

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, 2016**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

FAIR HAVEN BOARD OF EDUCATION

FAIR HAVEN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY

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

FAIR HAVEN SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 to 6.
Roster of Officials	7.
Consultants & Advisors	8.
Organizational Chart	9.
FINANCIAL SECTION	
Independent Auditor's Report	10 to 12.
Required Supplementary Information – Part I	
Management's Discussion and Analysis	13 to 19.
<u>Basic Financial Statements</u>	
A. District-wide Financial Statements	
A-1 Statement of Net Position	20.
A-2 Statement of Activities	21 & 22.
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	23.
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	24 & 25.
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	26.
Proprietary Funds:	
B-4 Statement of Net Position	27.
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28.
B-6 Statement of Cash Flows	29.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30.
B-8 Statement of Changes in Fiduciary Net Position	31.
Notes to Financial Statements	32 to 55.

FAIR HAVEN SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. <u>Budgetary Comparison Schedules</u>	
C-1 Budgetary Comparison Schedule – General Fund	56 to 66.
C-1b Budgetary Comparison Schedule – General Fund – Education Jobs Fund	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	67.
Notes to the Required Supplementary Information	
C-3 Required Supplementary Information Budget to GAAP Reconciliation Note to RSI	68.
Required Supplementary Information – Part III	
L. <u>Schedules Related to Accounting and Reporting for Pensions (GASB 68)</u>	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	69.
L-2 Schedule of District Contribution – PERS	70.
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	71.
Other Supplementary Information	
D. <u>School Level Schedules</u>	
N/A	
E. <u>Special Revenue Fund</u>	
E-1 Combining Schedule of Revenues and Expenditures – Special Revenue Fund – Budgetary Basis	72.
E-2 Demonstrable Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A
E-6 Schedule of Targeted At-Risk (TARA) Aid – Budgetary Basis	N/A

FAIR HAVEN SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
F. <u>Capital Projects Fund</u>	
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	73.
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Viola Sickles School District Wide Telephone System	74.
F-2b Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Knollwood Elementary/Middle School Phone System Replacement	75.
F-2c Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Knollwood Elementary - Partial Roof Replacement	76.
G. <u>Proprietary Funds</u>	
G-1 Schedule of Net Position	N/A
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Schedule of Cash Flows	N/A
H. <u>Fiduciary Fund</u>	
H-1 Combining Schedule of Fiduciary Net Position	77.
H-2 Combining Schedules of Changes in Fiduciary Net Position	78.
H-3 Student Activity Agency Fund – Schedule of Receipts and Disbursements	79.
H-4 Payroll Agency Fund - Schedule of Receipts and Disbursements	80.
I. <u>Long-Term Debt</u>	
I-1 Schedule of Serial Bonds	81.
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	82.
 STATISTICAL SECTION (Unaudited)	
J-1 Net Position by Component	83.
J-2 Changes in Net Position	84 to 86.
J-3 Fund Balances, Governmental Funds	87.
J-4 Changes in Fund Balance, Governmental Funds	88 & 89.
J-5 General Fund Other Local Revenue by Source	90.
J-6 Assessed Value and Actual Value of Taxable Property	91.
J-7 Direct and Overlapping Property Tax Rates	92.
J-8 Principal Property Taxpayers	93.
J-9 Property Tax Levies and Collections	94.
J-10 Ratios of Outstanding Debt by Type	95.
J-11 Ratios of Net General Bonded Debt Outstanding	96.
J-12 Direct and Overlapping Governmental Activities Debt	97.
J-13 Legal Debt Margin Information	98.
J-14 Demographic and Economic Statistics	99.
J-15 Principal Employers	100.

FAIR HAVEN SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (Continued)	
(Unaudited)	
J-16 Full-Time Equivalent District Employees by Function/Program	101.
J-17 Operating Statistics	102.
J-18 School Building Information	103.
J-19 Schedule of Required Maintenance for School Facilities	104.
J-20 Insurance Schedule	105 to 110.
SINGLE AUDIT SECTION	
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111 & 112.
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and Schedules of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08	113 to 115.
K-3 Schedule of Federal Financial Assistance, Schedule A	116.
K-4 Schedule of State Financial Assistance, Schedule B	117.
K-5 Notes to Schedules of Financial Statements	118 to 120.
K-6 Schedule of Findings and Questioned Costs	121 to 124.
K-7 Summary Schedule of Prior Audit Findings	125.

INTRODUCTORY SECTION

Fair Haven Board of Education

Sean McNeil
Superintendent
(732)747-2294

224 Hance Road
Fair Haven, New Jersey 07704-

Valery Petrone
Business Administrator
(732) 747-0324

December 1, 2016

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, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 Title 2 U.S. Code of Federal Regulation, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15 -08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment". 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>
2015/16	1023	0.59
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:** During the 2015-16 school year the district completed three thorough searches for key members of the administration. Early in the school year we hired a Principal for the Knollwood School as well as a Director of Pupil Services. The Board undertook an exhaustive search to find a new Superintendent who began in the District on July 1, 2016.

Technology

In the area of technology we continued the work begun in the 2014 -2015 school year 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 (GAFE), along with the purchase and use of 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.

Curriculum and Instruction

In the area of curriculum and instruction, we expanded our offerings in the areas of science, technology, engineering and mathematics. We continue our successful coding program and Innovation Labs in both schools. In literacy, we continued our commitment to Teachers College (TC) Readers and Writers Workshop from Columbia University. TC staff developers visited both schools several times this year. We also consistently sent general and special education teachers, representing cross-curricular areas, to TC for professional development throughout the school year.

Operations

As for the operations of our district, we embarked on the development of a Strategic Plan. This huge undertaking began with several well-attended community meetings. Those in attendance were asked to focus on the positive aspects of our community and district and then to envision the district in three to five years. The work continued throughout the school year and should be completed in early fall of 2016. We also continued to examine our safety and security protocols and upgrade based on our needs assessments, and from recommendations made by our local and county law enforcement agencies.

Instructional Practices

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.

This year has been a social media revolution at our school. Teachers are tweeting class happenings and leveraging their Twitter accounts to increase family engagement. Website design continues to evolve through Weebly and Google Classroom in order to enhance student motivation, family connectedness, and public awareness of our school community's accomplishments. Students can be seen actively learning with QR codes, digital photography, iMovie and Aurasma to create augmented reality learning environments.

Character Education

Every day students participate in the Responsive Classroom's Morning Meeting to help foster community and respect. Our teachers are well versed in cultivating student agency in resolving conflicts and establishing pro-social behaviors. In addition, each month, we celebrate a different character virtue (respect, self-control, loyalty, generosity, etc.) and match a book with

each virtue as a classroom read-aloud. Parents often visit our school to read these books with our students.

Teaching respect, compassion and empathy in elementary schools is an essential priority. We have partnered with our PTA to implement the “It’s OK to be Different” workshops at all grade levels. In PreK and K we utilize “Be A Buddy not a Bully” to build values and social skills around friendship and tolerance. In first grade we study “Understanding Disabilities” to cultivate deeper appreciation for people with visual, auditory and ambulatory differences. In second grade students participate in “Respect for Different Learners” to examine Learning Disabilities, Attention Deficit Hyperactivity Disorders, Developmental Disabilities and Autism. In third grade students investigate the concepts of diversity through the “Celebrating Cultures” unit which also corresponds to our social studies curriculum.

Arts Integration

We feel very privileged to be part of The Kennedy Center’s Partners in Education program. Joining with the Count Basie Theatre and Red Bank Borough Schools, we have created comprehensive programming to integrate the arts in all subject areas. Teachers are invited to attend different professional development workshops and teaching artists visit our school to showcase and model best practices in artistic techniques, as well as connections to literacy, mathematics and social studies. Most recently we worked with local organizations to create books and tiles for students in Rwanda. Over 1,000 students in Rwanda received their first published book written our third grade students!

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, 2016.
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, 2016, the District's outstanding debt issues include \$ 5,830,000 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. The proceeds of this bond issue were placed in the District's Capital Projects fund to provide funds for additions and renovations at both 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 Title 2 U.S. Code of Federal Regulations, Part 200, “Audits of State and Local Governments” and the State Treasury Circular Letter 15-08 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, 2016

Members of the Board of Education

Term Expires

Bruce Padula, President	2017
Bennett Coleman, Vice President	2018
Michael Bernstein	2016
Michelle Buckley	2018
Marisa Coar	2016
Jennifer Halcrow	2017
Carlie Jakub	2018
Karen Saad	2017
Jeffrey Spector	2016

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, 2016

AUDIT FIRM

Robert A. Hulsart and Company
Certified Public Accountants
2807 Hurley Pond Rd
PO Box 1409
Wall, NJ 07719

ATTORNEY

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

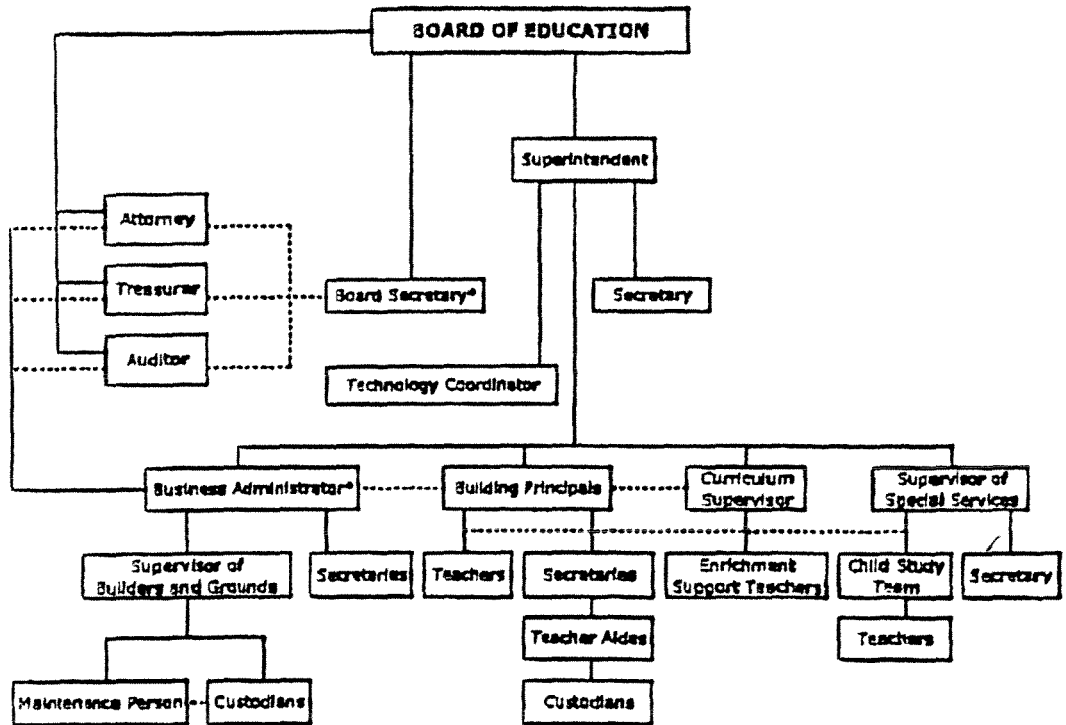
OFFICIAL DEPOSITORIES

Wells Fargo
Little Silver, NJ 07739

PNC Bank
Fair Haven, NJ 07704

Ocean First Bank
Toms River, NJ

**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

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

e-mail:

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, 2016, 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, 2016, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, 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 1, 2016 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 1, 2016

**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, 2016

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, 2016. 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 2015-2016 fiscal year are as follows:

- General revenues accounted for \$16,764,524 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 \$252,814 or 2% percent to total revenues of \$17,017,338.
- Total assets of governmental activities increased by \$2,369,528.
- The School District had \$15,827,662 in expenses; only \$252,814 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$16,764,524 were adequate to provide for these programs.
- The General Fund had \$15,421,236 in revenues and \$14,904,307 in expenditures. The General Fund's balance decreased \$256,885 over 2015. 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 2015-2016 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 2016 with 2015.

