

**SCHOOL DISTRICT OF
HAINESPORT TOWNSHIP**

HAINESPORT BOARD OF EDUCATION
Hainesport, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HAINESPORT BOARD OF EDUCATION

HAINESPORT, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

**Hainesport Township Board of Education
Finance Department**

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INTRODUCTORY SECTION

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Hainesport, NJ 08036
(609) 267-1316
Fax: (609) 702-0142

Superintendent's Office
Ext. 203

Chief School Administrator
Dr. Joseph S. Campisi

Secretary
Cora Schiers

Main Office
Ext. 201

Assistant Principal
Christopher Butler

Secretary
Margaret Fuddy

Secretary
Nancy Rivera

Business Office
Ext. 215

Business Administrator
Michael Blake

Assistant to BA
Pat Gwynne

Office Clerk
Christy Eckert

Child Study Team Office
Ext. 209

Assistant Principal of Special Services & Projects
Christopher Giannotti

Secretary
Meryl Pellicore

Facility Manager's Office
Ext. 180

Facility Manager
Jules Krause

Guidance Office
Ext. 239 & 140

Counselors
Patricia Schanely
Rose Wenz

October 10, 2016

Honorable President and
Members of the Board of Education
Township of Hainesport School District
County of Burlington
Hainesport, New Jersey 08036

Dear President and Members:

The comprehensive annual financial report of the Hainesport Township School District for 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 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 operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** Hainesport Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Hainesport Township Board of Education and its school constitute the district's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 8. These include regular and disabled youngsters. The District completed the 2015-16 fiscal year with an

enrollment of 628 students. The following details the changes in the student enrollment of the District over the last five years.

AVERAGE DAILY ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2015-2016	628	-1.43%
2014-2015	637	-5.50%
2013-2014	674	-2.03%
2012-2013	688	-0.86%
2011-2012	694	-0.86%

- 2) **ECONOMMIC CONDITION AND OUTLOOK:** The economy, although improving, continues to be troublesome for many of our residents. There is minimum housing development on the near horizon. In fact, due to a demographic change in our community, the school district has experienced an increase in the student mobility rate which has caused a decline in the student population from last year to the current year.

- 3) **MAJOR INITIATIVES:** The Hainesport Township School District has focused on continuing to increase student achievement through the technology devices as a learning and teaching tool. Through an Administration and Board of Education commitment, the district now has a 1:1 ChromeBook Initiative in grades 3-8 and a 1:1 Android Tablet Initiative in grades K-2 to meet the 21st century needs of the students. The initiative will allow teachers to use unique tools to deliver curriculum to their students in a more efficient and engaging way. The district will be implementing full-day Kindergarten for the 2016-2017 school year. The district is has also implemented Google Apps for Education (GAFE), an integrated communication and collaboration solution. GAFE will provides the ability for students, faculty and staff to communicate, store files and collaborate on documents, spreadsheets and presentations in real time from school, work, or home, all within a secure “closed campus” online environment. Finally, the district is in year 3 of the strategic planning project known as the Hainesport Township School District Vision 2019. The goal of the project is to conduct a strategic planning process for the purpose of defining the decisions and actions that shape and guide the future direction for the school district over the next several years.

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

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

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

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

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

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting 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 the Financial Statements", Note 1.

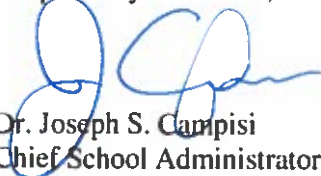
- 7) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

- 8) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

- 9) **OTHER INFORMATION:** State statutes require an annual audit by an independent certified public accountant. The accounting firm of Holman Frenia Allison, Certified Public Accountants, was selected by the Board. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

- 10) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Hainesport Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of Hainesport School District and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



