Activities:                          |                                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Unrestricted                                       | \$ 8,377                           | 6,543              | 3,056              | 5,348              | 10,361             | 16,804             | 21,977             | 26,740             | 34,217             | 12,416             |
| <b>Total Business-Type Activities Net Position</b> | <b>\$ 8,377</b>                    | <b>6,543</b>       | <b>3,056</b>       | <b>5,348</b>       | <b>10,361</b>      | <b>16,804</b>      | <b>21,977</b>      | <b>26,740</b>      | <b>34,217</b>      | <b>12,416</b>      |
| District-Wide:                                     |                                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Invested in Capital Assets, Net of Related Debt    | \$ 767,577                         | 2,070,076          | 2,055,527          | 2,183,436          | 2,411,927          | 2,686,284          | 3,011,020          | 3,569,293          | 3,420,937          | 4,058,352          |
| Restricted   | 4,721,468                          | 1,201,393          | 990,611            | 1,281,859          | 1,098,271          | 1,682,746          | 2,093,897          | 2,062,088          | 1,894,869          | 2,819,790          |
| Unrestricted                                       | 290,559                            | 204,165            | 88,865             | (54,211)           | (107,613)          | (28,332)           | (31,460)           | 12,573             | 469,525            | (3,316,667)        |
| <b>Total District Net Position</b>                 | <b>\$ 5,779,604</b>                | <b>3,475,634</b>   | <b>3,135,003</b>   | <b>3,411,084</b>   | <b>3,402,585</b>   | <b>4,340,698</b>   | <b>5,073,457</b>   | <b>5,643,954</b>   | <b>5,785,331</b>   | <b>3,561,475</b>   |

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

**(Accrual Basis of Accounting)**

|  | <b>Fiscal Year Ending June 30,</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | <b>2006</b>                        | <b>2007</b>       | <b>2008</b>       | <b>2009</b>       | <b>2010</b>       | <b>2011</b>       | <b>2012</b>       | <b>2013</b>       | <b>2014</b>       | <b>2015</b>       |
| <b><u>Expenses</u></b>                   |                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Governmental Activities:                 |                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Instruction:                             |                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular                                  | \$ 4,971,775                       | 7,062,423         | 6,129,752         | 5,458,969         | 4,147,263         | 3,869,157         | 3,953,383         | 3,892,719         | 3,969,823         | 4,190,656         |
| Special Education                        | 1,447,387                          | 1,967,184         | 1,660,714         | 1,337,278         | 1,255,410         | 1,188,595         | 1,428,028         | 1,613,189         | 1,513,991         | 1,534,886         |
| Other Instruction                        | 181,606                            | 229,089           | 213,152           | 130,209           | 167,114           | 35,523            | 45,959            | 51,205            | 50,609            | 64,371            |
| Support Services:                        |                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Tuition                                  | 121,740                            | 47,931            | 80,292            | 88,774            | 88,198            | 204               | 11,156            | 182,822           | 5,352             | 120,621           |
| Student and Instruction Related Services | 1,585,529                          | 2,200,763         | 2,066,010         | 2,545,399         | 1,464,984         | 1,542,541         | 1,551,831         | 1,743,557         | 1,923,581         | 1,885,016         |
| School Administration Services           | 483,821                            | 685,561           | 619,080           | 636,424           | 356,562           | 338,806           | 339,085           | 342,612           | 392,114           | 378,429           |
| General Administration                   | 436,216                            | 565,085           | 503,952           | 416,416           | 631,337           | 660,757           | 676,347           | 702,229           | 701,658           | 663,781           |
| Central Services                         | 303,206                            | 398,995           | 380,078           |                   |                   |                   |                   |                   |                   |                   |
| Plant Operations and Maintenance         | 1,057,328                          | 1,420,353         | 1,525,057         | 1,350,042         | 1,356,341         | 1,489,574         | 1,529,124         | 1,337,927         | 1,371,557         | 1,454,789         |
| Pupil Transportation                     | 181,806                            | 174,626           | 147,129           | 189,672           | 187,110           | 83,950            | 110,332           | 171,761           | 99,214            | 116,865           |
| Unallocated Employee Benefits            |                                    |                   |                   |                   | 3,033,591         | 3,054,542         | 3,304,276         | 3,834,803         | 3,782,623         | 3,841,208         |
| Interest on Long-Term Debt               | 457,712                            | 566,529           | 589,253           | 523,744           | 503,622           | 431,255           | 392,407           | 303,751           | 301,975           | 302,974           |
| Unallocated Depreciation                 |                                    |                   |                   | 434,909           | 405,654           | 305,936           | 329,135           | 302,752           | 285,077           | 245,988           |
| Total Governmental Activities Expenses   | <u>11,228,126</u>                  | <u>15,318,539</u> | <u>13,914,469</u> | <u>13,111,836</u> | <u>13,597,186</u> | <u>13,000,840</u> | <u>13,671,063</u> | <u>14,479,327</u> | <u>14,397,574</u> | <u>14,799,584</u> |
| Business-Type Activities:                |                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Food Service                             | 55,125                             | 58,518            | 61,678            | 62,218            | 60,835            | 55,265            | 55,045            | 41,660            | 24,598            | 42,337            |
| Total Business-Type Activities           | <u>55,125</u>                      | <u>58,518</u>     | <u>61,678</u>     | <u>62,218</u>     | <u>60,835</u>     | <u>55,265</u>     | <u>55,045</u>     | <u>41,660</u>     | <u>24,598</u>     | <u>42,337</u>     |
| Total District Expenses                  | <u>\$ 11,283,251</u>               | <u>15,377,057</u> | <u>13,976,147</u> | <u>13,174,054</u> | <u>13,658,021</u> | <u>13,056,105</u> | <u>13,726,108</u> | <u>14,520,987</u> | <u>14,422,172</u> | <u>14,841,921</u> |

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

**(Accrual Basis of Accounting)**

|   | <u>2006</u>           | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         | <u>Fiscal Year Ending June 30,</u> |                     | <u>2012</u>         | <u>2013</u>         | <u>2014</u>         | <u>2015</u>    |
|---|-----------------------|---------------------|---------------------|---------------------|------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------|
|   |                       |                     |                     |                     | <u>2010</u>                        | <u>2011</u>         |                     |                     |                     |                |
| <b><u>Program Revenues</u></b>                  |                       |                     |                     |                     |                                    |                     |                     |                     |                     |                |
| Governmental Activities:                        |                       |                     |                     |                     |                                    |                     |                     |                     |                     |                |
| Charges for Services:                           |                       |                     |                     |                     |                                    |                     |                     |                     |                     |                |
| Instruction (Tuition)                           | \$ 242,570            | 105,421             | 110,369             |                     |                                    | 69,651              | 55,120              | 121,650             | 149,682             | 120,621        |
| Operating Grants and Contributions              | 1,094,704             | 1,471,533           | 1,576,905           | 1,743,737           | 288,411                            | 343,146             | 249,542             | 224,165             | 218,477             | 227,462        |
| Total Governmental Activities Program Revenues  | <u>1,337,274</u>      | <u>1,576,954</u>    | <u>1,687,274</u>    | <u>1,743,737</u>    | <u>288,411</u>                     | <u>412,797</u>      | <u>304,662</u>      | <u>345,815</u>      | <u>368,159</u>      | <u>348,083</u> |
| Business-Type Activities:                       |                       |                     |                     |                     |                                    |                     |                     |                     |                     |                |
| Charges for Services:                           |                       |                     |                     |                     |                                    |                     |                     |                     |                     |                |
| Food Service                                    | 42,472                | 47,372              | 48,697              | 57,584              | 57,855                             | 53,880              | 53,946              | 41,774              | 28,581              | 17,022         |
| Operating Grants and Contributions              | 8,302                 | 7,981               | 8,729               | 6,912               | 7,977                              | 7,099               | 6,985               | 4,646               | 3,491               | 3,511          |
| Total Business-Type Activities Program Revenues | <u>50,774</u>         | <u>55,353</u>       | <u>57,426</u>       | <u>64,496</u>       | <u>65,832</u>                      | <u>60,979</u>       | <u>60,931</u>       | <u>46,420</u>       | <u>32,072</u>       | <u>20,533</u>  |
| Total District Program Revenues                 | <u>\$ 1,388,048</u>   | <u>1,632,307</u>    | <u>1,744,700</u>    | <u>1,808,233</u>    | <u>354,243</u>                     | <u>473,776</u>      | <u>365,593</u>      | <u>392,235</u>      | <u>400,231</u>      | <u>368,616</u> |
| <b><u>Net (Expense) Revenue</u></b>             |                       |                     |                     |                     |                                    |                     |                     |                     |                     |                |
| Governmental Activities                         | \$ (9,890,852)        | (13,741,585)        | (12,227,195)        | (11,368,099)        | (13,308,775)                       | (12,588,043)        | (13,366,401)        | (14,133,512)        | (14,397,574)        |                |
| Business-Type Activities                        | <u>(4,351)</u>        | <u>(3,165)</u>      | <u>(4,252)</u>      | <u>2,278</u>        | <u>4,997</u>                       | <u>5,714</u>        | <u>5,886</u>        | <u>4,760</u>        | <u>7,474</u>        |                |
| Total District-Wide Net Expense                 | <u>\$ (9,895,203)</u> | <u>(13,744,750)</u> | <u>(12,231,447)</u> | <u>(11,365,821)</u> | <u>(13,303,778)</u>                | <u>(12,582,329)</u> | <u>(13,360,515)</u> | <u>(14,128,752)</u> | <u>(14,390,100)</u> | <u>-</u>       |