Table 1
Net Position

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current and Other Assets	\$ 4,152,103	3,230,303
Capital Assets, Net	<u>11,460,568</u>	<u>10,568,352</u>
Total Assets	<u>\$ 15,612,671</u>	<u>13,798,655</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 658,679</u>	<u>255,282</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 300,288</u>	<u>381,594</u>
<u>Liabilities</u>		
Other Liabilities	\$ 747,297	19,011
Long-Term Liabilities	<u>9,237,517</u>	<u>10,091,857</u>
Total Liabilities	<u>\$ 9,984,814</u>	<u>10,110,868</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 5,630,568	4,058,352
Restricted	3,713,535	2,819,790
Unrestricted	<u>(3,357,855)</u>	<u>(3,316,667)</u>
Total Net Position	<u>\$ 5,986,248</u>	<u>3,561,475</u>

Table 2 shows the changes in net position for fiscal year 2016. Revenue and expense comparisons to fiscal year 2015.

Table 2
Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 17,090	137,643
Operating Grants and Contributions	235,724	230,973
General Revenues		
Property Taxes	13,978,316	13,569,855
Grants and Entitlements	2,563,087	1,740,748
Other	<u>223,121</u>	<u>262,279</u>
Total Revenues	<u>17,017,338</u>	<u>15,941,498</u>
<u>Program Expenses</u>		
Instruction	5,996,969	5,789,913
Support Services		
Pupils and Instructional Staff	2,068,050	2,005,637
General Administration, School Administration,		
Business	1,131,090	1,042,210
Operations and Maintenance of Facilities	1,762,674	1,454,789
Pupil Transportation	159,277	116,865
Interest on Debt	194,480	245,988
Food Service	29,635	42,337
Miscellaneous (Depreciation, Employee Benefits)	<u>4,485,487</u>	<u>4,144,182</u>
Total Expenses	<u>15,827,662</u>	<u>14,841,921</u>
Other Financing Uses	<u>(4,181)</u>	<u>149,196</u>
Change in Net Position	<u>\$ 1,185,495</u>	<u>1,248,773</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 82% percent of revenues for governmental activities for the Fair Haven Public School District for fiscal year 2016. The District's total revenues were \$17,000,248 for the fiscal year ended June 30, 2016. Federal, state, local grants and other local revenues accounted for another 18%.

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 \$12,545.
- Charges for services represent \$12,350 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, 2016, it reported a combined net position of \$5,918,587. 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, 2016, the School Board had approximately \$11,399,663 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 2016 fiscal year.

	Governmental Activities
Table II	
Capital Assets at June 30, 2016	
Land	\$ 439,000
Buildings	10,597,129
Machinery and Equipment	<u>363,534</u>
Total	<u>\$ 11,399,663</u>

Debt Administration

At June 30, 2016, the School District had \$9,942,517 in outstanding debt. Of this amount \$233,520 is for compensated absences and the balance of \$5,830,000 is for bonds for school construction.

The District also had \$3,878,997 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 \$(3,364,611) 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 \$(3,364,611).

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

FAIR HAVEN SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit A-1

JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	11,979	11,979
Receivables, Net	748,373	1,277	749,650
Restricted Assets:			
Cash and Cash Equivalents	3,390,474		3,390,474
Capital Assets-Not Depreciated	439,000		439,000
Capital Assets, Net	10,960,663	60,905	11,021,568
Total Assets	<u>15,538,510</u>	<u>74,161</u>	<u>15,612,671</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>658,679</u>		<u>658,679</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>300,288</u>		<u>300,288</u>
<u>Liabilities</u>			
Deferred Revenue	13,986		13,986
Accounts Payable	21,811	6,500	28,311
Noncurrent Liabilities:			
Due Within One Year	705,000		705,000
Due Beyond One Year	9,237,517		9,237,517
Total Liabilities	<u>9,978,314</u>	<u>6,500</u>	<u>9,984,814</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	5,569,663	60,905	5,630,568
Restricted For:			
Debt Service	1		1
Capital Projects	1,299,189		1,299,189
Other Purposes	2,414,345		2,414,345
Unrestricted	<u>(3,364,611)</u>	<u>6,756</u>	<u>(3,357,855)</u>
Total Net Position	<u>\$ 5,918,587</u>	<u>67,661</u>	<u>5,986,248</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, 2016

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 4,297,528			(4,297,528)		(4,297,528)
Special Education	1,657,194		36,133	(1,621,061)		(1,621,061)
Other Instruction	42,247			(42,247)		(42,247)
Support Services:						
Tuition	72,132			(72,132)		(72,132)
Student & Instruction Related Services	1,995,918		199,591	(1,796,327)		(1,796,327)
School Administrative Services	382,845			(382,845)		(382,845)
General and Business Administrative Services	748,245			(748,245)		(748,245)
Plant Operations and Maintenance	1,762,674			(1,762,674)		(1,762,674)
Pupil Transportation	159,277			(159,277)		(159,277)
Unallocated Employee Benefits	3,995,204			(3,995,204)		(3,995,204)
Capital Outlay	150,105			(150,105)		(150,105)
Unallocated Depreciation	340,178			(340,178)		(340,178)
Interest on Long-Term Debt	194,480			(194,480)		(194,480)
Total Government Activities	<u>15,798,027</u>	<u>-</u>	<u>235,724</u>	<u>(15,562,303)</u>	<u>-</u>	<u>(15,562,303)</u>
Business-Type Activities:						
Food Service	29,635	12,350	4,740		(12,545)	(12,545)
Total Business-Type Activities	<u>29,635</u>	<u>12,350</u>	<u>4,740</u>	<u>-</u>	<u>(12,545)</u>	<u>(12,545)</u>
Total Primary Government	<u>15,827,662</u>	<u>12,350</u>	<u>240,464</u>	<u>(15,562,303)</u>	<u>(12,545)</u>	<u>(15,574,848)</u>

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

FAIR HAVEN SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net				13,150,166	13,150,166
Taxes Levied for Debt Service				828,150	828,150
Federal and State Aid Not Restricted				2,563,087	2,563,087
Tuition				222,214	222,214
Investment Earnings and Miscellaneous Income				906	907
Total General Revenues and Transfers				<u>16,764,523</u>	<u>16,764,524</u>
Other Financing Sources (Uses):					
Accounts Payable Prior Year Adjustment				(4,181)	(4,181)
Total Other Financing Sources (Uses)				<u>(4,181)</u>	<u>(4,181)</u>
Change in Net Position				1,198,039	(12,544)
Adjustment for Fixed Assets				1,171,489	67,789
Net Position - Beginning				<u>3,549,059</u>	<u>12,416</u>
Net Position - Ending				<u>\$ 5,918,587</u>	<u>5,986,248</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Cash Equivalents	\$ 2,633,739	13,902	742,832	1	3,390,474
Receivables From Other Governments	<u>191,427</u>	<u>589</u>	<u>556,357</u>		<u>748,373</u>
Total Assets	<u>\$ 2,825,166</u>	<u>14,491</u>	<u>1,299,189</u>	<u>1</u>	<u>4,138,847</u>
Liabilities and Fund Balance					
Liabilities:					
Deferred Revenue	\$ -	13,986			13,986
Accounts Payable		<u>505</u>			<u>505</u>
Total Liabilities	<u>-</u>	<u>14,491</u>	<u>-</u>	<u>-</u>	<u>14,491</u>
Fund Balance:					
Restricted For:					
Emergency Reserve	250,000				250,000
Designated for Subsequent Years Expenditures - Maintenance Reserve	395,000				395,000
Designated for Subsequent Years Expenditures-					
Excess Surplus	562,461				562,461
Excess Surplus	484,092				484,092
Maintenance Reserve	279,981				279,981
Capital Reserve Account	250,000				250,000
Committed To:					
Other Purposes	192,811		793,710		986,521
Unassigned:					
Debt Service				1	1
Capital Projects			505,479		505,479
General Fund	<u>410,821</u>				<u>410,821</u>
Total Fund Balances	<u>2,825,166</u>	<u>-</u>	<u>1,299,189</u>	<u>1</u>	<u>4,124,356</u>
Total Liabilities and Fund Balance	<u>\$ 2,825,166</u>	<u>14,491</u>	<u>1,299,189</u>	<u>1</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 \$18,586,052 and the accumulated depreciation is \$7,186,389.

11,399,663

Deferred outflow of resources - contributions to the pension plan

658,679

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

(300,288)

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.