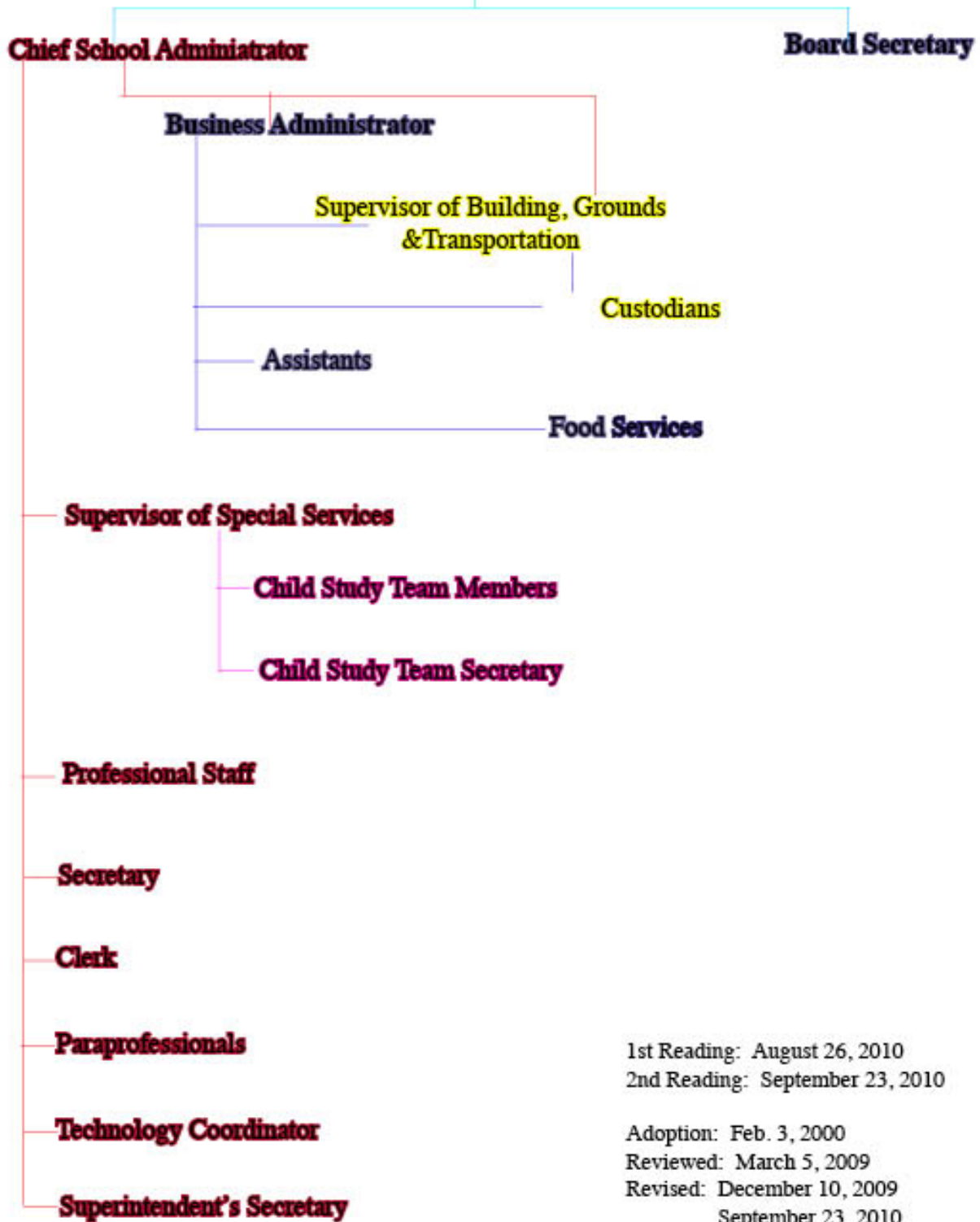
Dr. Joseph S. Campisi
Chief School Administrator



Michael Blake
Board Secretary/Business Administrator

Organizational Chart

Board of Education



1st Reading: August 26, 2010
2nd Reading: September 23, 2010

Adoption: Feb. 3, 2000
Reviewed: March 5, 2009
Revised: December 10, 2009
September 23, 2010

HAINESPORT TOWNSHIP BOARD OF EDUCATION
211 Broad Street
Hainesport, New Jersey 08036

ROSTER OF OFFICIALS
JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Michael Morelli, President	2017
Mary Jean Kneringer, Vice President	2018
Jason Cardonick	2016
Rosa Guilardi	2016
Sherrie Hemingway	2016
Kristin Jakubowski	2018
Keith Peacock	2017
Peter Scarpati	2017
Samir Patel	2018

OTHER OFFICIALS

Dr. Joseph S. Campisi, Chief School Administrator

Michael Blake, Board Secretary/Business Administrator

Sharon Deviney, Treasurer

Capehart & Scatchard, Solicitor

HAINESPORT TOWNSHIP BOARD OF EDUCATION
Hainesport, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Kevin P. Frenia, CPA, PSA
Holman Frenia Allison, P. C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Capehart & Scatchard
8000 Midlantic Drive, Suite 300
Mt. Laurel, New Jersey 08054

OFFICIAL DEPOSITORY

Bank of America
Mt. Holly, New Jersey 08060

TD Bank
Mt. Holly, New Jersey 08060

Fulton Bank
Mt. Holly, New Jersey 08060

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hainesport Board of Education
County of Burlington
Hainesport, New Jersey 08036

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 Hainesport Board of Education, County of Burlington, State of New Jersey, as of and for the fiscal 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hainesport Board of Education, County of Burlington, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hainesport Board of Education's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2016 on our consideration of the Hainesport Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hainesport Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 10, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

UNAUDITED

As management of the Board of Education of the Hainesport Township, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$4,755,449 (net position).