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

**(Accrual Basis of Accounting)**

|  | <u>2006</u>          | <u>2007</u>        | <u>2008</u>       | <u>2009</u>       | <u>Fiscal Year Ending June 30,</u> |                   | <u>2012</u>       | <u>2013</u>       | <u>2014</u>       | <u>2015</u>        |
|--|----------------------|--------------------|-------------------|-------------------|------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
|  |                      |                    |                   |                   | <u>2010</u>                        | <u>2011</u>       |                   |                   |                   |                    |
| <b><u>General Revenues and Other Changes</u></b> |                      |                    |                   |                   |                                    |                   |                   |                   |                   |                    |
| <b><u>In Net Position</u></b>                    |                      |                    |                   |                   |                                    |                   |                   |                   |                   |                    |
| Governmental Activities:                         |                      |                    |                   |                   |                                    |                   |                   |                   |                   |                    |
| Property Taxes Levied for General Purposes, Net  | \$ 8,700,562         | 9,617,771          | 10,055,376        | 10,556,142        | 11,038,888                         | 11,553,119        | 11,784,182        | 12,019,866        | 12,260,263        | 12,717,198         |
| Taxes Levied for Debt Service                    | 1,061,648            | 984,445            | 1,071,827         | 1,088,508         | 1,064,129                          | 1,015,731         | 988,565           | 996,749           | 979,287           | 852,657            |
| Unrestricted Grants and Contributions            | 669,462              | 668,019            | 684,490           |                   | 1,282,495                          | 945,989           | 1,277,966         | 1,741,204         | 1,561,634         | 1,740,748          |
| Tuition Received                                 |                      |                    |                   | 49,168            | 28,746                             |                   |                   |                   |                   | 197,298            |
| Investment Earnings                              | 323,552              | 150,299            | 66,485            |                   |                                    |                   |                   |                   |                   |                    |
| Miscellaneous Income                             | 5,501                | 18,915             | 11,873            | 25,926            | 38,585                             | 11,237            | 10,129            | 17,497            | 19,246            | 64,978             |
| Adjustment                                       |                      |                    |                   | (3,150)           | (158,854)                          | 16,462            | 40,176            | (7,674)           |                   |                    |
| Total Government Activities                      | <u>10,760,725</u>    | <u>11,439,449</u>  | <u>11,890,051</u> | <u>11,716,594</u> | <u>13,293,989</u>                  | <u>13,542,538</u> | <u>14,101,018</u> | <u>14,767,642</u> | <u>14,820,430</u> | <u>15,572,879</u>  |
| Business-Type Activities:                        |                      |                    |                   |                   |                                    |                   |                   |                   |                   |                    |
| Investment Earnings                              | 23                   | 23                 | 18                | 14                | 16                                 | 9                 | 7                 | 3                 |                   |                    |
| Miscellaneous Income                             | 1,025                | 1,308              | 747               |                   |                                    |                   |                   |                   |                   |                    |
| Total Business-Type Activities                   | <u>1,048</u>         | <u>1,331</u>       | <u>765</u>        | <u>14</u>         | <u>16</u>                          | <u>9</u>          | <u>7</u>          | <u>3</u>          | <u>-</u>          | <u>-</u>           |
| Total District-Wide                              | <u>\$ 10,761,773</u> | <u>11,440,780</u>  | <u>11,890,816</u> | <u>11,716,608</u> | <u>13,294,005</u>                  | <u>13,542,547</u> | <u>14,101,025</u> | <u>14,767,645</u> | <u>14,820,430</u> | <u>15,572,879</u>  |
| <b><u>Change in Net Position</u></b>             |                      |                    |                   |                   |                                    |                   |                   |                   |                   |                    |
| Governmental Activities                          | \$ 869,873           | (2,302,136)        | (337,144)         | 348,495           | (14,786)                           | 954,495           | 734,617           | 634,130           | 386,224           | (2,069,530)        |
| Business-Type Activities                         | <u>(3,303)</u>       | <u>(1,834)</u>     | <u>(3,487)</u>    | <u>2,292</u>      | <u>5,013</u>                       | <u>5,723</u>      | <u>5,893</u>      | <u>4,763</u>      | <u>7,477</u>      | <u>(21,801)</u>    |
| Total District                                   | <u>\$ 866,570</u>    | <u>(2,303,970)</u> | <u>(340,631)</u>  | <u>350,787</u>    | <u>(9,773)</u>                     | <u>960,218</u>    | <u>740,510</u>    | <u>638,893</u>    | <u>393,701</u>    | <u>(2,091,331)</u> |

**FAIR HAVEN SCHOOL DISTRICT**

**FUND BALANCE, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(Modified Accrual Basis of Accounting)**

|                                    | <u>2006</u>         | <u>2007</u>      | <u>2008</u>    | <u>2009</u>      | <u>2010</u>      | <u>2011</u>      | <u>2012</u>      | <u>2013</u>      | <u>2014</u>      | <u>2015</u>      |
|------------------------------------|---------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund:                      |                     |                  |                |                  |                  |                  |                  |                  |                  |                  |
| Restricted                         | \$ 131,342          | 310,488          | 566,384        | 919,959          | 725,430          | 1,304,247        | 1,718,673        | 1,642,270        | 1,792,699        | 2,859,046        |
| Unrestricted                       | <u>321,556</u>      | <u>233,988</u>   | <u>269,031</u> | <u>266,913</u>   | <u>(117,975)</u> | <u>(45,136)</u>  | <u>(53,437)</u>  | <u>(14,167)</u>  | <u>435,308</u>   | <u>223,005</u>   |
| Total General Fund                 | <u>\$ 452,898</u>   | <u>544,476</u>   | <u>835,415</u> | <u>1,186,872</u> | <u>607,455</u>   | <u>1,259,111</u> | <u>1,665,236</u> | <u>1,628,103</u> | <u>2,228,007</u> | <u>3,082,051</u> |
| All Other Governmental Funds:      |                     |                  |                |                  |                  |                  |                  |                  |                  |                  |
| Restricted                         | \$ 7,152,507        | 237,363          | 3,150          |                  |                  |                  |                  |                  |                  |                  |
| Unreserved, Reported In:           |                     |                  |                |                  |                  |                  |                  |                  |                  |                  |
| Capital Projects Fund              | 1,383,691           | 709,999          | 513,745        | 361,899          | 361,197          | 361,197          | 361,197          | 361,197          |                  | 64,905           |
| Debt Service Fund                  | <u>80,154</u>       | <u>63,271</u>    | <u>1,231</u>   | <u>1</u>         | <u>11,645</u>    | <u>17,302</u>    | <u>14,027</u>    | <u>58,621</u>    | <u>102,170</u>   | <u>51,920</u>    |
| Total All Other Governmental Funds | <u>\$ 8,616,352</u> | <u>1,010,633</u> | <u>518,126</u> | <u>361,900</u>   | <u>372,842</u>   | <u>378,499</u>   | <u>375,224</u>   | <u>419,818</u>   | <u>102,170</u>   | <u>116,825</u>   |