(9,942,517)

Accrued Interest

(21,306)

Net position of governmental activities

\$ 5,918,587

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, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 13,150,166			828,150	13,978,316
Tuition Charges	222,214				222,214
Miscellaneous	906	1,133			2,039
Total Local Sources	<u>13,373,286</u>	<u>1,133</u>	-	<u>828,150</u>	<u>14,202,569</u>
State Sources	2,047,950		513,088	2,049	2,563,087
Federal Sources		234,591			234,591
Total Revenues	<u>15,421,236</u>	<u>235,724</u>	<u>513,088</u>	<u>830,199</u>	<u>17,000,247</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	4,305,761				4,305,761
Special Education Instruction	1,621,061	36,133			1,657,194
Other Instruction	42,247				42,247
Support Services and Undistributed Costs:					
Tuition	72,132				72,132
Student and Instruction Related Services	1,796,327	199,591			1,995,918
School Administrative Services	382,845				382,845
General and Business Administrative Services	748,245				748,245
Plant Operations and Maintenance	1,762,674				1,762,674
Pupil Transportation	159,277				159,277
Unallocated Benefits	3,941,014				3,941,014
Debt Service:					
Principal				680,000	680,000
Interest and Other Charges				202,118	202,118
Capital Outlay	72,724		91,706		164,430
Total Expenditures	<u>14,904,307</u>	<u>235,724</u>	<u>91,706</u>	<u>882,118</u>	<u>16,113,855</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, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>516,929</u>	<u>-</u>	<u>421,382</u>	<u>(51,919)</u>	<u>886,392</u>
Other Financing Sources (Uses):					
Accounts Payable Prior Year Adjustment	(4,181)				(4,181)
Transfer from Capital Outlay	(168,326)		168,326		-
Additional Transfer from Capital Reserve	(47,500)		47,500		-
Transfer from Capital Reserve	<u>(553,807)</u>		<u>553,807</u>		<u>-</u>
Total Other Financing Sources (Uses)	<u>(773,814)</u>	<u>-</u>	<u>769,633</u>	<u>-</u>	<u>(4,181)</u>
Excess (Deficiency) of Revenues Over Expenditures And Other Financing Sources	<u>(256,885)</u>		<u>1,191,015</u>	<u>(51,919)</u>	<u>882,211</u>
Net Change in Fund Balances	(256,885)	-	1,191,015	(51,919)	882,211
Fund Balance - July 1	<u>3,082,051</u>		<u>108,174</u>	<u>51,920</u>	<u>3,242,145</u>
Fund Balance - June 30	<u>\$ 2,825,166</u>	<u>-</u>	<u>1,299,189</u>	<u>1</u>	<u>4,124,356</u>

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

FAIR HAVEN SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 882,211
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(340,178)	
Capital Outlay	<u>14,325</u>	
		(325,853)
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.		680,000
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		403,397
Pension Related Deferrals		81,306
Net Pension Liability		(538,893)
Accrued Interest		7,638
Compensated Absences and Other Liabilities		<u>8,233</u>
Change in Net Position of Governmental Activities		<u>\$ 1,198,039</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2016

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 11,979
Accounts Receivable:	
State	13
Federal	373
Other	891
Total Current Assets	<u>13,256</u>
Noncurrent Assets:	
Equipment	73,444
Less: Accumulated Depreciation	<u>(12,539)</u>
Total Noncurrent Assets	<u>60,905</u>
Total Assets	<u>\$ 74,161</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 6,500</u>
Total Liabilities	<u>\$ 6,500</u>
<u>Net Position</u>	
Investment in Capital Assets	\$ 60,905
Unrestricted	<u>6,756</u>
Total Net Position	<u>\$ 67,661</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, 2016

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 12,344
Daily Sales Non-Reimbursable Programs	6
Total Operating Revenue	<u>12,350</u>
Operating Expenses:	
Cost of Food	16,251
Depreciation	6,884
Salaries	6,500
Total Operating Expenses	<u>29,635</u>
Operating (Loss)/Profit	(17,285)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	183
Federal Sources:	
National School Lunch Program	4,309
National School Lunch HHFKA Program	248
Interest Revenue	1
Total Non-Operating Revenues	<u>4,741</u>
Change in Net Position	(12,544)
Adjustment for Fixed Assets	67,789
Net Position, July 1	<u>12,416</u>
Net Position, June 30	<u>\$ 67,661</u>

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

FAIR HAVEN SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2016

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 12,350
Payments to Suppliers	<u>(16,315)</u>
Net Cash Used by Operating Activities	<u>(3,965)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	183
Federal Sources	<u>4,557</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,740</u>
Cash Flows from Investing Activities:	
Interest	<u>1</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	776
Cash and Cash Equivalents July 1	<u>11,203</u>
Cash and Cash Equivalents June 30	<u><u>\$ 11,979</u></u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (17,285)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	6,884
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	6,500
(Increase)/Decrease in Accounts Receivable	<u>(64)</u>
Net Cash Used by Operating Activities	<u><u>\$ (3,965)</u></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, 2016

	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
Assets:		
Cash and Cash Equivalents	\$ 15,710	28,611
Total Assets	<u>\$ 15,710</u>	<u>28,611</u>
Net Position:		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 15,710</u>	<u>28,611</u>
Total Net Position	<u>\$ 15,710</u>	<u>28,611</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSJUNE 30, 2016

	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
<u>Additions</u>		
Contributions	\$ 280	11,660
Total Contributions	<u>280</u>	<u>11,660</u>
Investment Earnings:		
Interest	<u>3</u>	<u>-</u>
Net Investments Earnings	<u>3</u>	<u>-</u>
Total Additions	<u>283</u>	<u>11,660</u>
<u>Deductions</u>		
Scholarship Payments	400	-
Unemployment Claims	<u>-</u>	<u>3,786</u>
Total Deductions	<u>400</u>	<u>3,786</u>
Change in Net Position	(117)	7,874
Net Position - Beginning of Year	<u>15,827</u>	<u>20,737</u>
Net Position - End of the Year	<u>\$ 15,710</u>	<u>28,611</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, 2016

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, 2016 of 1,023 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 approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 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, 2016.

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 2016, fiscal year 2016 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, 2016 was as follows:

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental Activities:				
Capital Assets that are				
Not Being Depreciated:				
Land	\$ 439,000	_____	_____	439,000
Total Capital Assets Not				
Being Depreciated	<u>439,000</u>	_____	_____	<u>439,000</u>
Capital Assets – Being Depreciated:				
Site Improvements	170,900		(170,900)	
Buildings & Improvements	14,516,682		2,872,985	17,389,667
Machinery & Equipment	<u>1,596,984</u>	_____	<u>(839,599)</u>	<u>757,385</u>
Totals at Historical Cost	<u>16,284,566</u>	_____	<u>1,862,486</u>	<u>18,147,052</u>
Less: Accumulated				
Depreciation for				
Site Improvements	(152,027)		152,027	
Buildings and Improvements	(4,499,408)	(274,307)	(2,018,823)	(6,792,538)
Machinery & Equipment	<u>(1,503,779)</u>	<u>(65,871)</u>	<u>1,175,799</u>	<u>(393,851)</u>
Total Accumulated Depreciation	<u>(6,155,214)</u>	<u>(340,178)</u>	<u>(690,997)</u>	<u>(7,186,389)</u>
Total Capital Assets Being				
Depreciated, Net of Accumulated				
Depreciation	<u>10,129,352</u>	<u>(340,178)</u>	<u>1,171,489</u>	<u>10,960,663</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 10,568,352</u>	<u>(340,178)</u>	<u>1,171,489</u>	<u>11,399,663</u>
Business Type-Activities:				
Equipment	\$		73,444	73,444
Less: Accumulated Depreciation				
Equipment	_____	<u>(6,884)</u>	<u>(5,655)</u>	<u>(12,539)</u>
Business Type Activities				
Capital Assets (Net)	<u>\$</u>	<u>(6,884)</u>	<u>67,789</u>	<u>60,905</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$340,178</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 2015-2016 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, 2016, the District's deposits and investments are summarized as follows:

FDIC	\$ 595,430
GUPDA	<u>3,625,944</u>
	<u>\$ 4,221,374</u>

As of June 30, 2016, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Interest Bearing Checking Accounts	<u>\$3,740,993</u>
Total	<u>\$3,740,993</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2016 was \$3,740,993 and the bank balance was \$4,221,374. Of the bank balance \$595,430 was covered by federal depository insurance and \$3,625,944 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, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Long-Term</u> <u>Portion</u>	<u>2016-17</u> <u>Payment</u>
Pension Liability	\$ 3,340,104	538,893		3,878,997	3,878,997	
Compensated Absences Payable	241,753		8,233	233,520	233,520	
Bonds Payable	<u>6,510,000</u>	<u> </u>	<u>680,000</u>	<u>5,830,000</u>	<u>5,125,000</u>	<u>705,000</u>
	<u>\$ 10,091,857</u>	<u>538,893</u>	<u>688,233</u>	<u>9,942,517</u>	<u>9,237,517</u>	<u>705,000</u>

A. Bonds Payable

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2020-2021	375,000	122,918	497,918
2021-2025	2,090,000	401,837	2,491,837
2026-2030	<u>1,640,000</u>	<u>115,280</u>	<u>1,755,280</u>
	<u>\$ 5,830,000</u>	<u>1,265,555</u>	<u>7,095,555</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 \$390,000 at June 30, 2016.

Bonds issued 1/23/2013 for \$8,140,000 at interest of 4.25% maturing 6/1/2030 with a balance of \$5,440,000 at June 30, 2016.

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 7.06% 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

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Funding</u>			
6/30/16	\$ 149,567	100%	0
6/30/15	150,251	100%	0
6/30/14	143,985	100%	0

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

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Funding</u>			
6/30/16	\$ 1,009,869	100%	0
6/30/15	866,588	100%	0
6/30/14	698,139	100%	0

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$1,009,869 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 \$445,332 during the year ended June 30, 2016 for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the 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, 2016, the District recognized pension expense of \$149,567. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 92,539	
Changes of Assumptions	416,573	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		62,367
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions		237,921
District Contributions Subsequent to the Measurement Date	<u>149,567</u>	<u> </u>
Total	<u>\$ 658,679</u>	<u>300,288</u>

\$658,679 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, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2014 and 2015 are as follows:

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Collective Deferred Outflows of Resources	\$ 658,679	255,282
Collective Deferred Inflows of Resources	300,288	381,594
Collective Net Pension Liability	3,878,997	3,340,104
District's Proportion	.01728%	.01784%

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, 2015 and 2014 are as follows:

	2015		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 31,614,118,524	43,109,580,038	74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$ 23,722,135,537</u>	<u>22,447,996,119</u>	<u>46,170,131,656</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.96%	47.93%	38.21%

	2014		
	<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 as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2015. 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	3.04%
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, 2014 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Intermediate Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

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

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

	2015		
	At 1%	At Current	At 1%
	<u>Decrease (3.90%)</u>	<u>Discount</u>	<u>Increase (5.90%)</u>
State	\$ 27,802,122,942	23,722,135,537	20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
Total	<u>\$ 55,702,235,475</u>	<u>46,170,131,656</u>	<u>38,191,749,890</u>
	2014		
	At 1%	At Current	At 1%
	<u>Decrease (4.39%)</u>	<u>Discount</u>	<u>Increase (6.39%)</u>
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>

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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 89,182,662,000	81,095,320,000
Plan Fiduciary Net Position	<u>25,604,797,560</u>	<u>27,282,252,461</u>
Net Pension Liability	<u>\$ 63,577,864,440</u>	<u>53,813,067,539</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

NOTE 4: Pension Plans (Continued)**State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2015</u>	<u>2014</u>
District's Liability	\$ 39,153,716	33,414,670
District's Proportion	.06158%	.06209%

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

Inflation 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, 2014 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign – Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds – Equity Hedge	4.00%	5.68%
Hedge Funds – Distressed	4.00%	4.30%