Governmental activities have an unrestricted net position deficit of \$(3,032,163). The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable, the capital improvement program and the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.

The total net position of the School District decreased by \$574,042, or a 10.70% decrease from the prior fiscal year-end balance.

Fund balance of the School District's governmental funds increased by \$147,636. The majority of the increase was due to the result of less energy consumption and the percentage of health benefits increase less than expected.

Business-type activities have unrestricted net position of \$34,290 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program).

The School District's long-term obligations decreased by \$609,294, which is the result of current year payments on existing debt obligations and capital leases payable.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

Fund Financial Statements (continued):

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2016. Long-term liabilities, such as long-term obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2016.

The assets of the primary government activities exceeded liabilities by \$4,755,449 with an unrestricted deficit balance of \$3,032,163. As mentioned earlier, deficit unrestricted net position are primarily due to accounting treatment for compensated absences payable, the capital improvement program, accrued interest payable, net pension liability, the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The net position of the primary government do not include internal balances.

A net investment of \$5,771,422 in land, improvements, buildings, equipment and vehicles provide services to the School District's students. Net position of \$(1,105,973) has been restricted as follows:

Other Purposes	\$ 1,367,336
Unrestricted	(3,032,163)
Capital Projects	754,428
Debt services	(105,574)

**Hainesport Township School District
Comparative Summary of Net Position
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Assets:						
Current Assets	\$ 1,169,068	\$ 1,572,410	\$ 32,664	\$ 21,295	\$ 1,201,732	\$ 1,593,705
Capital Assets	12,219,635	12,922,393	4,144	4,144	12,223,779	12,926,537
Total Assets	13,388,703	14,494,803	36,808	34,412	13,425,511	14,529,215
Deferred Outflows of Resources						
Deferred Outflows Related to Pensions	269,839	154,525	-	-	269,839	154,525
Total Deferred Outflows of Resources	269,839	154,525	-	-	269,839	154,525
Liabilities:						
Current Liabilities	142,580	206,944	2,518	-	145,098	206,944
Noncurrent Liabilities	8,553,209	8,995,277	-	-	8,553,209	8,995,277
Total Liabilities	8,695,789	9,202,221	2,518	-	8,698,307	9,202,221
Deferred Inflows of Resources						
Deferred Inflows Related to Pensions	207,304	108,765	-	-	207,304	108,765
Total Deferred Inflows of Resources	207,304	108,765	-	-	207,304	108,765
Net Position	4,755,449	5,338,342	34,290	34,412	4,789,739	5,372,754
Net Position Consists of:						
Net Investment in Capital Assets	5,771,422	6,616,186	4,144	4,144	5,775,566	6,620,330
Restricted Net Position	2,016,190	933,253	-	-	2,016,190	933,253
Unrestricted Net Position/(Deficit)	(3,032,163)	(2,211,097)	30,146	21,295	(3,002,017)	(2,189,802)
Net Position	\$ 4,755,449	\$ 5,338,342	\$ 34,290	\$ 25,439	\$ 4,789,739	\$ 5,363,781

Governmental Activities

Governmental activities decreased the net position of the School District by \$582,893 during the current fiscal year.

Business-type Activities

Business Type activities increased the School District's net position by \$8,851.