**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(Modified Accrual Basis of Accounting)**

|  | <b>2006</b>        | <b>2007</b>        | <b>2008</b>       | <b>2009</b>       | <b>2010</b>       | <b>2011</b>       | <b>2012</b>       | <b>2013</b>       | <b>2014</b>       | <b>2015</b>       |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>  |                    |                    |                   |                   |                   |                   |                   |                   |                   |                   |
| Tax Levy   | \$ 9,762,210       | 10,602,216         | 11,127,203        | 11,644,650        | 12,103,017        | 12,568,850        | 12,772,747        | 13,016,615        | 13,239,550        | 13,569,855        |
| Tuition Charges  | 242,570            | 105,421            | 110,369           | 49,168            | 28,746            | 69,651            | 55,120            | 121,650           | 149,682           | 317,919           |
| Interest Earnings  | 323,552            | 150,299            | 66,485            | 13,303            | 2                 |                   |                   |                   |                   |                   |
| Miscellaneous  | 5,501              | 18,915             | 11,873            | 12,623            | 38,583            | 10,168            | 10,129            | 17,497            | 19,246            | 64,978            |
| State Sources  | 1,545,745          | 1,928,564          | 2,070,104         | 1,544,500         | 1,282,495         | 954,970           | 1,277,966         | 1,741,204         | 1,561,634         | 1,740,748         |
| Federal Sources  | 218,421            | 210,988            | 191,291           | 199,237           | 288,411           | 343,146           | 249,542           | 224,028           | 218,477           | 227,462           |
| <b>Total Revenues</b>  | <b>12,097,999</b>  | <b>13,016,403</b>  | <b>13,577,325</b> | <b>13,463,481</b> | <b>13,741,254</b> | <b>13,946,785</b> | <b>14,365,504</b> | <b>15,120,994</b> | <b>15,188,589</b> | <b>15,920,962</b> |
| <b>Expenditures</b>  |                    |                    |                   |                   |                   |                   |                   |                   |                   |                   |
| Instruction:   |                    |                    |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular Instruction  | 3,825,486          | 4,064,965          | 4,070,055         | 5,376,074         | 4,097,828         | 3,900,729         | 3,957,476         | 3,901,736         | 3,969,823         | 4,190,656         |
| Special Education Instruction                                | 1,111,179          | 1,120,644          | 1,103,765         | 1,337,278         | 1,255,410         | 1,188,595         | 1,428,028         | 1,613,189         | 1,513,991         | 1,534,886         |
| Other Instruction  | 96,379             | 83,588             | 81,284            | 69,969            | 104,138           | 35,523            | 45,959            | 51,205            | 50,609            | 64,371            |
| School Sponsored/Other Instructional<br>Community Services   | 41,802             | 48,471             | 59,363            | 60,240            | 62,976            |                   |                   |                   |                   |                   |
| Support Services:  |                    |                    |                   |                   |                   |                   |                   |                   |                   |                   |
| Tuition  | 121,740            | 47,931             | 80,292            | 88,774            | 88,198            | 204               | 11,156            | 182,822           | 5,352             | 120,621           |
| Student and Instruction Related Services                     | 1,247,754          | 1,314,715          | 1,407,797         | 1,195,361         | 1,464,984         | 1,542,541         | 1,551,831         | 1,743,557         | 1,880,665         | 1,885,016         |
| General Administration                                       | 321,827            | 406,467            | 393,372           | 416,416           | 356,562           | 338,806           | 339,085           | 342,612           | 392,114           | 378,429           |
| School Administrative Services                               | 368,767            | 387,500            | 405,618           | 636,424           | 631,337           | 660,757           | 676,347           | 702,229           | 701,658           | 663,781           |
| Central Services   | 241,651            | 237,473            | 265,043           |                   |                   |                   |                   |                   |                   |                   |
| Plant Operations and Maintenance                             | 920,561            | 1,055,475          | 1,260,962         | 1,350,042         | 1,356,341         | 1,489,574         | 1,529,124         | 1,337,927         | 1,371,557         | 1,454,789         |
| Pupil Transportation   | 181,806            | 174,626            | 147,129           | 189,672           | 187,110           | 83,950            | 110,332           | 171,761           | 99,214            | 116,865           |
| Other Support Services                                       |                    |                    |                   |                   |                   |                   |                   |                   |                   |                   |
| Employee Benefits  | 2,394,927          | 2,559,733          | 2,924,960         | 1,350,038         | 3,033,591         | 3,063,523         | 3,304,276         | 3,834,803         | 3,808,592         | 3,729,192         |
| Capital Outlay   | 3,791,228          | 8,025,288          | 442,959           | 151,846           | 69,955            | 16,621            | 30,000            | 273,404           | 42,916            | 157,890           |
| Debt Service:  |                    |                    |                   |                   |                   |                   |                   |                   |                   |                   |
| Principal  | 544,407            | 525,327            | 541,604           | 562,791           | 568,996           | 580,293           | 601,658           | 643,260           | 669,669           | 650,000           |
| Interest and Other Charges                                   | 457,712            | 478,341            | 594,690           | 529,382           | 497,542           | 437,459           | 398,885           | 316,508           | 277,400           | 254,963           |
| Education Jobs   |                    |                    |                   |                   |                   |                   | 22,766            |                   |                   |                   |
| <b>Total Expenditures</b>                                    | <b>15,667,226</b>  | <b>20,530,544</b>  | <b>13,778,893</b> | <b>13,314,307</b> | <b>13,774,968</b> | <b>13,338,575</b> | <b>14,006,923</b> | <b>15,115,013</b> | <b>14,783,560</b> | <b>15,201,459</b> |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures | <b>(3,569,227)</b> | <b>(7,514,141)</b> | <b>(201,568)</b>  | <b>149,174</b>    | <b>(33,714)</b>   | <b>608,210</b>    | <b>358,581</b>    | <b>5,981</b>      | <b>405,029</b>    | <b>719,503</b>    |

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(Modified Accrual Basis of Accounting)**

|   | <u>2006</u>                 | <u>2007</u>               | <u>2008</u>             | <u>2009</u>           | <u>2010</u>             | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>       | <u>2015</u>           |
|---|-----------------------------|---------------------------|-------------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-------------------|-----------------------|
| <b><u>Other Financing Sources (Uses)</u></b>              |                             |                           |                         |                       |                         |                       |                       |                       |                   |                       |
| Proceeds from Borrowing                                   |                             |                           |                         |                       |                         |                       |                       |                       |                   |                       |
| Prior Accounts Payable                                    |                             |                           |                         |                       | (129,859)               |                       |                       |                       |                   |                       |
| Accounts Payable Cancelled                                |                             |                           |                         |                       |                         |                       | 835                   |                       |                   | 153,297               |
| Proceeds from Refunding                                   |                             |                           |                         |                       |                         |                       |                       |                       |                   |                       |
| Payments to Escrow Agent                                  |                             |                           |                         |                       |                         |                       |                       |                       |                   |                       |
| Adjustment  |                             |                           |                         |                       |                         | 16,462                | 39,341                | (7,674)               | (404,791)         |                       |
| Prior Year Adjustment                                     |                             |                           |                         | (3,150)               |                         |                       |                       |                       |                   | (4,101)               |
| Transfer In   | 257,688                     | 25,973                    | 333                     | 95                    | 2                       |                       |                       |                       |                   |                       |
| Transfer Out  | (257,688)                   | (25,973)                  | (333)                   | (95)                  | (28,997)                |                       |                       |                       |                   |                       |
| Total Other Financing Sources (Uses)                      | <u>-</u>                    | <u>-</u>                  | <u>-</u>                | <u>(3,150)</u>        | <u>(158,854)</u>        | <u>16,462</u>         | <u>40,176</u>         | <u>(7,674)</u>        | <u>(404,791)</u>  | <u>149,196</u>        |
| Net Change in Fund Balances                               | <u><u>\$(3,569,227)</u></u> | <u><u>(7,514,141)</u></u> | <u><u>(201,568)</u></u> | <u><u>146,024</u></u> | <u><u>(192,568)</u></u> | <u><u>624,672</u></u> | <u><u>398,757</u></u> | <u><u>(1,693)</u></u> | <u><u>238</u></u> | <u><u>868,699</u></u> |
| Debt Service as a Percentage of<br>Noncapital Expenditure | 8.44%                       | 8.03%                     | 8.52%                   | 8.30%                 | 8.40%                   | 8.28%                 | 6.98%                 | 6.39%                 | 6.42%             | 6.40%                 |

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2006.

Prior to June 30, 2006, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

| <u>Fiscal Year<br/>Ended June 30,</u> | <u>Prior Year<br/>Refunds</u> | <u>Miscellaneous</u> | <u>Annual<br/>Totals</u> |
|---------------------------------------|-------------------------------|----------------------|--------------------------|
| 2006                                  | \$ -                          | 5,501                | 5,501                    |
| 2007                                  |                               | 18,915               | 18,915                   |
| 2008                                  |                               | 11,873               | 11,873                   |
| 2009                                  |                               | 25,831               | 25,831                   |
| 2010                                  |                               | 10,168               | 10,168                   |
| 2011                                  |                               | 11,237               | 11,237                   |
| 2012                                  |                               | 10,129               | 10,129                   |
| 2013                                  |                               | 17,497               | 17,497                   |
| 2014                                  |                               | 19,246               | 19,246                   |
| 2015                                  |                               | 73                   | 73                       |

Source: District Records

**FAIR HAVEN SCHOOL DISTRICT**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

J-6

**LAST TEN YEARS**  
**(UNAUDITED)**

| Calendar Year  | <u>Vacant Land</u> | <u>Residential</u> | <u>Farm Reg.</u> | <u>Ofarm</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Apartment</u> |
|----------------|--------------------|--------------------|------------------|--------------|-------------------|-------------------|------------------|
| <u>Dec. 31</u> |                    |                    |                  |              |                   |                   |                  |
| 2006           | 6,619,300          | 1,070,273,200      | 0                | 0            | 36,902,800        | 0                 | 0                |
| 2007           | 9,753,800          | 1,076,615,700      | 0                | 0            | 36,782,800        | 0                 | 0                |
| 2008           | 10,976,600         | 1,088,054,500      | 0                | 0            | 37,360,200        | 0                 | 0                |
| 2009           | 11,701,300         | 1,098,504,400      | 0                | 0            | 38,035,100        | 0                 | 0                |
| 2010           | 8,257,500          | 1,108,252,100      | 0                | 0            | 38,035,100        | 0                 | 0                |
| 2011           | 8,336,600          | 1,112,471,500      | 0                | 0            | 38,126,700        | 0                 | 0                |
| 2012           | 11,706,700         | 1,112,721,000      | 0                | 0            | 38,126,700        | 0                 | 0                |
| 2013           | 10,626,900         | 1,115,672,200      | 0                | 0            | 39,727,500        | 0                 | 0                |
| 2014*          |                    |                    | 0                | 0            |                   | 0                 | 0                |
| 2015           |                    |                    | 0                | 0            |                   | 0                 | 0                |

|       | Total Assessed<br>Value | Less:<br>Tax-Exempt<br>Property | Public<br>Utilities | Net Valuation<br>Taxable | Estimated Actual<br>(County<br>Equalized) Value | Total<br>Direct<br>School<br>Tax Rate <sup>a</sup> | Total<br>Direct<br>Regional<br>Tax Rate |
|-------|-------------------------|---------------------------------|---------------------|--------------------------|---|--|---|
| 2006  | 1,113,795,300           | 0                               | 330,605             | 1,114,125,905            | 1,496,562,873                                   | 0.952  | 0.325                                   |
| 2007  | 1,123,152,300           | 0                               | 453,685             | 1,123,605,985            | 1,574,377,872                                   | 0.991  | 0.324                                   |
| 2008  | 1,136,391,300           | 0                               | 464,997             | 1,136,856,297            | 1,597,417,358                                   | 1.024  | 0.334                                   |
| 2009  | 1,148,240,800           | 0                               | 578,174             | 1,148,818,974            | 1,615,772,832                                   | 1.054  | 0.358                                   |
| 2010  | 1,154,544,700           | 0                               | 593,599             | 1,155,138,299            | 1,563,193,686                                   | 1.088  | 0.377                                   |
| 2011  | 1,158,934,800           | 0                               | 456,964             | 1,159,391,764            | 1,547,281,557                                   | 1.102  | 0.387                                   |
| 2012  | 1,162,554,400           | 0                               | 456,964             | 1,162,554,400            |   | 1.120  | 0.396                                   |
| 2013  | 1,164,027,100           | 0                               | 448,358             | 1,164,475,458            |   | 1.120  | 0.396                                   |
| 2014* |                         | 0                               |                     | 0                        |   | 0.000  | 0.000                                   |
| 2015  |                         | 0                               |                     | 0                        |   | 0.000  | 0.000                                   |