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2015 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 Discount Rate</u>	<u>At 1% Increase</u>
2015 (3.13%, 4.13%, 5.13%)	\$ 75,559,915,440	63,577,864,440	53,254,610,440
2014 (3.68%, 4.68%, 5.68%)	64,722,984,539	53,813,067,539	44,738,870,539

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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, 2016, the General Fund equity balance was as follows:

Restricted Fund Balance:	
Maintenance Reserve – Designated for Subsequent Year’s Expenditures	\$ 395,000
Maintenance Reserve	279,981
Emergency Reserve	250,000
Excess Surplus – Designated for Subsequent Year’s Expenditures	562,461
Capital Reserve	250,000
Excess Surplus	484,092
Committed Fund Balance:	
Year End Encumbrances	192,811
Unassigned Fund Balance	<u>450,550</u>
	<u>\$ 2,864,895</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

2015-16 Total General Fund Expenditures Per the CAFR	\$ 14,904,307
Increased:	
Transfer Capital Reserve to Capital Projects	553,807
Additional Transfer Capital Reserve to Capital Projects	47,500
Transfer Capital Outlay to Capital Projects	<u>168,326</u>
	<u>15,673,940</u>
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(1,455,201)</u>
Adjusted 15-16 General Fund Expenditures	<u>\$ 14,218,739</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>\$ 284,375</u>
Enter Greater of Above or \$250,000	\$ 281,375
Increased by Allowable Adjustment	<u>169,175</u>
Maximum Unassigned Fund Balance	<u>\$ 450,550</u>

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

Total General Fund – Fund Balance @ 6-30-16	\$ 2,864,895
Decreased by:	
Reserved for Encumbrances	(192,811)
Designated for Subsequent Years Expenditures – Excess Surplus	(562,461)
Designated for Subsequent Years Expenditures – Maintenance Reserve	(395,000)
Other Reserves	<u>(779,981)</u>
Total Unassigned Fund Balance	<u>\$ 934,642</u>

Recapitulation of Excess Surplus as of June 30, 2016

Designated for Subsequent Years Expenditures – Excess Surplus	\$ 562,461
Reserved Fund Balance – Excess Surplus	<u>484,092</u>
	<u>\$ 1,046,553</u>

Section 3**Detail of Allowable Adjustment**

Extraordinary Aid	\$ 158,912
Non-Public Transportation Aid	<u>10,263</u>
	<u>\$ 169,175</u>

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 279,981
Emergency Reserve	250,000
Capital Reserve	<u>250,000</u>
Total Other Restricted Fund Balance	<u>\$ 779,981</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>
2013-2014	\$ 0	20,628	35,232	44,869
2014-2015	0	22,785	46,917	20,737
2015-2016	0	11,660	3,786	28,611

NOTE 9: 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.

Fund 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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 623,807
Increased by:	
Deposit by Board Resolution	<u>227,500</u>
	851,307
Decreased by:	
Transfer to Capital Projects – Budgeted	553,807
Transfer to Capital Projects – Board Resolution	<u>47,500</u>
Ending Balance, June 30, 2016	<u>\$ 250,000</u>

“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)

NOTE 9: Capital Reserve Account (Continued)

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(f)1).

"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 10: 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 11: Fund Balance Appropriated

General Fund – Of the \$2,864,895 General Fund fund balance at June 30, 2016, \$192,811 is reserve for encumbrances; \$279,981 is reserved for maintenance; \$250,000 is reserved for emergency reserve; \$562,461 is excess surplus designated for subsequent years expenditures in the 2016-2017 budget; \$250,000 has been reserved in the Capital Reserve Account; \$484,092 is reserved excess surplus; \$395,000 is maintenance reserve designated for subsequent year's expenditures in the 2016-17 budget; and \$450,550 is unreserved and undesignated.

Debt Service Fund – The Debt Service Fund fund balance at June 30, 2016 of \$1 is designated for subsequent year's expenditures in 2016-17.

NOTE 12: Economic Dependency

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

NOTE 13: 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, 2016. 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, 2016 through December 1, 2016.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 13,150,166		13,150,166	13,150,166	-
Tuition From Individuals	27,500		27,500	49,656	22,156
Tuition From Other LEA's	128,396		128,396	162,354	33,958
Tuition Extended Year			-	10,204	10,204
Interest Earned on Investments			-	414	414
Miscellaneous	6,250		6,250	492	(5,758)
Total Local Sources	<u>13,312,312</u>	<u>-</u>	<u>13,312,312</u>	<u>13,373,286</u>	<u>60,974</u>
State Sources:					
Special Education Aid	378,931		378,931	378,931	-
Extraordinary Aid			-	158,912	158,912
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				10,263	10,263
TPAF Pension (On Behalf-Non-Budgeted)			-	1,009,869	1,009,869
TPAF Social Security (Reimbursed - Non-Budgeted)				445,332	445,332
Total State Sources	<u>423,524</u>	<u>-</u>	<u>423,524</u>	<u>2,047,900</u>	<u>1,624,376</u>
Total Revenues	<u>13,735,836</u>	<u>-</u>	<u>13,735,836</u>	<u>15,421,186</u>	<u>1,685,350</u>

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Pre-School/Kindergarten - Salaries of Teachers	214,334	4,100	218,434	215,198	3,236
Grades 1-5 - Salaries of Teachers	2,214,161	60,270	2,274,431	2,274,054	377
Grades 6-8 - Salaries of Teachers	1,450,731	(48,880)	1,401,851	1,399,353	2,498
Regular Programs - Undistributed Instruction:					
Other Salaries For Instruction	57,500	10,062	67,562	67,512	50
Other Purchased Services	31,854		31,854	31,853	1
General Supplies	220,845	(14,013)	206,832	200,486	6,346
Textbooks	51,000	67,972	118,972	80,132	38,840
Other Objects	26,000	(4,305)	21,695	20,508	1,187
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	9,669	16,669	16,665	4
Total Regular Programs - Instruction	<u>4,273,425</u>	<u>84,875</u>	<u>4,358,300</u>	<u>4,305,761</u>	<u>52,539</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	301,585	20,592	322,177	316,366	5,811
Other Salaries for Instruction	185,233	(4,688)	180,545	162,698	17,847
General Supplies	750	75	825	770	55
Total Learning and/or Language Disabilities	<u>487,568</u>	<u>15,979</u>	<u>503,547</u>	<u>479,834</u>	<u>23,713</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,104,351	(54,129)	1,050,222	949,473	100,749
General Supplies	2,500		2,500	963	1,537
Total Resource Room/Resource Center	<u>1,106,851</u>	<u>(54,129)</u>	<u>1,052,722</u>	<u>950,436</u>	<u>102,286</u>

FAIR HAVEN SCHOOL DISTRICT

**Exhibit C-1
Sheet 3 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Pre-School Disabilities - Part Time					
Salaries of Teachers	66,710	130	66,840	65,002	1,838
Other Salaries for Instruction	161,931	(14,200)	147,731	125,789	21,942
Purchased Professional Educational Services	5,750		5,750		5,750
Total Pre-School Handicapped	<u>234,391</u>	<u>(14,070)</u>	<u>220,321</u>	<u>190,791</u>	<u>29,530</u>
Total Special Education - Instruction	<u>1,828,810</u>	<u>(52,220)</u>	<u>1,776,590</u>	<u>1,621,061</u>	<u>155,529</u>
Bilingual Education					
Salaries of Teachers	<u>1,023</u>		<u>1,023</u>		<u>1,023</u>
Total Basic Skills/Remedial - Instruction	<u>1,023</u>	<u>-</u>	<u>1,023</u>	<u>-</u>	<u>1,023</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	33,500		33,500	29,546	3,954
Supplies and Materials	<u>750</u>		<u>750</u>		<u>750</u>
Total School Sponsored Co-Curricular	<u>34,250</u>	<u>-</u>	<u>34,250</u>	<u>29,546</u>	<u>4,704</u>
School Sponsored Athletics - Instruction:					
Salaries	18,750		18,750	11,947	6,803
Supplies and Materials	5,500		5,500		5,500
Other Objects	<u>1,550</u>		<u>1,550</u>	<u>754</u>	<u>796</u>
Total School Sponsored Athletics - Instruction	<u>25,800</u>	<u>-</u>	<u>25,800</u>	<u>12,701</u>	<u>13,099</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1

Sheet 4 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Instruction	<u>6,163,308</u>	<u>32,655</u>	<u>6,195,963</u>	<u>5,969,069</u>	<u>226,894</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEA's Within State - Special	70,000	(29,600)	40,400	42,132	122,932
Tuition-Other	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>90,000</u>
Total Undistributed Expenditures-Instruction	<u>70,000</u>	<u>400</u>	<u>70,400</u>	<u>72,132</u>	<u>212,932</u>
Undistributed Expenditures - Health:					
Salaries	129,237	14,454	143,691	143,689	2
Purchased Professional and Technical Services	6,750	(800)	5,950	5,620	330
Supplies and Materials	<u>2,550</u>	<u>958</u>	<u>3,508</u>	<u>3,203</u>	<u>305</u>
Total Undistributed Expenditures - Health:	<u>138,537</u>	<u>14,612</u>	<u>153,149</u>	<u>152,512</u>	<u>637</u>
Undistributed Expenditures - Other Support Services					
Students - Related Services:					
Salaries of Teachers	318,438	(6,583)	311,855	311,852	3
Purchased Professional Educational Services	67,000	11,700	78,700	78,700	-
Supplies and Materials	<u>750</u>	<u>750</u>	<u>750</u>	<u>660</u>	<u>90</u>
Total Undistributed Expenditures - Other Support Services			-		
Students - Related Services	<u>386,188</u>	<u>5,117</u>	<u>391,305</u>	<u>391,212</u>	<u>93</u>
Undistributed Expenditures - Other Support Services					
Students - Extra. Services					
Salaries	<u>143,579</u>	<u>(13,580)</u>	<u>129,999</u>	<u>90,131</u>	<u>39,868</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1