Source: Municipal Tax Assessor

\* 2014 Information not available at time of audit

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**LAST TEN FISCAL YEARS**

**(Rate Per \$100 of Assessed Value)**

| <b>Year Ended</b> | <b>Basic Rate</b> | <b>(a)</b> | <b>General Obligation Debt Service</b> | <b>(b)</b> | <b>(From J-6) Total Direct School Tax Rate</b> | <b>Regional School Rate</b> | <b>Borough of Fair Haven</b> | <b>Monmouth County</b> | <b>Total Direct and Overlapping Tax Rate</b> |
|-------------------|-------------------|------------|--|------------|--|-----------------------------|------------------------------|------------------------|--|
| 2006              | 0.848             |            | 0.104                                  |            | 0.952  | 0.325                       | 0.472                        | 0.353                  | 2.102  |
| 2007              | 0.899             |            | 0.092                                  |            | 0.991  | 0.324                       | 0.491                        | 0.362                  | 2.168  |
| 2008              | 0.925             |            | 0.099                                  |            | 1.024  | 0.334                       | 0.481                        | 0.357                  | 2.196  |
| 2009              | 0.961             |            | 0.093                                  |            | 1.054  | 0.358                       | 0.470                        | 0.360                  | 2.242  |
| 2010              | 0.956             |            | 0.092                                  |            | 1.048  | 0.377                       | 0.458                        | 0.326                  | 2.209  |
| 2011              | 0.996             |            | 0.088                                  |            | 1.084  | 0.387                       | 0.457                        | 0.336                  | 2.264  |
| 2012              | 1.010             |            | 0.086                                  |            | 1.096  | 0.396                       | 0.456                        | 0.338                  | 2.286  |
| 2013              | 1.037             |            | 0.083                                  |            | 1.120  | 0.396                       | 0.456                        | 0.378                  | 2.350  |
| 2014              | 1.000             |            | 0.083                                  |            | 1.083  | 0.320                       | 0.404                        | 0.312                  | 2.119  |
| 2015              | -                 |            | -                                      |            | -  | -                           | -                            | -                      | -  |

**Source:** Municipal Tax Collector

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

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

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

**RV** Property Revaluation

No updates available for 2015

**FAIR HAVEN SCHOOL DISTRICT**

J-8

**PRINCIPAL PROPERTY TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**  
**(UNAUDITED)**

|              | 2015                          |                        |   | (not available)               | 2006                   |   |  |
|--------------|-------------------------------|------------------------|---|-------------------------------|------------------------|---|--|
|              | <u>Taxable Assessed Value</u> | <u>Rank (Optional)</u> | <u>% of Total District Net Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank (Optional)</u> | <u>% of Total District Net Assessed Value</u> |  |
| Taxpayer 1   | \$ 6,272,500                  | 1                      | 0.54%   | \$ -                          | 1                      | 0.00%   |  |
| Taxpayer 2   | 4,135,700                     | 2                      | 0.36%   |                               | 2                      | 0.00%   |  |
| Taxpayer 3   | 3,722,800                     | 3                      | 0.32%   |                               | 3                      | 0.00%   |  |
| Taxpayer 4   | 3,550,500                     | 4                      | 0.30%   |                               | 4                      | 0.00%   |  |
| Taxpayer 5   | 3,460,000                     | 5                      | 0.30%   |                               | 5                      | 0.00%   |  |
| Taxpayer 6   | 3,409,000                     | 6                      | 0.29%   |                               | 6                      | 0.00%   |  |
| Taxpayer 7   | 3,406,500                     | 7                      | 0.29%   |                               | 7                      | 0.00%   |  |
| Taxpayer 8   | 3,377,500                     | 8                      | 0.29%   |                               | 8                      | 0.00%   |  |
| Taxpayer 9   | 3,321,200                     | 9                      | 0.29%   |                               | 9                      | 0.00%   |  |
| Taxpayer 10  | 3,284,900                     | 10                     | 0.28%   |                               | 10                     | 0.00%   |  |
| <b>Total</b> | <b>\$ 37,940,600</b>          |                        | <b>3.26%</b>                                  | <b>\$ -</b>                   |                        | <b>0.00%</b>                                  |  |

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

| <b><u>Year Ended</u></b> | <b><u>Taxes Levied for the Fiscal Year</u></b> | <b><u>Collected Within the Fiscal Year of the Levy (a)</u></b> |                                  | <b><u>Collections in Subsequent Years</u></b> |
|--------------------------|--|--|----------------------------------|---|
|                          |  | <b><u>Amount</u></b>   | <b><u>Percentage of Levy</u></b> |   |
| 2006                     | \$ 9,762,210                                   | 9,762,210  | 100%                             |   |
| 2007                     | 10,602,216                                     | 10,602,216   | 100%                             |   |
| 2008                     | 11,127,203                                     | 11,127,203   | 100%                             |   |
| 2009                     | 11,644,650                                     | 11,644,650   | 100%                             |   |
| 2010                     | 12,103,017                                     | 12,103,017   | 100%                             |   |
| 2011                     | 12,568,850                                     | 12,568,850   | 100%                             |   |
| 2012                     | 12,772,747                                     | 12,772,747   | 100%                             |   |
| 2013                     | 13,016,615                                     | 13,016,615   | 100%                             |   |
| 2014                     | 13,239,550                                     | 13,239,550   | 100%                             |   |
| 2015                     | 13,569,855                                     | 13,569,855   | 100%                             |   |

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

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

**FAIR HAVEN SCHOOL DISTRICT**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

J-10

**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

| Fiscal Year<br><u>Ending June 30,</u> | Governmental Activities                           |  |                          |  | Business-Type<br>Activities |            | Total<br><u>District</u> | Percentage of<br>Personal<br><u>Income<sup>a</sup></u> | Per<br><u>Capita<sup>a</sup></u> |
|---------------------------------------|---|--|--------------------------|--|-----------------------------|------------|--------------------------|--|----------------------------------|
|                                       | General<br>Obligation<br><u>Bonds<sup>b</sup></u> | Certificates<br>of<br><u>Participation</u> | Capital<br><u>Leases</u> | Bond<br>Anticipation<br>Notes<br><u>(BANs)</u> | Capital<br><u>Leases</u>    |            |                          |  |                                  |
| 2006                                  | 11,495,000  | N/A  | N/A                      | N/A  | N/A                         | 11,495,000 | N/A                      | 1,920  |                                  |
| 2007                                  | 11,005,000  | N/A  | N/A                      | N/A  | N/A                         | 11,005,000 | N/A                      | 1,848  |                                  |
| 2008                                  | 10,500,000  | N/A  | N/A                      | N/A  | N/A                         | 10,500,000 | N/A                      | 1,775  |                                  |
| 2009                                  | 9,975,000   | N/A  | N/A                      | N/A  | N/A                         | 9,975,000  | N/A                      | 1,688  |                                  |
| 2010                                  | 9,445,000   | N/A  | N/A                      | N/A  | N/A                         | 9,445,000  | N/A                      | 1,591  |                                  |
| 2011                                  | 8,905,000   | N/A  | N/A                      | N/A  | N/A                         | 8,905,000  | N/A                      | 1,500  |                                  |
| 2012                                  | 8,345,000   | N/A  | N/A                      | N/A  | N/A                         | 8,345,000  | N/A                      | 54,244   |                                  |
| 2013                                  | 7,525,000   | N/A  | N/A                      | N/A  | N/A                         | 7,525,000  | N/A                      | 58,355   |                                  |
| 2014                                  | 7,160,000   | N/A  | N/A                      | N/A  | N/A                         | 7,160,000  | N/A                      | N/A  |                                  |
| 2015                                  | -   | N/A  | N/A                      | N/A  | N/A                         | -          | N/A                      | N/A  |                                  |

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

b



**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

| <b><u>Fiscal Year<br/>Ended<br/>June 30,</u></b> | <b><u>General<br/>Obligations<br/>Bonds</u></b> | <b><u>Deductions</u></b> | <b><u>Net General<br/>Bonded Debt<br/>Outstanding</u></b> | <b><u>Percentage<br/>of Actual<br/>Taxable<br/>Value (a)<br/>of Property</u></b> | <b><u>Per<br/>Capita (b)</u></b> |
|--|---|--------------------------|---|--|----------------------------------|
| 2006   | \$ 11,495,000                                   |                          | 11,495,000  | 1.03%  | 1,920                            |
| 2007   | 11,005,000                                      |                          | 11,005,000  | 0.98%  | 1,848                            |
| 2008   | 10,500,000                                      |                          | 10,500,000  | 0.92%  | 1,775                            |
| 2009   | 9,975,000                                       |                          | 9,975,000   | 0.88%  | 1,688                            |
| 2010   | 9,445,000                                       |                          | 9,445,000   | 0.82%  | 1,591                            |
| 2011   | 8,905,000                                       |                          | 8,905,000   | 0.77%  | 1,500                            |
| 2012   | 8,345,000                                       |                          | 8,345,000   | 0.00%  | 54,244                           |
| 2013   | 7,525,000                                       |                          | 7,525,000   | 0.00%  | 58,355                           |
| 2014   | 7,160,000                                       |                          | 7,160,000   | 0.00%  | N/A                              |
| 2015   | 6,510,000                                       |                          | 6,510,000   | 0.00%  | N/A                              |

**Notes:** Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See exhibit J-6 for property tax data.
- (b) Population data can be found in exhibit J-14.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF DECEMBER 31, 2014**

| <u>Governmental Unit</u>                | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable (a)</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|---|-----------------------------|--|--|
| Debt Repaid with Property Taxes:        |                             |  |  |
| Borough of Fair Haven                   | \$ -                        | 100.000%   | N/A  |
| Monmouth County General Obligation Debt | not available               | 0.000%   | N/A  |
| Subtotal, Overlapping Debt              |                             |  | -  |
| Fair Haven School District Direct Debt  |                             |  | <u>6,510,000</u>                                       |
| <br>Total Direct and Overlapping Debt   |                             |  | <br><u><u>\$ 6,510,000</u></u>                         |

**Source:** Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.

Debt Outstanding data provided by each governmental unit.

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

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

**FAIR HAVEN SCHOOL DISTRICT**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN YEARS**

| <u>Year</u>                                     | <u>Equalized<br/>Valuation Basis</u> |
|---|--------------------------------------|
| 2014  | \$ -                                 |
| 2013  | 1,457,584,648                        |
| 2012  | 1,461,780,963                        |
|   | <u>\$ 2,919,365,611</u>              |
| Average Equalized Valuation of Taxable Property | <u>\$ -</u>                          |
| Debt Limit (3% of Average Equalization Value)   | \$ -                                 |
| Total Net Debt Application to Limit             | <u>-</u>                             |
| Legal Debt Margin                               | <u>\$ -</u>                          |

|   | <u>2006</u>          | <u>2007</u>       | <u>2008</u>       | <u>2009</u>       | <u>2010</u>       | <u>2011</u>       | <u>2012</u>       | <u>2013</u>       | <u>2014</u>       | <u>2015</u> |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Debt Limit  | \$ 41,687,478        | 39,851,597        | 43,861,519        | 46,683,581        | 46,890,665        | 46,157,515        | 46,157,515        | 45,060,985        | 44,240,849        | -           |
| Total Net Debt Applicable to Limit                                      | 11,813,622           | 11,288,138        | 10,746,534        | 10,183,743        | 9,269,454         | 8,345,000         | 8,345,000         | 7,525,000         | 7,440,000         | -           |
| Legal Debt Margin   | <u>\$ 29,873,856</u> | <u>28,563,459</u> | <u>33,114,985</u> | <u>36,499,838</u> | <u>37,621,211</u> | <u>37,812,515</u> | <u>37,812,515</u> | <u>37,535,985</u> | <u>36,800,849</u> | <u>-</u>    |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 28.34%               | 28.33%            | 24.50%            | 21.81%            | 19.77%            | 18.08%            | 18.08%            | 16.69%            | 16.82%            | -           |

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

No updates available for 2015

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

| Year | Population | Personal<br>Income | Per Capita<br><u>Personal Income</u> | Unemployment<br>Rate |
|------|------------|--------------------|--------------------------------------|----------------------|
| 2006 | 5,956      | N/A                | 52,499                               | 3.0%                 |
| 2007 | 5,914      | N/A                | 55,826                               | 2.7%                 |
| 2008 | 5,910      | N/A                | 57,353                               | 3.5%                 |
| 2009 | 5,920      | N/A                | 54,771                               | 3.4%                 |
| 2010 | 5,937      | N/A                | Unavailable                          | 2.9%                 |
| 2011 | 6,121      | N/A                | 50,215                               | N/A                  |
| 2012 | 6,128      | N/A                | 54,244                               | 5.90%                |
| 2013 | 6,088      | N/A                | 58,355                               | 6.10%                |
| 2014 | 6,081      | N/A                | 57,578                               | 7.80%                |
| 2015 | 0          | N/A                | 0                                    | 0.00%                |

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

US Census Bureau

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

|                 | <u>2015</u>      |   | <u>2006</u>      |   |
|-----------------|------------------|---|------------------|---|
| <u>Employer</u> | <u>Employees</u> | <u>Percentage<br/>of Total<br/>Municipal<br/>Employment</u> | <u>Employees</u> | <u>Percentage<br/>of Total<br/>Municipal<br/>Employment</u> |

Information Not Available

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

| <b><u>Function/Program</u></b>           | <b><u>2006</u></b> | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> | <b><u>2010</u></b> | <b><u>2011</u></b> | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Instruction:                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Regular                                  | 45.3               | 77.0               | 62.7               | 85.8               | 85.6               | 85.5               | 86.4               | 85.0               | 87.0               | 87.0               |
| Special Education                        | 13.3               | 12.8               | 11.9               | 11.0               | 12.5               | 13.0               | 13.5               | 13.5               | 15.0               | 17.0               |
| Support Services:                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Student and Instruction Related Services | 26.3               | 26.8               | 19.4               | 21.3               | 21.3               | 21.3               | 21.0               | 20.4               | 29.0               | 21.0               |
| General Administration                   | 5.0                | 5.0                | 5.0                | 5.0                | 5.0                | 5.0                | 5.0                | 5.0                | 5.0                | 6.0                |
| School Administrative Services           | 8.0                | 8.0                | 8.0                | 8.0                | 8.0                | 8.0                | 8.0                | 8.0                | 6.0                | 6.0                |
| Other Administrative Services            | 2.0                | 2.0                | 1.0                | 2.0                | 2.0                | 2.0                | 2.0                | 2.0                | 3.0                | 4.0                |
| Plant Operations and Maintenance         | 9.0                | 9.5                | 9.5                | 9.5                | 9.5                | 9.5                | 9.5                | 8.5                | 8.5                | 8.5                |
| Other Support Services                   | 6.0                | 6.0                | 6.0                | 6.0                | 6.0                | 6.0                | 6.0                | 4.0                | 4.5                | 4.5                |
| <b>Total</b>                             | <b>114.9</b>       | <b>147.1</b>       | <b>123.5</b>       | <b>148.6</b>       | <b>149.9</b>       | <b>150.3</b>       | <b>151.4</b>       | <b>146.4</b>       | <b>158.0</b>       | <b>154.0</b>       |

**Source:** District Personnel Records

**OPERATING STATISTICS**

**LAST TEN FISCAL YEARS**

| <b>Fiscal Year</b> | <b>Enrollment</b> | <b>Operating Expenditures (a)</b> | <b>Cost Per Pupil</b> | <b>Percentage Change</b> | <b>Teacher Staff (b)</b> | <b>Pupil/Teacher Ratio Elementary</b> | <b>Average Daily Enrollment (ADE) (c)</b> | <b>Average Daily Attendance (ADA) (c)</b> | <b>% Change in Average Daily Enrollment</b> | <b>Student Attendance Percentage</b> |
|--------------------|-------------------|-----------------------------------|-----------------------|--------------------------|--------------------------|---------------------------------------|---|---|---|--------------------------------------|
| 2006               | 992               | 10,873,879                        | 10,962                | 4.94%                    | 73                       | 13.6                                  | 986.3                                     | 944.1                                     | 1.16%                                       | 95.72%                               |
| 2007               | 1,010             | 11,501,588                        | 11,387                | 3.87%                    | 69                       | 14.5                                  | 1,002.7                                   | 958.5                                     | 1.66%                                       | 95.59%                               |
| 2008               | 1,015             | 12,199,640                        | 12,019                | 5.55%                    | 74                       | 13.7                                  | 1,010.5                                   | 967.4                                     | 0.78%                                       | 95.73%                               |
| 2009               | 990               | 12,070,288                        | 12,192                | 1.42%                    | 97                       | 10.3                                  | 982.4                                     | 976.5                                     | 1.03%                                       | 99.40%                               |
| 2010               | 1,016             | 12,419,317                        | 12,224                | 0.26%                    | 86                       | 11.8                                  | 1,009.7                                   | 966.1                                     | 2.78%                                       | 95.70%                               |
| 2011               | 1,015             | 12,288,929                        | 12,107                | -0.95%                   | 98                       | 10.3                                  | 1,012.8                                   | 967.2                                     | 0.31%                                       | 95.50%                               |
| 2012               | 1,025             | 12,911,384                        | 12,596                | 0.00%                    | 100                      | 10.3                                  | 1,023.2                                   | 984.2                                     | 1.76%                                       | 96.01%                               |
| 2013               | 1,041             | 13,931,050                        | 13,382                | 6.24%                    | 99                       | 10.5                                  | 1,041.0                                   | 1,001.2                                   | 1.74%                                       | 96.18%                               |
| 2014               | 1,030             | 13,793,575                        | 13,392                | 0.01%                    | 102                      | 10.0                                  | 1,027.7                                   | 1,016.5                                   | 1.01%                                       | 96.79%                               |
| 2015               | -                 | -                                 | -                     | 0.00%                    | -                        | -                                     | -   | -   | 0.00%                                       | 0.00%                                |