Sheet 5 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Supp. Serv.					
Students - Regular					
Salaries of Other Professional Staff	78,700		78,700	76,832	1,868
Supplies and Materials	250	(95)	155	100	55
Total Undistributed Expenditures-Other Supp. Serv. - Reg.	<u>78,950</u>	<u>(95)</u>	<u>78,855</u>	<u>76,932</u>	<u>1,923</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.:					
Salaries of Other Professional Staff	385,089	(500)	384,589	384,589	-
Salaries of Secretarial and Clerical Assts.	42,500		42,500	38,315	4,185
Other Purchased Professional and Technical Services	14,000	(2,625)	11,375	8,584	2,791
Miscellaneous Purchased Services	4,000	650	4,650	4,360	290
Supplies and Materials	3,500	2,120	5,620	5,618	2
Other Objects	750	675	1,425	1,415	10
Total Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.	<u>449,839</u>	<u>320</u>	<u>450,159</u>	<u>442,881</u>	<u>7,278</u>
Undistributed Expenditures-Impvt of Inst. Serv.					
Salaries of Supervisors of Instruction	134,500		134,500	134,379	121
Salaries of other Professional Staff	122,000	(26,233)	95,767	90,536	5,231
Other Purchased Professional and Technical Services	9,000	(7,235)	1,765		1,765
Other Purchased Services	3,700	(2,000)	1,700		1,700
Supplies and Materials	7,800	(1,259)	6,541	2,840	3,701
Other Objects	1,000		1,000	275	725
Total Undistributed Expenditures-Impvt. of Inst. Serv	<u>278,000</u>	<u>(36,727)</u>	<u>241,273</u>	<u>228,030</u>	<u>13,243</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	136,546	1,600	138,146	138,135	11
Salaries of Technology Coordinators	164,960	1,910	166,870	166,862	8
Purchased Professional and Technical Services	45,000	2,600	47,600	47,572	28
Supplies and Materials	28,750	(7,735)	21,015	14,946	6,069
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>375,256</u>	<u>(1,625)</u>	<u>373,631</u>	<u>367,515</u>	<u>6,116</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Purchased Professional-Educational Services	20,000	3,235	23,235	23,234	1
Other Purchased Services	25,500	(275)	25,225	23,880	1,345
Total Undistributed Expenditures - Instructional Staff Training Serv.	<u>45,500</u>	<u>2,960</u>	<u>48,460</u>	<u>47,114</u>	<u>1,346</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	220,005	13,497	233,502	233,402	100
Legal Services	45,000	43,540	88,540	88,537	3
Audit Fees	10,000		10,000	10,000	-
Communications/Telephone	37,500	21,291	58,791	58,527	264
Other Purchased Services (400-500 Series)	39,756	8,292	48,048	46,472	1,576
Supplies and Materials	4,000	130	4,130	4,123	7
BOE Supplies	800	20	820	815	5
BOE Dues and Fees	10,500	(500)	10,000	9,929	71
Miscellaneous Expenditures	10,150	(50)	10,100	9,996	104
Total Undistributed Expenditures - Supp. Serv. General Administration	<u>377,711</u>	<u>86,220</u>	<u>463,931</u>	<u>461,801</u>	<u>2,130</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	243,600	(18,466)	225,134	223,844	1,290
Salaries of Secretarial/Clerical Assistants	142,499	(6,040)	136,459	136,062	397
Other Purchased Services	2,500	3,300	5,800	5,117	683
Supplies and Materials	21,000	(2,025)	18,975	14,816	4,159
Other Objects	3,000	250	3,250	3,006	244
Total Undistributed Expend.-Supp. Serv.-School Admin.	<u>412,599</u>	<u>(22,981)</u>	<u>389,618</u>	<u>382,845</u>	<u>6,773</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Salaries	104,625		104,625	103,651	974
Cleaning, Repair and Maintenance Services	420,000	(6,232)	413,768	354,935	58,833
Total Undistributed Expenditures-Allow. Maint. School Fac.	<u>524,625</u>	<u>(6,232)</u>	<u>518,393</u>	<u>458,586</u>	<u>59,807</u>
Undistributed Expenditures - Other Oper. & Maint. of Plant:					
Salaries	475,498	(23,347)	452,151	439,471	12,680
Cleaning, Repair and Maintenance Services	203,726	152,193	355,919	338,567	17,352
Purchased Professional And Technical Services	66,000	3,400	69,400	69,398	2
Other Purchased Property Services	85,000	(500)	84,500	78,382	6,118
Insurance	76,175	(5,767)	70,408	69,545	863
Misc. Purchased Services	6,500		6,500	4,091	2,409
General Supplies	75,000	2,041	77,041	60,367	16,674
Energy - Electricity	221,500	(65,170)	156,330	147,784	8,546
Energy - Natural Gas	105,000		105,000	64,836	40,164
Other Objects	1,900		1,900	1,659	241
Total Undistributed Expend. - Other Oper. & Main. of Plant	<u>1,316,299</u>	<u>62,850</u>	<u>1,379,149</u>	<u>1,274,100</u>	<u>105,049</u>
Security:					
Salaries	31,260		31,260	29,788	1,472
Purchased Professional and Technical Services	2,000		2,000	200	1,800
Total Security	<u>33,260</u>	<u>-</u>	<u>33,260</u>	<u>29,988</u>	<u>3,272</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	1,874,184	56,618	1,930,802	1,762,674	168,128
Undistributed Expenditures - Student Transportation Serv:					
Contr. Serv. (Other Than Between Home & School)-Vendors	15,000	(5,871)	9,129	6,121	3,008
Contr. Serv. (Between Home & School)-Joint Agreement	45,000	30,905	75,905	75,903	2
Contr. Serv. (Special Education Students)-Joint Agreements	21,500	51,591	73,091	73,090	1
Contr. Services Aid in Lieu - Non-Public	6,186	(2,020)	4,166	4,163	3
Total Undistributed Expenditures - Student Transportation Services	87,686	74,605	162,291	159,277	3,014
Undistributed Expenditures - Central Services					
Support Services:					
Salaries	247,217		247,217	247,214	3
Purchased Professional Services	33,000		33,000	30,100	2,900
Other Purchased Services	7,000	(3,950)	3,050	2,639	411
Supplies and Materials	5,000	150	5,150	5,126	24
Other Objects	1,400		1,400	1,365	35
Total Undistributed Expenditures - Business and Other Support Services	293,617	(3,800)	289,817	286,444	3,373
Regular Programs-Instruction - Employee Benefits					
Health Benefits	2,087,981	(77,927)	2,010,054	1,662,400	347,654
Tuition Reimbursement	12,500	(190)	12,310	12,309	1
Other Employee Benefits	10,575	(6,535)	4,040	2,113	1,927
Total Regular Programs - Instruction - Employee Benefits	2,111,056	(84,652)	2,026,404	1,676,822	349,582

FAIR HAVEN SCHOOL DISTRICT

**Exhibit C-1
Sheet 9 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services-Gen'l Adm.-Employee Benefits					
Health Benefits	60,885		60,885	60,885	-
Total Support Services-Gen'l Adm.-Employee Benefits	<u>60,885</u>	<u>-</u>	<u>60,885</u>	<u>60,885</u>	<u>-</u>
Unallocated Benefits:					
Social Security Contributions	200,000	4,000	204,000	203,784	216
Other Retirement Contributions - PERS	182,364	(30,230)	152,134	149,567	2,567
Unemployment Compensation	25,000	4,975	29,975	29,877	98
Workmen's Compensation	85,570		85,570	85,359	211
Health Benefits	302,728	(40,390)	262,338	247,988	14,350
Attendance Compensation		31,535	31,535	31,531	
Total Unallocated Benefits	<u>795,662</u>	<u>(30,110)</u>	<u>765,552</u>	<u>748,106</u>	<u>17,442</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Reimbursed TPAF Social Security Contributions				1,009,869	(1,009,869)
(Non-Budgeted)	-	-	-	445,332	(445,332)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,455,201</u>	<u>(1,455,201)</u>
Total Undistributed Expenditures	<u>7,979,249</u>	<u>47,282</u>	<u>8,026,531</u>	<u>8,862,514</u>	<u>(621,323)</u>
Total Current Expense	<u>14,142,557</u>	<u>79,937</u>	<u>14,222,494</u>	<u>14,831,583</u>	<u>(394,429)</u>
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Purchased Professional Technical Services		21,724	21,724	2,465	19,259
Assessment for Debt Service on SDA Funding	16,759		16,759	16,759	-
Equipment-Business		53,500	53,500	53,500	-
Equipment-Plant		54,330	54,330		54,330
Total Capital Outlay	<u>16,759</u>	<u>129,554</u>	<u>146,313</u>	<u>72,724</u>	<u>73,589</u>

FAIR HAVEN SCHOOL DISTRICT

**Exhibit C-1
Sheet 10 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Total Expenditures	<u>14,159,316</u>	<u>209,491</u>	<u>14,368,807</u>	<u>14,904,307</u>	<u>(320,840)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(423,480)</u>	<u>(209,491)</u>	<u>(632,971)</u>	<u>516,879</u>	<u>1,364,510</u>
Other Financing Sources (Uses)					
Prior Year Adjustment Accounts Payable				(4,181)	(4,181)
Transfer Capital Reserve to Capital Projects	(553,807)		(553,807)	(553,807)	
Additional Transfer Capital Reserve to Capital Projects				(47,500)	(47,500)
Transfer Capital Outlay to Capital Projects	<u>(168,326)</u>		<u>(168,326)</u>	<u>(168,326)</u>	
Total Other Financing Sources (Uses)	<u>(722,133)</u>	<u>-</u>	<u>(722,133)</u>	<u>(773,814)</u>	<u>(51,681)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures And Other Financing Sources	<u>(1,145,613)</u>	<u>(209,491)</u>	<u>(1,355,104)</u>	<u>(256,935)</u>	<u>1,312,829</u>
Fund Balance July 1	<u>3,121,830</u>		<u>3,121,830</u>	<u>3,121,830</u>	
Fund Balance June 30	<u>\$ 1,976,217</u>	<u>(209,491)</u>	<u>1,766,726</u>	<u>2,864,895</u>	<u>1,312,829</u>

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 11 of 11

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Restricted Fund Balance:					
Capital Reserve				\$ 250,000	
Maintenance Reserve				279,981	
Maintenance Reserve - Designated for Subsequent Years Expenditures				395,000	
Excess Surplus				484,092	
Emergency Reserve				250,000	
Excess Surplus - Designated for Subsequent Years Expenditures				562,461	
Assigned Fund Balance:					
Year End Encumbrances				192,811	
Unassigned Fund Balance				<u>450,550</u>	
				2,864,895	
Reconciliation to Governmental Fund Statement (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis				<u>(39,729)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,825,166</u>	

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ -	1,133	1,133	1,133	-
Federal Sources	152,896	81,695	234,591	234,591	-
Total Revenues	<u>\$ 152,896</u>	<u>82,828</u>	<u>235,724</u>	<u>235,724</u>	<u>-</u>
Expenditures:					
Instruction:					
Tuition	\$ -	35,000	35,000	35,000	
General Supplies		1,133	1,133	1,133	
Total Instruction	<u>-</u>	<u>36,133</u>	<u>36,133</u>	<u>36,133</u>	<u>-</u>
Support Services:					
Salaries of Other Professional Staff	140,498	29,139	169,637	169,637	-
Purchased Professional Educational Services	12,398	11,766	24,164	24,164	
General Supplies		5,790	5,790	5,790	
Total Support Services	<u>152,896</u>	<u>46,695</u>	<u>199,591</u>	<u>199,591</u>	<u>-</u>
Total Expenditures	<u>\$ 152,896</u>	<u>82,828</u>	<u>235,724</u>	<u>235,724</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 15,421,186	235,724
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.	39,779	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(39,729)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 15,421,236</u>	<u>235,724</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 14,904,307	235,724
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>\$ 14,904,307</u>	<u>235,724</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THENET PENSION LIABILITY - PERS