**Source:** District Records.

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

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

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

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

2015 information not available

**FAIR HAVEN SCHOOL DISTRICT**

**J-18**

**SCHOOL BUILDING INFORMATION**

**LAST TEN FISCAL YEARS**

| <b><u>District Building</u></b> | <b><u>2006</u></b> | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> | <b><u>2010</u></b> | <b><u>2011</u></b> | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Elementary:                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Knollwood Elementary:           |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Square Feet                     | 68,691             | 76,441             | 76,441             | 76,441             | 76,441             | 76,441             | 76,441             | 76,441             | 76,441             | 76,441             |
| Capacity (Students)             | 559                | 637                | 637                | 637                | 637                | 637                | 637                | 637                | 637                | 637                |
| Enrollment                      | 575                | 550                | 550                | 532                | 560                | 556                | 556                | 591                | 591                | 591                |
| Viola L. Sickles Elementary:    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Square Feet                     | 31,446             | 31,446             | 31,446             | 31,446             | 31,446             | 31,446             | 31,446             | 31,446             | 31,446             | 31,446             |
| Capacity (Students)             | 458                | 458                | 458                | 458                | 458                | 458                | 458                | 458                | 458                | 458                |
| Enrollment                      | 417                | 460                | 460                | 460                | 456                | 459                | 459                | 450                | 450                | 450                |

Number of Schools at June 30, 2015:

Elementary = 2

**Source:** District Records

**Note:** Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.



**FAIR HAVEN SCHOOL DISTRICT****SCHEDULE OF REQUIRED MAINTENANCE**

J-19

**LAST TEN FISCAL YEARS**

| <b><u>Year</u></b>      | <b><u>*School<br/>Facilities<br/>Project # (s)</u></b> | <b><u>Viola L. Sickles<br/>SP 1440-050-05-2000<br/>SP 1440-060-05-1000</u></b> | <b><u>Knollwood<br/>SP 1440-050-05-2000<br/>SP 1440-050-03-1231</u></b> | <b><u>Total</u></b> |
|-------------------------|--|--|---|---------------------|
| 2006                    |  | \$ 11,012  | 49,742  | 60,754              |
| 2007                    |  | 21,301   | 28,940  | 50,241              |
| 2008                    |  | 35,369   | 65,695  | 101,064             |
| 2009                    |  | 63,600   | 126,975   | 190,575             |
| 2010                    |  | 83,495   | 55,942  | 139,437             |
| 2011                    |  | 47,200   | 129,005   | 176,205             |
| 2012                    |  | 49,142   | 92,013  | 141,155             |
| 2013                    |  | 62,333   | 145,443   | 207,776             |
| 2014                    |  | 67,450   | 124,704   | 192,154             |
| 2015                    |  | 78,610   | 158,130   | 236,740             |
| Total School Facilities |  | \$ 519,512   | 976,589   | 1,496,101           |

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

Source: District Records



New Jersey Schools Insurance Group  
**Monmouth Ocean County Shared Services Insurance Fund**

J-20

Workers' Compensation and Employers' Liability Declarations Page

**Policy Number:** W641AF

**Premium:** \$83,442.09

**Named Insured:**

Fair Haven Board of Education  
 Knollwood School  
 224 Hance Road  
 Fair Haven, NJ 07704-3198

**Agent:**

Boynton & Boynton  
 21 Cedar Avenue  
 Fair Haven, NJ 07704

**Policy Term:** 07/01/2014 to 07/01/2015 12:01 AM Eastern Standard Time

|   |                |
|---|----------------|
| Estimated Professional & Clerical Payroll | \$7,500,000.00 |
| Estimated Non-Professional Payroll        | \$375,120.00   |
| Experience Modifier                       | 0.8338         |
| NJSIG Discount                            | 0.5520         |

The limits of our liability under Part II, Employers' Liability Agreement are:

|                           |             |                 |
|---------------------------|-------------|-----------------|
| Bodily Injury by Accident | \$2,000,000 | each accident   |
| Bodily Injury by Disease  | \$2,000,000 | each employee   |
| Bodily Injury by Disease  | \$2,000,000 | aggregate limit |

**Policy Forms:** NJSIG-W1 (7/03); NJSIG-W2 (7/03)

In witness whereof, the New Jersey Schools Insurance Group has caused this agreement to be signed by its Director.

Martin Kalbach  
 NJSIG Executive Director



New Jersey Schools Insurance Group  
**Monmouth Ocean County Shared Services Insurance Fund**  
 School Leaders Errors & Omissions Liability Policy Declarations

**Policy Number:** E641AF

**Premium:** \$24,833.09

**Named Insured:**

Fair Haven Board of Education  
 Knollwood School  
 224 Hance Road  
 Fair Haven, NJ 07704-3198

**Agent:**

Boynton & Boynton  
 21 Cedar Avenue  
 Fair Haven, NJ 07704

**Policy Term:** July 1, 2014 to July 1, 2015 12:01 AM Eastern Standard Time

**Coverage A**

|                    |                                |
|--------------------|--------------------------------|
| Limit of Liability | \$5,000,000 each policy period |
| Deductible         | \$5,000 each claim             |

**Coverage B**

|                    |  |
|--------------------|--|
| Limit of Liability | \$100,000 each claim<br>\$300,000 each policy period |
| Deductible         | \$5,000 each claim                                   |

This is a claims-made and reported policy. By acceptance of this policy, the Insured agrees that the statements in the Declarations and the application and any attachments hereto are the Insured's agreements and representations and that this policy embodies all agreements existing between the Insured and the Company or any of its agents relating to this insurance.

**Retroactive Dates for Coverages A & B**

It is agreed that notwithstanding any provision of the policy to the contrary, this policy does not apply, as respects Coverages A & B, to claims made against the Insured arising out of a single act, error, omission, misstatement or misleading statement which occurred prior to:

|                           |              |
|---------------------------|--------------|
| Retro Date for Coverage A | July 1, 1986 |
| Retro Date for Coverage B | July 1, 1986 |

**Policy Forms:** NJSIG-E1 (7/13)

In witness whereof, the New Jersey Schools Insurance Group has caused this agreement to be signed by its Director.

Martin Kalbach  
 NJSIG Executive Director

July 1, 2014

Page 1



New Jersey Schools Insurance Group  
**Monmouth Ocean County Shared Services Insurance Fund**  
 Package Policy Declarations

**Policy Number:** P641AF

**Premium:** \$67,449.12

**Named Insured:**

Fair Haven Board of Education  
 Knollwood School  
 224 Hance Road  
 Fair Haven, NJ 07704-3198

**Agent:**

Boynton & Boynton  
 21 Cedar Avenue  
 Fair Haven, NJ 07704

**Policy Term:** 07/01/2014 to 07/01/2015 12:01 AM Eastern Standard Time

**Article I - Property**

|  |   |
|--|---|
| Real and Personal Property                       | \$350,000,000 per occurrence NJSIG Limit            |
| Extra Expense                                    | \$50,000,000 per occurrence NJSIG Limit             |
| Valuable Papers and Records                      | \$10,000,000 per occurrence NJSIG Limit             |
| Demolition and Increased Cost of Construction    | 10,000,000 per occurrence NJSIG Limit               |
| Loss of Rents                                    | Not Covered   |
| Loss of Business Income/Tuition                  | Not Covered   |
| Builders' Risk                                   | Not Covered   |
| Fire Department Service Charge                   | 10,000 per occurrence                               |
| Arson Reward                                     | 10,000 per occurrence                               |
| Pollutant Cleanup and Removal                    | 250,000 per occurrence                              |
| Fine Arts  | Not Covered   |
| Sublimits: Special Flood Hazard Area Flood Zones | 15,000,000 per occurrence/ NJSIG annual aggregate   |
| Accounts Receivable                              | \$250,000 per occurrence                            |
| All Flood Zones                                  | \$75,000,000 per occurrence /NJSIG annual aggregate |
| Earthquake                                       | \$50,000,000 per occurrence /NJSIG annual aggregate |
| Terrorism  | \$1,000,000 per occurrence /NJSIG annual aggregate  |
| Deductibles:                                     |   |
| Real & Personal                                  | \$5,000 per occurrence                              |
| Extra Expense                                    | \$5,000 per occurrence                              |
| Valuable Papers                                  | \$5,000 per occurrence                              |
| Special Flood Hazard Area Flood Deductibles:     | \$500,000 per building                              |
|  | \$500,000 per building contents                     |
| All Other Flood Zones Flood Deductible:          | \$10,000 per member/per occurrence                  |



New Jersey Schools Insurance Group  
**Monmouth Ocean County Shared Services Insurance Fund**  
 Package Policy Declarations

**Policy Number:** P641AF

**Article II - Electronic Data Processing**

|   |                |                                    |
|---|----------------|------------------------------------|
| Hardware/Software                           |                | \$500,000 per occurrence           |
| Extra Expense                               |                | Included                           |
| Coverage Extensions:                        | Transit        | \$25,000                           |
|   | Loss of Income | \$10,000                           |
|   | Terrorism      | Included in Property               |
| Deductible:                                 |                | \$1,000 per occurrence             |
| Special Flood Hazard Area Flood Deductible: |                | \$500,000 per building contents    |
| All Other Flood Zones Flood Deductible:     |                | \$10,000 per member/per occurrence |