Exhibit L-1

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,878,997	3,340,104	3,625,643
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,878,997</u>	<u>3,340,104</u>	<u>3,625,643</u>
District's Covered-Employee Payroll	\$ 1,287,294	1,170,827	1,181,671
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	33.19%	35.05%	32.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	38.21%	42.74%	40.71%

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 150,251	143,985	141,335
Contributions in Relation to the Contractually Required Contribution	<u>150,251</u>	<u>143,985</u>	<u>141,335</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,287,294	1,170,827	1,181,671
Contributions as a Percentage of Covered-Employee Payroll	11.67%	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 THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>39,153,716</u>	<u>33,414,670</u>	<u>30,694,361</u>
Total	<u>\$39,153,716</u>	<u>33,414,670</u>	<u>30,694,361</u>
District's Covered-Employee Payroll	\$ 5,749,823	5,858,947	6,049,277
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	14.69%	17.53%	19.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	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, 2016

	<u>Title IIA</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>	<u>Comcast Grant</u>	<u>Totals June 30, 2016</u>
Revenues:					
Federal Sources	\$ 17,037	210,427	7,127		234,591
Local Sources				1,133	1,133
Total Revenue	<u>\$ 17,037</u>	<u>210,427</u>	<u>7,127</u>	<u>1,133</u>	<u>235,724</u>
Expenditures:					
Instruction:					
Tuition	\$ -	35,000			35,000
General Supplies				1,133	1,133
Total Instruction	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>1,133</u>	<u>36,133</u>
Support Services:					
Salaries of Other Professional Staff		169,637			169,637
Purchased Professional Educational Services	17,037		7,127		24,164
General Supplies		5,790			5,790
Total Support Services	<u>17,037</u>	<u>175,427</u>	<u>7,127</u>	<u>-</u>	<u>199,591</u>
Total Expenditures	<u>\$ 17,037</u>	<u>210,427</u>	<u>7,127</u>	<u>1,133</u>	<u>235,724</u>

CAPITAL PROJECTS FUND – F

FAIR HAVEN SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2016Revenues and Other Financing Sources

ROD Grants	\$ 513,088
Transfer from Capital Reserve	553,807
Additional Transfer from Capital Reserve	47,500
Transfer from Capital Outlay	168,326
Total Revenues and Other Financing Sources	<u>1,282,721</u>

Expenditures

Roof Project	45,916
Phone Project	45,790
Total Expenditures	<u>91,706</u>
Fund Balance - Beginning	<u>108,174</u>
Fund Balance - Ending	<u>\$ 1,299,189</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, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 13,442		13,442	13,442
Transfer From Capital Outlay	20,164		20,164	20,164
Total Revenues	<u>33,606</u>	<u>-</u>	<u>33,606</u>	<u>33,606</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services		17,448	17,448	33,606
Total Expenditures	<u>-</u>	<u>17,448</u>	<u>17,448</u>	<u>33,606</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 33,606</u>	<u>(17,448)</u>	<u>16,158</u>	<u>-</u>
<u>Additional Project Information</u>				
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	38%			
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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SDA Grant	\$ 29,827		29,827	29,827
Transfer from Capital Outlay	44,741		44,741	44,741
Total Revenues	<u>74,568</u>	<u>-</u>	<u>74,568</u>	<u>74,568</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	-	28,468	28,468	74,568
Total Expenditures	<u>-</u>	<u>28,468</u>	<u>28,468</u>	<u>74,568</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 74,568</u>	<u>(28,468)</u>	<u>46,100</u>	<u>-</u>
<u>Additional Project Information</u>				
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	62%			
Original Target Completion Date	6/30/2016			
Revised Target Completion Date	6/30/2016			

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT

BALANCE, AND PROJECT STATUS - BUDGETARY BASIS

KNOLLWOOD ELEMENTARY SCHOOL - PARTIAL ROOF REPLACEMENT

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - ROD Grant	\$ -	513,088	513,088	513,088
Transfer from Capital Reserve		553,807	553,807	553,807
Additional Transfer from Capital Reserve		47,500	47,500	47,500
Transfer from Capital Outlay		168,326	168,326	168,326
Total Revenues	<u>-</u>	<u>1,282,721</u>	<u>1,282,721</u>	<u>1,282,721</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services		45,790	45,790	1,282,721
Total Expenditures	<u>-</u>	<u>45,790</u>	<u>45,790</u>	<u>1,282,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>1,236,931</u>	<u>1,236,931</u>	<u>-</u>

Additional Project Information

Project Number	1440-050-14-1003-G04
Grant Date	1/6/2014
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$ 1,282,721
Additional Authorized Cost	-
Revised Authorized Cost	\$ 1,282,721
Percentage Completion	4%
Original Target Completion Date	9/1/2016
Revised Target Completion Date	9/1/2016

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, 2016

	<u>Agency</u>		<u>Expendable Trusts</u>			<u>Totals 2016</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>
Assets:							
Cash and Cash Equivalents	\$ 64,221	223,385	6,466	15,710	147	28,611	338,540
Total Assets	<u>\$ 64,221</u>	<u>223,385</u>	<u>6,466</u>	<u>15,710</u>	<u>147</u>	<u>28,611</u>	<u>338,540</u>
Liabilities and Net Position:							
Liabilities:							
Due to Student Groups	\$ 64,221						64,221
Payroll Withholdings		223,385	6,466				229,851
Total Liabilities	<u>64,221</u>	<u>223,385</u>	<u>6,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,072</u>
Net Position:							
Unreserved				15,710	147	28,611	44,468
Total Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,710</u>	<u>147</u>	<u>28,611</u>	<u>44,468</u>
Total Liabilities and Net Position	<u>\$ 64,221</u>	<u>223,385</u>	<u>6,466</u>	<u>15,710</u>	<u>147</u>	<u>28,611</u>	<u>338,540</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, 2016

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Other Trusts</u>	<u>Totals</u>
Additions:				
Local Sources:				
Contributions	\$ 280	11,660		11,940
Interest on Investments	3		1	4
Total Additions	<u>283</u>	<u>11,660</u>	<u>1</u>	<u>11,944</u>
Deductions:				
Scholarship Payments	400			400
Other Payments		180	400	580
Unemployment Claims		3,606		3,606
Total Deductions	<u>400</u>	<u>3,786</u>	<u>400</u>	<u>4,586</u>
Change in Net Position	(117)	7,874	(399)	7,358
Net Position, July 1	<u>15,827</u>	<u>20,737</u>	<u>546</u>	<u>37,110</u>
Net Position, June 30	<u>\$ 15,710</u>	<u>28,611</u>	<u>147</u>	<u>44,468</u>

FAIR HAVEN SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Elementary Schools: Knollwood/Sickles	\$ 37,785	109,992	83,556	64,221
Total All Schools	<u>\$ 37,785</u>	<u>109,992</u>	<u>83,556</u>	<u>64,221</u>

FAIR HAVEN SCHOOL DISTRICT

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Assets:				
Cash and Cash Equivalents	\$ 63,739	4,620,124	4,460,478	223,385
Total Assets	<u>\$ 63,739</u>	<u>4,620,124</u>	<u>4,460,478</u>	<u>223,385</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 63,739	4,620,124	4,460,478	223,385
Total Liabilities	<u>\$ 63,739</u>	<u>4,620,124</u>	<u>4,460,478</u>	<u>223,385</u>

LONG-TERM DEBT – I

FAIR HAVEN SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2015</u>	<u>Retired</u>	<u>Ending Balance June 30, 2016</u>
School Refunding Bonds	4/15/2005	\$ 3,415,000	7/15/2016	\$ 390,000	4.00%	\$ 765,000	375,000	390,000
2013 Refunding Bonds	1/23/2013	6,075,000	6/1/2017	315,000	3.00%	5,745,000	305,000	5,440,000
			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>\$ 6,510,000</u>	<u>680,000</u>	<u>5,830,000</u>

FAIR HAVEN SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 828,150		828,150	828,150	
State Sources:					
Type II Aid	2,049		2,049	2,049	
Total Revenues	<u>830,199</u>	<u>-</u>	<u>830,199</u>	<u>830,199</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	202,118		202,118	202,118	-
Redemption of Principal	680,000		680,000	680,000	-
Total Expenditures	<u>882,118</u>	<u>-</u>	<u>882,118</u>	<u>882,118</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,919)	-	(51,919)	(51,919)	-
Fund Balance July 1	<u>51,920</u>		<u>51,920</u>	<u>51,920</u>	<u>-</u>
Fund Balance June 30	<u>\$ 1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