**Article III - Equipment Breakdown**

|  |  |               |
|--|--|---------------|
| Combined Single Limit per Accident for Property Damage and Business Income |  | \$100,000,000 |
| SubLimits:   | Property Damage                            | Included      |
|  | Off Premises Property Damage               | \$100,000     |
|  | Business Income                            | Included      |
|  | Extra Expense                              | \$10,000,000  |
|  | Service Interruption                       | \$10,000,000  |
|  | Perishable Goods                           | \$500,000     |
|  | Data Restoration                           | \$100,000     |
|  | Contingent Business Income                 | \$100,000     |
|  | Demolition                                 | \$1,000,000   |
|  | Ordinance or Law                           | \$1,000,000   |
|  | Expediting Expenses                        | \$500,000     |
|  | Hazardous Substances                       | \$500,000     |
|  | Newly Acquired Locations (120 days notice) | \$250,000     |
|  | Terrorism                                  | Included      |

Deductibles: \$5,000 per Accident for Property Damage  
 12 Hours for Indirect Coverages  
 Service Interruption Waiting Period 24 Hours



New Jersey Schools Insurance Group  
**Monmouth Ocean County Shared Services Insurance Fund**  
 Package Policy Declarations

Policy Number: P641AF

**Article IV - Crime**

| <b>Insuring Agreements</b>  | <b>Limits</b> | <b>Deductibles</b> |
|---|---------------|--------------------|
| Insuring Agreement 1 - Public Employee Dishonesty with Faithful Performance                                 | \$100,000     | \$500              |
| Insuring Agreement 2 - Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises | \$50,000      | \$500              |
| Insuring Agreement 3 - Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency     | Not Quoted    | Not Quoted         |
| Insuring Agreement 4 - Forgery or Alteration  | \$100,000     | \$500              |
| Insuring Agreement 5 - Computer Fraud   | \$100,000     | \$500              |
| Public Officials Bond:  | Not Covered   | Not Covered        |

**Article V - Comprehensive General Liability**

|  |   |
|--|---|
| Bodily Injury and Property Damage      | \$6,000,000 per occurrence  |
| Products and Completed Operations      | \$6,000,000 annual aggregate                                      |
| Sexual Abuse                           | \$6,000,000 per occurrence<br>\$17,000,000 annual NJSIG aggregate |
| Personal Injury and Advertising Injury | \$6,000,000 per occurrence/annual aggregate                       |
| Employee Benefits Liability            | \$6,000,000 per occurrence/annual aggregate                       |
| Employee Benefits Liability Deductible | \$1,000 each claim  |
| Premises Medical Payments              | \$10,000 per accident<br>\$5,000 limit per person                 |
| Terrorism                              | \$1,000,000 per occurrence/annual NJSIG aggregate                 |





New Jersey Schools Insurance Group  
**Monmouth Ocean County Shared Services Insurance Fund**  
 Package Policy Declarations

**Policy Number:** P641AF

**Article VI - Automobile**

**Liability**

|  |  |
|--|--|
| Symbol 1 Any Auto  |  |
| Bodily Injury and Property Damage                                  | \$6,000,000 per accident   |
| Symbol 6 Uninsured/Underinsured Motorists - Private Passenger Auto | \$1,000,000 Per Accident   |
| Symbol 6 Uninsured/Underinsured Motorists - All Other Vehicles     | \$15,000 Bodily Injury Per Person<br>\$30,000 Bodily Injury Per Accident<br>\$5,000 Property Damage Per Accident |
| Symbol 5 Personal Injury Protection (including pedestrians)        | \$250,000  |
| Medical Payments   | \$10,000 private passenger vehicles<br>\$5,000 all other vehicles  |
| Terrorism  | \$1,000,000 per occurrence/annual<br>NJSIG aggregate   |
| Deductible   | \$0  |

**Physical Damage** (Scheduled vehicles only)

|   |                    |
|---|--------------------|
| Symbol 7 Comprehensive                    | \$1,000 deductible |
| Collision                                 | \$1,000 deductible |
| Hired Car Physical Damage \$110,000 Limit | \$1,000 deductible |
| Replacement Cost                          | Not Covered        |

**Garage Keepers** Included

**SINGLE AUDIT SECTION**



ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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(732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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

Honorable President and Members  
of the Board of Education  
Fair Haven School District  
County of Monmouth  
Fair Haven, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fair Haven Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fair Haven Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated December 4, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fair Haven Board of Education, County of Monmouth, State of New Jersey'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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fair Haven Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fair Haven Board of Education, County of Monmouth, State of New Jersey's internal control.

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

Our consideration of internal control was for the limited purposes 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 Fair Haven Board of Education, County of Monmouth, State of New Jersey's financial statements are free from material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey

December 4, 2015

*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

112.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.  
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133**

Honorable President and Members  
of the Board of Education  
Fair Haven School District  
County of Monmouth  
Fair Haven, New Jersey

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

We have audited the Board of Education of the Fair Haven Township School District, County of Monmouth, State of New Jersey'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 Board of Education of the Fair Haven Township School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2015. The Board of Education of the Fair Haven Township School District, County of Monmouth, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Fair Haven Township School District, County of Monmouth, State of New Jersey's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Fair Haven Township School District, County of Monmouth, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board of Education of the Fair Haven Township School District, County of Monmouth, State of New Jersey's compliance.

### *Opinion on Each Major State Program*

In our opinion, the Board of Education of the Fair Haven Township School District, County of Monmouth, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

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

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

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey

December 4, 2015

**FAIR HAVEN SCHOOL DISTRICT**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Schedule A  
K-3

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title | Federal<br>C.F.D.A.<br>Number | Grant Period      | Program<br>or Award<br>Amount | Balance<br>June 30, 2014 | Carryover<br>(Walkover)<br>Amount | Cash<br>Received | Budgetary<br>Expenditures | Repayment of<br>Prior Years<br>Balances | Adjustment | Balance at June 30, 2015 |                     |                   |
|--|-------------------------------|-------------------|-------------------------------|--------------------------|-----------------------------------|------------------|---------------------------|---|------------|--------------------------|---------------------|-------------------|
|  |                               |                   |                               |                          |                                   |                  |                           |   |            | (Accounts<br>Receivable) | Deferred<br>Revenue | Due to<br>Grantor |
| U.S. Department of Agriculture                             |                               |                   |                               |                          |                                   |                  |                           |   |            |                          |                     |                   |
| Passed Through State Department of Education:              |                               |                   |                               |                          |                                   |                  |                           |   |            |                          |                     |                   |
| National School Lunch Program                              | 10.555                        | 7-1-14 to 6-30-15 |                               | \$ -                     |                                   | 2,809            | (3,034)                   |   |            | (225)                    |                     |                   |
| National School Lunch Program PB                           | 10.555                        | 7-1-13 to 6-30-14 | 251                           | \$ (22)                  |                                   | 22               |                           |   |            |                          |                     |                   |
| National School Lunch Program PB                           | 10.555                        | 7-1-14 to 6-30-15 |                               |                          |                                   | 262              | (281)                     |   |            | (19)                     |                     |                   |
| National School Lunch Program                              | 10.555                        | 7-1-13 to 6-30-14 | 2,999                         | (199)                    |                                   | 199              |                           |   |            |                          |                     |                   |
| Total U.S. Department of Agriculture                       |                               |                   |                               | (221)                    | -                                 | 3,292            | (3,315)                   | -                                       | -          | (244)                    | -                   | -                 |
|  |                               |                   |                               |                          |                                   |                  |                           |   |            |                          |                     |                   |
| U.S. Department of Education:                              |                               |                   |                               |                          |                                   |                  |                           |   |            |                          |                     |                   |
| Passed Through State Department of Education:              |                               |                   |                               |                          |                                   |                  |                           |   |            |                          |                     |                   |
| Title IIA  | 84.367A                       | 9-1-14 to 8-31-15 | 17,235                        |                          |                                   | 17,235           | (17,235)                  |   |            |                          |                     |                   |
| I.D.E.A. Basic   | 84.027                        | 9-1-14 to 8-31-15 | 203,326                       |                          |                                   | 203,326          | (203,326)                 |   |            |                          |                     |                   |
| I.D.E.A. Basic   | 84.027                        | 9-1-13 to 8-31-14 | 194,461                       | (13,043)                 |                                   | 13,043           |                           |   |            |                          |                     |                   |
| I.D.E.A. Preschool   | 84.173                        | 9-1-13 to 8-31-14 | 6,901                         |                          |                                   | 6,901            | (6,901)                   |   |            |                          |                     |                   |
|  |                               |                   |                               | (13,043)                 | -                                 | 240,505          | (227,462)                 | -                                       | -          | -                        | -                   | -                 |
|  |                               |                   |                               | \$ (13,264)              | -                                 | 243,797          | (230,777)                 | -                                       | -          | (244)                    | -                   | -                 |

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**FAIR HAVEN SCHOOL DISTRICT**