FAIR HAVEN SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

J-1

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 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	5,569,663
Restricted	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	3,713,535
Unrestricted	<u>197,622</u>	<u>85,809</u>	<u>(59,559)</u>	<u>(117,974)</u>	<u>(45,136)</u>	<u>(53,437)</u>	<u>(14,167)</u>	<u>435,308</u>	<u>(3,329,083)</u>	<u>(3,364,611)</u>
Total Governmental Activities Net Position	<u>\$ 3,469,091</u>	<u>3,131,947</u>	<u>3,405,736</u>	<u>3,392,224</u>	<u>4,323,894</u>	<u>5,051,480</u>	<u>5,617,214</u>	<u>5,751,114</u>	<u>3,549,059</u>	<u>5,918,587</u>
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt										60,905
Unrestricted	<u>\$ 6,543</u>	<u>3,056</u>	<u>5,348</u>	<u>10,361</u>	<u>16,804</u>	<u>21,977</u>	<u>26,740</u>	<u>34,217</u>	<u>12,416</u>	<u>6,756</u>
Total Business-Type Activities Net Position	<u>\$ 6,543</u>	<u>3,056</u>	<u>5,348</u>	<u>10,361</u>	<u>16,804</u>	<u>21,977</u>	<u>26,740</u>	<u>34,217</u>	<u>12,416</u>	<u>67,661</u>
District-Wide:										
Invested in Capital Assets, Net of Related Debt	\$ 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	5,630,568
Restricted	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	3,713,535
Unrestricted	<u>204,165</u>	<u>88,865</u>	<u>(54,211)</u>	<u>(107,613)</u>	<u>(28,332)</u>	<u>(31,460)</u>	<u>12,573</u>	<u>469,525</u>	<u>(3,316,667)</u>	<u>(3,357,855)</u>
Total District Net Position	<u>\$ 3,475,634</u>	<u>3,135,003</u>	<u>3,411,084</u>	<u>3,402,585</u>	<u>4,340,698</u>	<u>5,073,457</u>	<u>5,643,954</u>	<u>5,785,331</u>	<u>3,561,475</u>	<u>5,986,248</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental Activities:										
Instruction:										
Regular	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	4,297,528
Special Education	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	1,657,194
Other Instruction	229,089	213,152	130,209	167,114	35,523	45,959	51,205	50,609	64,371	42,247
Support Services:										
Tuition	47,931	80,292	88,774	88,198	204	11,156	182,822	5,352	120,621	72,132
Student and Instruction Related Services	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	1,995,918
School Administration Services	685,561	619,080	636,424	356,562	338,806	339,085	342,612	392,114	378,429	382,845
General Administration	565,085	503,952	416,416	631,337	660,757	676,347	702,229	701,658	663,781	748,245
Central Services	398,995	380,078								
Plant Operations and Maintenance	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	1,912,779
Pupil Transportation	174,626	147,129	189,672	187,110	83,950	110,332	171,761	99,214	116,865	159,277
Unallocated Employee Benefits				3,033,591	3,054,542	3,304,276	3,834,803	3,782,623	3,841,208	3,995,204
Interest on Long-Term Debt	566,529	589,253	523,744	503,622	431,255	392,407	303,751	301,975	302,974	194,480
Unallocated Depreciation			434,909	405,654	305,936	329,135	302,752	285,077	245,988	340,178
Total Governmental Activities Expenses	<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>	<u>15,798,027</u>
Business-Type Activities:										
Food Service	<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>	<u>29,635</u>
Total Business-Type Activities	<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>	<u>29,635</u>
Total District Expenses	<u><u>15,377,057</u></u>	<u><u>13,976,147</u></u>	<u><u>13,174,054</u></u>	<u><u>13,658,021</u></u>	<u><u>13,056,105</u></u>	<u><u>13,726,108</u></u>	<u><u>14,520,987</u></u>	<u><u>14,422,172</u></u>	<u><u>14,841,921</u></u>	<u><u>15,827,662</u></u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	105,421	110,369			69,651	55,120	121,650	149,682	120,621	
Operating Grants and Contributions	<u>1,471,533</u>	<u>1,576,905</u>	<u>1,743,737</u>	<u>288,411</u>	<u>343,146</u>	<u>249,542</u>	<u>224,165</u>	<u>218,477</u>	<u>227,462</u>	<u>235,724</u>
Total Governmental Activities Program Revenues	<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>	<u>235,724</u>
Business-Type Activities:										
Charges for Services:										
Food Service	47,372	48,697	57,584	57,855	53,880	53,946	41,774	28,581	17,022	12,350
Operating Grants and Contributions	<u>7,981</u>	<u>8,729</u>	<u>6,912</u>	<u>7,977</u>	<u>7,099</u>	<u>6,985</u>	<u>4,646</u>	<u>3,491</u>	<u>3,511</u>	<u>4,740</u>
Total Business-Type Activities Program Revenues	<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>	<u>17,090</u>
Total District Program Revenues	<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>	<u>252,814</u>
Net (Expense) Revenue										
Governmental Activities	(13,741,585)	(12,227,195)	(11,368,099)	(13,308,775)	(12,588,043)	(13,366,401)	(14,133,512)	(14,397,574)	(14,451,501)	(15,562,303)
Business-Type Activities	<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>	<u>(21,804)</u>	<u>(12,545)</u>
Total District-Wide Net Expense	<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>(14,473,305)</u>	<u>(15,574,848)</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Revenues and Other Changes										
<u>In Net Position</u>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	13,150,166
Taxes Levied for Debt Service	984,445	1,071,827	1,088,508	1,064,129	1,015,731	988,565	996,749	979,287	852,657	828,150
Unrestricted Grants and Contributions	668,019	684,490		1,282,495	945,989	1,277,966	1,741,204	1,561,634	1,740,748	2,563,087
Tuition Received			49,168	28,746					197,298	222,214
Investment Earnings	150,299	66,485								
Miscellaneous Income	18,915	11,873	25,926	38,585	11,237	10,129	17,497	19,246	64,978	906
Adjustment			(3,150)	(158,854)	16,462	40,176	(7,674)			
Total Government Activities	<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>	<u>16,764,523</u>
Business-Type Activities:										
Investment Earnings	23	18	14	16	9	7	3			1
Miscellaneous Income	1,308	747								
Total Business-Type Activities	<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>	<u>1</u>
Total District-Wide	<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>	<u>16,764,524</u>
<u>Change in Net Position</u>										
Governmental Activities	\$ (2,302,136)	(337,144)	348,495	(14,786)	954,495	734,617	634,130	386,224	(2,069,530)	2369528
Business-Type Activities	<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>	<u>55245</u>
Total District	<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>	<u>2,424,773</u>

FAIR HAVEN SCHOOL DISTRICT

J-3

FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:										
Restricted	\$ 310,488	566,384	919,959	725,430	1,304,247	1,718,673	1,642,270	1,792,699	2,859,046	2,414,345
Unrestricted	<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>	<u>410,821</u>
Total General Fund	<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>	<u>2,825,166</u>
All Other Governmental Funds:										
Restricted	\$ 237,363	3,150								
Unreserved, Reported In:										
Capital Projects Fund	709,999	513,745	361,899	361,197	361,197	361,197	361,197		64,905	1,299,189
Debt Service Fund	<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>	<u>1</u>
Total All Other Governmental Funds	<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>	<u>1,299,190</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Tax Levy	\$ 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	13,978,316
Tuition Charges	105,421	110,369	49,168	28,746	69,651	55,120	121,650	149,682	317,919	222,214
Interest Earnings	150,299	66,485	13,303	2						
Miscellaneous	18,915	11,873	12,623	38,583	10,168	10,129	17,497	19,246	64,978	2,039
State Sources	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	2,563,087
Federal Sources	210,988	191,291	199,237	288,411	343,146	249,542	224,028	218,477	227,462	234,591
Total Revenues	<u>13,016,403</u>	<u>13,577,325</u>	<u>13,463,481</u>	<u>13,741,254</u>	<u>13,946,785</u>	<u>14,365,504</u>	<u>15,120,994</u>	<u>15,188,589</u>	<u>15,920,962</u>	<u>17,000,247</u>
Expenditures										
Instruction:										
Regular Instruction	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	4,305,761
Special Education Instruction	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	1,657,194
Other Instruction	83,588	81,284	69,969	104,138	35,523	45,959	51,205	50,609	64,371	42,247
School Sponsored/Other Instructional Community Services	48,471	59,363	60,240	62,976						
Support Services:										
Tuition	47,931	80,292	88,774	88,198	204	11,156	182,822	5,352	120,621	72,132
Student and Instruction Related Services	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	1,995,918
General Administration	406,467	393,372	416,416	356,562	338,806	339,085	342,612	392,114	378,429	382,845
School Administrative Services	387,500	405,618	636,424	631,337	660,757	676,347	702,229	701,658	663,781	748,245
Central Services	237,473	265,043								
Plant Operations and Maintenance	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	1,762,674
Pupil Transportation	174,626	147,129	189,672	187,110	83,950	110,332	171,761	99,214	116,865	159,277
Other Support Services										
Employee Benefits	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	3,941,014
Capital Outlay	8,025,288	442,959	151,846	69,955	16,621	30,000	273,404	42,916	157,890	164,430
Debt Service:										
Principal	525,327	541,604	562,791	568,996	580,293	601,658	643,260	669,669	650,000	680,000
Interest and Other Charges	478,341	594,690	529,382	497,542	437,459	398,885	316,508	277,400	254,963	202,118
Education Jobs						22,766				
Total Expenditures	<u>20,530,544</u>	<u>13,778,893</u>	<u>13,314,307</u>	<u>13,774,968</u>	<u>13,338,575</u>	<u>14,006,923</u>	<u>15,115,013</u>	<u>14,783,560</u>	<u>15,201,459</u>	<u>16,113,855</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(7,514,141)</u>	<u>(201,568)</u>	<u>149,174</u>	<u>(33,714)</u>	<u>608,210</u>	<u>358,581</u>	<u>5,981</u>	<u>405,029</u>	<u>719,503</u>	<u>886,392</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Other Financing Sources (Uses)</u>										
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)	(4,181)
Transfer In	25,973	333	95	2						
Transfer Out	(25,973)	(333)	(95)	(28,997)						
Total Other Financing Sources (Uses)	<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>	<u>(4,181)</u>
Net Change in Fund Balances	<u>\$ (7,514,141)</u>	<u>(201,568)</u>	<u>146,024</u>	<u>(192,568)</u>	<u>624,672</u>	<u>398,757</u>	<u>(1,693)</u>	<u>238</u>	<u>868,699</u>	<u>882,211</u>
Debt Service as a Percentage of Noncapital Expenditure	8.03%	8.52%	8.30%	8.40%	8.28%	6.98%	6.39%	6.42%	6.40%	5.53%

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.

FAIR HAVEN SCHOOL DISTRICT

J-5

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
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
2016		2,039	2,039

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>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
Dec. 31							
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*	10,626,900	1,115,672,200	0	0	37,727,500	0	0
2015	9,108,000	1,470,013,900	0	0	50,248,000	0	0
2016	11,427,100	1,510,231,800	0	0	51,014,900	0	0

	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate^b</u>	<u>Total Direct Regional Tax Rate</u>
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	1,510,850,747	1.120	0.396
2013	1,164,027,100	0	448,358	1,164,475,458	1,465,458,025	1.120	0.396
2014*	1,164,026,600	0	448,356	1,164,474,956	1,164,474,956	0.000	0.391
2015	1,529,369,900	0	441,313	1,529,811,213	1,529,811,213	0.000	0.320
2016	1,572,673,800	0	443,518	1,573,117,318	1,573,117,318	0.000	0.326

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)

<u>Year Ended</u>	<u>Basic Rate</u> (a)	<u>General Obligation Debt Service</u> (b)	<u>(From J-6) Total Direct School Tax Rate</u>	<u>Regional School Rate</u>	<u>Borough of Fair Haven</u>	<u>Monmouth County</u>	<u>Total Direct and Overlapping Tax Rate</u>
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	1.137	0.320	0.404	0.312	2.173
2015	0.849	0.083	0.932	0.320	0.404	0.312	2.287
2016	0.831	0.083	0.914	0.326	0.399	0.272	2.325

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%	
Total	<u><u>\$ 37,940,600</u></u>		<u><u>3.26%</u></u>	<u><u>\$ -</u></u>		<u><u>0.00%</u></u>	

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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	13,799,590	13,799,590	100%	
2016	13,978,316	13,978,316	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 Ending June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
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	6,510,000	N/A	N/A	N/A	N/A	6,510,000	N/A	N/A	
2016	5,830,000	N/A	N/A	N/A	N/A	5,830,000	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