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

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

| State<br>Grantor/Program<br>State Department of<br>Education:   | Grant or State<br>Project Number | Grant Period      | Program<br>or Award<br>Amount | Balance<br>June 30, 2014 | Carryover<br>(Walkover)<br>Amount | Cash<br>Received | Budgetary<br>Expenditures | Repayment of<br>Prior Years<br>Balances | Adjustment | Balance at June 30, 2015 |                     |                   | MEMO                    |                                     |         |
|---|----------------------------------|-------------------|-------------------------------|--------------------------|-----------------------------------|------------------|---------------------------|---|------------|--------------------------|---------------------|-------------------|-------------------------|-------------------------------------|---------|
|   |                                  |                   |                               |                          |                                   |                  |                           |   |            | (Accounts<br>Receivable) | Deferred<br>Revenue | Due to<br>Grantor | Budgetary<br>Receivable | Total<br>Cumulative<br>Expenditures |         |
| Special Education Aid   | 15-495-034-5120-089              | 7-1-14 to 6-30-15 | \$ 378,931                    | \$ -                     |                                   | \$ 378,931       | (378,931)                 |   |            |                          |                     |                   | (35,602)                | \$ 378,931                          |         |
| Transportation Aid  | 15-495-034-5120-014              | 7-1-14 to 6-30-15 | 10,271                        |                          |                                   | 10,271           | (10,271)                  |   |            |                          |                     |                   | (955)                   | 10,271                              |         |
| Security Aid  | 15-495-034-5120-084              | 7-1-14 to 6-30-15 | 14,892                        |                          |                                   | 14,892           | (14,892)                  |   |            |                          |                     |                   | (1,392)                 | 14,892                              |         |
| PARCC Readiness Aid   | 15-495-034-5120-098              | 7-1-14 to 6-30-15 | 9,715                         |                          |                                   | 9,715            | (9,715)                   |   |            |                          |                     |                   | (915)                   | 9,715                               |         |
| Per Pupil Growth Aid  | 15-495-034-5120-097              | 7-1-14 to 6-30-15 | 9,715                         |                          |                                   | 9,715            | (9,715)                   |   |            |                          |                     |                   | (915)                   | 9,715                               |         |
| Non-Public Transportation Aid                                   | 15-495-034-5120-014              | 7-1-14 to 6-30-15 | 7,590                         |                          |                                   |                  | (7,590)                   |   |            |                          | (7,590)             |                   |                         | 7,590                               |         |
| Non-Public Transportation Aid                                   | 14-495-034-5120-014              | 7-1-13 to 6-30-14 | 7,179                         | (7,179)                  |                                   | 7,179            |                           |   |            |                          |                     |                   |                         |                                     |         |
| Reimbursed TPAF Social Security<br>Contributions                | 15-495-034-5095-002              | 7-1-14 to 6-30-15 | 442,679                       |                          |                                   | 421,453          | (442,679)                 |   |            |                          | (21,226)            |                   |                         | 442,679                             |         |
| Reimbursed TPAF Social Security<br>Contributions                | 14-495-034-5095-002              | 7-1-13 to 6-30-14 | 436,747                       | (20,893)                 |                                   | 20,893           |                           |   |            |                          |                     |                   |                         |                                     |         |
| Extraordinary Aid   | 14-495-034-5120-044              | 7-1-13 to 6-30-14 | 13,677                        | (13,677)                 |                                   | 13,820           | (143)                     |   |            |                          |                     |                   |                         | 143                                 |         |
|   |                                  |                   |                               | (41,749)                 |                                   | 886,869          | (873,936)                 |   |            |                          | (28,816)            |                   |                         | (39,779)                            | 873,936 |
| Special Revenue Fund:<br>Non-Public Technology                  | 14-100-034-5120-373              | 7-1-13 to 6-30-14 | 715                           | 715                      |                                   |                  |                           | (200)                                   | (515)      |                          |                     |                   |                         |                                     |         |
| Food Service:<br>National School Lunch Program<br>(State Share) | 15-100-010-3360-067              | 7-1-14 to 6-30-15 | 197                           |                          |                                   | 184              | (197)                     |   |            |                          | (13)                |                   |                         | 197                                 |         |
| National School Lunch Program<br>(State Share)                  | 14-100-010-3360-067              | 7-1-13 to 6-30-14 | 240                           | (15)                     |                                   | 15               |                           |   |            |                          |                     |                   |                         |                                     |         |
|   |                                  |                   |                               | (15)                     |                                   | 199              | (197)                     |   |            |                          | (13)                |                   |                         | 197                                 |         |
| Debt Service Fund:<br>State Debt Service Aid                    | 15-495-034-5120-017              | 7-1-14 to 6-30-15 | 2,056                         |                          |                                   | 2,056            | (2,056)                   |   |            |                          |                     |                   |                         | 2,056                               |         |
| Capital Projects Fund:<br>SDA Grant                             | 1440-060-14-1005                 | 7-1-14 to 6-30-15 | 13,442                        |                          |                                   |                  |                           |   |            |                          | (13,442)            |                   |                         |                                     |         |
| SDA Grant   | 1440-050-14-1004                 | 7-1-14 to 6-30-15 | 29,827                        |                          |                                   |                  |                           |   |            |                          | (29,827)            |                   |                         |                                     |         |
| Total Capital Project Fund                                      |                                  |                   |                               |                          |                                   |                  |                           |   |            |                          | (43,269)            |                   |                         |                                     |         |
|   |                                  |                   |                               | \$ (41,049)              |                                   | 889,124          | (876,189)                 | (200)                                   | (515)      |                          | (72,098)            |                   |                         | (39,779)                            | 876,189 |

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement.

**BOARD OF EDUCATION**

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**FAIR HAVEN SCHOOL DISTRICT****NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2015****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Fair Haven School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2: Basis of Accounting**

The accompanying schedules of 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. Programs recorded in the food service fund include the National School Lunch Program, the School Breakfast Program, the U.S.D.A Commodities Program and the Special Milk Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

**NOTE 3: Relationship to General Purpose Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.



NOTE 3: Relationship to General Purpose Financial Statements (Continued)

|   | <u>General Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Food<br/>Service</u> | <u>Total</u>     |
|---|---------------------|-------------------------------------|----------------------------------|-------------------------|------------------|
| <u>State Assistance</u>   |                     |                                     |                                  |                         |                  |
| Actual Amounts (Budgetary)<br>“Revenues” from the Schedule<br>of Expenditures of State<br>Financial Assistance  | \$ 873,936          |                                     | 2,056                            | 197                     | 876,189          |
| Difference – Budget to “GAAP”   |                     |                                     |                                  |                         |                  |
| Grant Accounting Budgetary<br>Basis Differs from GAAP<br>in that Encumbrances are<br>Recognized as Expenditures<br>and the Related Revenue<br>is Recognized   |                     |                                     |                                  |                         |                  |
| On Behalf Payments<br>Recognized for GAAP<br>Statements but Not<br>Included in the Schedule<br>of Expenditures of State<br>Financial Assistance   | 866,588             |                                     |                                  |                         | 866,588          |
| The Last State Aid Payment<br>Is Recognized as Revenue<br>for Budgetary Purposes,<br>and Differs from GAAP<br>Which does not Recognize<br>This Revenue Until the<br>Subsequent Year When the<br>State Recognizes the Related<br>Expense (GASB 33) | <u>(1,922)</u>      | —                                   | —                                | —                       | <u>(1,922)</u>   |
| Total State Revenue as Reported<br>on the Statement of Revenues,<br>Expenditures and Changes in<br>Fund Balances  | <u>\$ 1,738,602</u> | —                                   | <u>2,056</u>                     | <u>197</u>              | <u>1,740,855</u> |

**NOTE 3: Relationship to General Purpose Financial Statements (Continued)**

|  | <u>General Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Food<br/>Service</u> | <u>Total</u>   |
|--|---------------------|-------------------------------------|----------------------------------|-------------------------|----------------|
| <b><u>Federal Assistance</u></b>   |                     |                                     |                                  |                         |                |
| Actual Amounts (Budgetary)<br>“Revenues” from the Schedule<br>of Expenditures of Federal<br>Awards   | \$                  | 227,462                             |                                  | 3,315                   | 230,777        |
| Difference – Budget to “GAAP”<br>Grant Accounting Budgetary<br>Basis Differs from GAAP in that<br>Encumbrances are Recognized as<br>Expenditures, and the Related<br>Revenue is Recognized |                     | <u>123</u>                          |                                  |                         | <u>123</u>     |
| Total Federal Revenue as<br>Reported on the Statement<br>of Revenue, Expenditures,<br>and Changes in Fund<br>Balances  | \$                  | <u>227,585</u>                      |                                  | <u>3,315</u>            | <u>230,900</u> |

**NOTE 4: Relationship to Federal and State Financial Reports**

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

**NOTE 5: Other**

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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*Part 1 - Summary of Auditor's Results*

Financial Statement Section

Unqualified

Type of auditor's report issued:

N/A

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes  No

2) Reportable conditions(s) identified that are not considered to be material weaknesses?

Yes \_\_\_\_\_ None Reported

Noncompliance material to general purpose financial statements noted?

\_\_\_\_\_ Yes  No

State Awards

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes \_\_\_\_\_ No

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

Unqualified

Internal Control over major programs:

(1) Material Weakness(es) identified?

\_\_\_\_\_ Yes  No

(2) Reportable condition(s) identified that are not considered to material weaknesses?

\_\_\_\_\_ Yes  None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 98-07?

\_\_\_\_\_ Yes  No

Identification of major programs:

GMIS Number(s)

Name of State Program

15-495-034-5120-089

Special Education Aid (Public Cluster)

15-495-034-5120-084

Security Aid (Public Cluster)

15-495-034-5120-098

PARCC Readiness Aid (Public Cluster)

15-495-034-5120-097

Per Pupil Growth Aid (Public Cluster)

15-495-034-5095-002

Reimbursed TPAF Social Security

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs*

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

State Awards

Finding: None

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)*

State Awards (Continued)

Cause: N/A

Recommendation: N/A

Management's response: N/A

**FAIR HAVEN SCHOOL DISTRICT**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

K-7

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

**Prior Audit Findings:**

None