<u>Fiscal Year Ended June 30,</u>	<u>General Obligations Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value (a) of Property</u>	<u>Per Capita (b)</u>
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
2016	5,830,000		5,830,000	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, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
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>5,830,000</u>
 Total Direct and Overlapping Debt			 <u><u>\$ 5,830,000</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

J-14

DEMOGRAPHIC AND ECONOMIC STATISTICS

Year	Population	Personal Income	Per Capita <u>Personal Income</u>	Unemployment Rate
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	5,995	N/A	0	0.00%
2016	6,089	N/A	0	0.00%

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

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

US Census Bureau

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

Information Not Available

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	77.0	62.7	85.8	85.6	85.5	86.4	85.0	87.0	87.0	73.0
Special Education	12.8	11.9	11.0	12.5	13.0	13.5	13.5	15.0	17.0	20.0
Support Services:										
Student and Instruction Related Services	26.8	19.4	21.3	21.3	21.3	21.0	20.4	29.0	21.0	38.0
General Administration	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	4.0
School Administrative Services	8.0	8.0	8.0	8.0	8.0	8.0	8.0	6.0	6.0	2.0
Other Administrative Services	2.0	1.0	2.0	2.0	2.0	2.0	2.0	3.0	4.0	4.0
Plant Operations and Maintenance	9.5	9.5	9.5	9.5	9.5	9.5	8.5	8.5	8.5	8.5
Other Support Services	6.0	6.0	6.0	6.0	6.0	6.0	4.0	4.5	4.5	4.5
Total	<u>147.1</u>	<u>123.5</u>	<u>148.6</u>	<u>149.9</u>	<u>150.3</u>	<u>151.4</u>	<u>146.4</u>	<u>158.0</u>	<u>154.0</u>	<u>154.0</u>

Source: District Personnel Records

OPERATING STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teacher Staff (b)	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	1,016	14,137,095	13,914	0.00%	-	-	-	-	0.00%	0.00%
2016	1,023	14,595,933	14,268	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

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Elementary:										
Knollwood Elementary:										
Square Feet	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441
Capacity (Students)	637	637	637	637	637	637	637	637	637	637
Enrollment	550	550	532	560	556	556	591	591	591	588
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	460	460	460	456	459	459	450	450	450	435

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 DISTRICTSCHEDULE OF REQUIRED MAINTENANCE

J-19

LAST TEN FISCAL YEARS

<u>Year</u>	<u>*School Facilities Project # (s)</u>	<u>Viola L. Sickles</u>		<u>Knollwood</u>		<u>Total</u>
		<u>SP 1440-050-05-2000</u>	<u>SP 1440-060-05-1000</u>	<u>SP 1440-050-05-2000</u>	<u>SP 1440-050-03-1231</u>	
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
2016			85,922		184,186	270,108
Total School Facilities		\$	594,422		1,111,033	1,705,455

*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
 Package Policy Declarations

J-20

Policy Number: P641AG

Premium: \$69,544.94

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: 07/01/2015 to 07/01/2016 12:01 AM Eastern Standard Time

Article I - Property

Real and Personal Property	\$400,000,000 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	\$25,000,000 per occurrence NJSIG Limit
Loss of Rents	Not Covered
Loss of Business Income/Tuition	Not Covered
Limited Builders Risk	\$5,000,000 per occurrence NJSIG Limit
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	\$20,000,000 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: P641AG

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: P641AG

Article IV - Crime

Insuring Agreements	Limits	Deductibles
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 Covered	Not Covered
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 \$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 \$5,000 limit per person
Terrorism	\$1,000,000 per occurrence/annual NJSIG aggregate
Deductible	N/A



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

Policy Number: P641AG

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

\$30,000 Bodily Injury Per Accident

\$5,000 Property Damage Per Accident

Symbol 5 Personal Injury Protection (including pedestrians)

\$250,000

Medical Payments

\$10,000 private passenger vehicles

\$5,000 all other vehicles

Terrorism

\$1,000,000 per occurrence/annual
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



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

Policy Number: E641AG

Premium: \$30,766.49

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, 2015 to July 1, 2016 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
	\$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 (7/15)

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

NJSIG Executive Director

NJSIG-D-EO (7/15)

Page 1



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

Workers' Compensation and Employers' Liability Declarations Page

Policy Number: W641AG **Premium:** \$85,945.02

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: 07/01/2015 to 07/01/2016 12:01 AM Eastern Standard Time

Estimated Professional & Clerical Payroll	\$7,800,000.00
Estimated Non-Professional Payroll	\$390,125.00
Experience Modifier	0.8525
NJSIG Discount	0.5450

The limits of our liability under Part 1: Statutory

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 Executive Director.

William M. Mayo
NJSIG Executive Director

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

e-mail:

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 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, 2016, 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 1, 2016.

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 1, 2016

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

e-mail:

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 ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND SCHEDULES OF EXPENDITURE OF STATE
FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

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 School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2016. The Board of Education of the Fair Haven 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 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; Title 2 U.S. Code of Federal Regulations CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Fair Haven 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 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 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, 2016.

Report on Internal Control Over Compliance

Management of the Board of Education of the Fair Haven 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 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 federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Fair Haven 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 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 state program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. 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 1, 2016

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years Balances	Balance at June 30, 2016					
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor			
U.S. Department of Agriculture																		
Passed Through State Department of Education:																		
National School Lunch Program	10.555	1616NJ304N1099	NA	\$ 3,034	7/01/2014	6/30/2015	(225)		225									
National School Lunch Program PB	10.555	1616NJ304N1099	NA	248	7/01/2015	6/30/2016			230	(248)				(18)				
National School Lunch Program PB	10.555	1616NJ304N1099	NA	281	7/01/2014	6/30/2015	(19)		19									
National School Lunch Program	10.555	1616NJ304N1099	NA	4,309	7/01/2015	6/30/2016			3,953	(4,309)				(356)				
Total U.S. Department of Agriculture							(244)	-	4,427	(4,557)	-	-		(374)	-		-	
U.S. Department of Education:																		
Passed Through State Department of Education:																		
Title I	84.010A	S010A150030	NA	15,435	7/01/2015	6/30/2016												
Title IIA	84.367A	S367A150029	NA	17,037	7/01/2015	6/30/2016			16,448	(17,037)				(589)				
I.D.E.A. Basic	84.027	H027A150100	NA	210,427	7/01/2015	6/30/2016			210,427	(210,427)								
I.D.E.A. Preschool	84.173	H173A150114	NA	7,127	7/01/2015	6/30/2016			7,127	(7,127)								
							-	-	234,002	(234,591)	-	-		(589)	-		-	
							\$ (244)	-	238,429	(239,148)	-	-		(963)	-		-	

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, 2016

State Grantor/Program State Department of Education:	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2016			MEMO		
										(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures	
Special Education Aid	16-495-034-5120-089	7-1-15 to 6-30-16	\$ 378,931	\$ -		378,931	(378,931)						(35,755)	378,931	
Transportation Aid	16-495-034-5120-014	7-1-15 to 6-30-16	10,271			10,271	(10,271)						(794)	10,271	
Security Aid	16-495-034-5120-084	7-1-15 to 6-30-16	14,892			14,892	(14,892)						(1,590)	14,892	
PARCC Readiness Aid	16-495-034-5120-098	7-1-15 to 6-30-16	9,715			9,715	(9,715)						(795)	9,715	
Per Pupil Growth Aid	16-495-034-5120-097	7-1-15 to 6-30-16	9,715			9,715	(9,715)						(795)	9,715	
Non-Public Transportation Aid	15-495-034-5120-014	7-1-14 to 6-30-15	7,590	(7,590)		7,590									
Non-Public Transportation Aid	16-495-034-5120-014	7-1-15 to 6-30-16	10,263				(10,263)				(10,263)			10,263	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7-1-14 to 6-30-15	442,679	(21,226)		21,226									
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7-1-15 to 6-30-16	445,332			423,080	(445,332)				(22,252)			445,332	
Extraordinary Aid	16-495-034-5120-044	7-1-15 to 6-30-16	158,912				(158,912)				(158,912)			158,912	
				(28,816)		875,420	(1,038,031)				(191,427)			(39,729)	1,038,031
Special Revenue Fund: Non-Public Technology	15-100-034-5120-373	7-1-14 to 6-30-15	1,648	1,648				(1,648)							
Food Service: National School Lunch Program (State Share)	15-100-010-3360-067	7-1-14 to 6-30-15	197	(13)		13									
National School Lunch Program (State Share)	16-100-010-3360-067	7-1-15 to 6-30-16	183			170	(183)				(13)			183	
				(13)		183	(183)				(13)			183	
Debt Service Fund: State Debt Service Aid	16-495-034-5120-017	7-1-15 to 6-30-16	2,049			2,049	(2,049)							2,049	
Capital Projects Fund: SDA Grant	1440-060-14-1005	7-1-14 to 6-30-15	13,442	(13,442)							(13,442)				
SDA Grant	1440-050-14-1004	7-1-14 to 6-30-15	513,088	(513,088)							(513,088)				
SDA Grant	1440-050-14-1003	7-1-14 to 6-30-15	29,827	(29,827)							(29,827)				
Total Capital Project Fund				(556,357)							(556,357)				
				\$ (583,538)		877,652	(1,040,263)	(1,648)			(747,797)			(39,729)	1,040,263

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

BOARD OF EDUCATION

K-5

FAIR HAVEN SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2016****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 Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 1,038,031		2,049	183	1,040,263
Difference – Budget to “GAAP”					
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized					
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	1,009,869				1,009,869
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>50</u>	—	—	—	<u>50</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 2,047,950</u>	—	<u>2,049</u>	<u>183</u>	<u>2,050,182</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$	234,591		4,557	239,148
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$	<u>234,591</u>	_____	<u>4,557</u>	<u>239,148</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, 2016.

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I - 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 condition(s) identified that are not considered to be material weaknesses?

Yes _____ None Reported

Noncompliance material to general purpose financial statements noted?

_____ Yes No

Federal Awards

N/A

State Awards

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

\$750,000

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 15-08?

_____ Yes No

Identification of major programs:

GMIS Number(s)

Name of State Program

16-495-034-5120-089

Special Education Aid (Public Cluster)

16-495-034-5120-084

Security Aid (Public Cluster)

16-495-034-5120-098

PARCC Readiness Aid (Public Cluster)

16-495-034-5120-097

Per Pupil Growth Aid (Public Cluster)

16-495-034-5095-002

Reimbursed TPAF Social Security

16-495-034-5120-014

Transportation Aid (Public Cluster)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016

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

This section identifies audit findings required to be reported by Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

Federal Awards

N/A

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

125.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prior Audit Findings:

None