Hainesport Township School District
Comparative Schedule of Changes in Net Position
As of June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 138,524	\$ 137,525	\$ 138,524	\$ 137,525
Operating Grants & Contributions	2,386,047	1,946,361	65,216	64,390	2,451,263	2,010,751
General Revenues:						
Property Taxes	8,123,184	8,017,409	-	-	8,123,184	8,017,409
State Aid	1,516,233	1,521,131	-	-	1,516,233	1,521,131
Tuition	34,562	75,895	-	-	34,562	75,895
Other Revenues	52,639	43,215	41	17	52,680	43,232
Total Revenues	12,112,665	11,604,011	203,781	201,932	12,316,446	11,805,943
Expenses						
Governmental Activities						
Instruction	4,166,858	4,276,025	-	-	4,166,858	4,276,025
Tuition	283,851	297,399	-	-	283,851	297,399
Related Services	1,000,082	1,009,453	-	-	1,000,082	1,009,453
Administrative Services	749,912	690,584	-	-	749,912	690,584
Operations & Maintenance	740,755	650,118	-	-	740,755	650,118
Transportation	483,951	543,668	-	-	483,951	543,668
Unallocated Benefits	3,633,489	3,156,437	-	-	3,633,489	3,156,437
Special Schools	26,980	21,657	-	-	26,980	21,657
Interest on Long-Term Debt	267,751	310,499	-	-	267,751	310,499
Other	1,341,929	248,908	-	-	1,341,929	248,908
Business-Type Activities						
Food Service Operations	-	-	194,930	205,561	194,930	205,561
Total Expenses	12,695,558	11,204,748	194,930	205,561	12,890,488	11,410,309
Increase (Decrease) in Net Position Before Transfers	(582,893)	399,263	8,851	(3,629)	(574,042)	395,634
Changes in Net Position	(582,893)	399,263	8,851	(3,629)	(574,042)	395,634
Net Position July 1, (restated)	5,338,342	4,939,079	25,439	29,068	5,363,781	4,968,147
Net Position June 30,	\$ 4,755,449	\$ 5,338,342	\$ 34,290	\$ 25,439	\$ 4,789,739	\$ 5,363,781

Financial Analysis of the Governmental Funds

Financial Analysis of the Governmental Funds (continued):

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the School District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District’s financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$1,709,085 an increase of \$147,636 in comparison with the prior year. This increase is the result of less energy consumption and the percentage of health benefits increase less than expected.

The unassigned fund balance for the School District at the end of the fiscal year includes the General Fund of \$163,014. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) restricted cash reserved for future capital outlay expenditures \$576,300; 2) excess surplus \$349,536; 3) capital projects \$178,128; 4) debt service \$723; and 5) appropriated as a revenue source in the subsequent year’s budget \$441,384.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the deficit unassigned fund balance is due, primarily, to the accounting treatment of the last 2 state aid payments as discussed in the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The special revenue fund reflects no fund balance as revenue is generally recognized at the time that the outlays are identified.

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$282,177, while the total fund balance (budgetary basis) was \$1,530,234. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$9,764,953. Unreserved fund balance (budgetary basis) represents 2.89% of expenditures while total fund balance (budgetary basis) represents 15.67% of that same amount.

Capital Asset and Debt Administration

The School District’s capital assets for its governmental and business-type activities as of June 30, 2016, totaled \$11,647,479 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District’s capital assets for the current fiscal year was \$1,279,058. This decrease is primarily due to the current year depreciation expense.

Hainesport Township School District
Capital Assets (net of accumulated depreciation)
As of June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>District-Wide</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Non Depreciable Assets						
Land	\$ 40,490	\$ 40,490	\$ -	\$ -	\$ 40,490	\$ 40,490
Construction in Progress	-	8,746,762	-	-	-	8,746,762
Depreciable Assets						
Site Improvements	19,109	19,109	-	-	19,109	19,109
Buildings & Building Improvements	11,429,139	3,961,435	-	-	11,429,139	3,961,435
Equipment	154,597	154,597	4,144	4,144	158,741	158,741
Net Assets	\$ 11,643,335	\$12,922,393	\$ 4,144	\$ 4,144	\$11,647,479	\$12,926,537

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt - During the fiscal year ended June 30, 2016, the School District had total bonded debt outstanding of \$6,050,041 backed by the full faith and credit of the School District.

General obligation bonds in the amount of \$5,853,000 were issued in the 2009/10 fiscal year in relation to the capital improvement program. All general obligation bonds and capital lease payable decreased during the current fiscal year according to the normal schedule of payments.

The school district continues to maintain its AA rating from Standard & Poor's Corporation for its general obligation bond issues.

State statutes limit the amount of amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$23,516,820 and the legal debt margin was \$17,473,820.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2016-17 fiscal year:

- For calendar year 2015, the inflation rate was 0.7 % percent. Health benefit costs are expected to increase 10 percent, prescription benefit costs are expected to increase 8% and dental benefits are expected to increase 5%. The district implemented full-day kindergarten for the 2016-2017 school year.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Hainesport Township School District Business Administrator, 211 Broad Street P.O. Box 538, Hainesport, New Jersey 08036, telephone number (609) 265-8050.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS JUNE 30, 2016
Cash & Cash Equivalents	\$ 1,074,185	\$ 23,425	\$ 1,097,610
Receivables, Net	94,883	4,210	99,093
Inventory	-	5,029	5,029
Restricted Assets:			
Cash & Cash Equivalents	576,300	-	576,300
Capital Assets, Non-Depreciable (Note 5)	40,490	-	40,490
Capital Assets, Depreciable (Note 5)	11,602,845	4,144	11,606,989
Total Assets	13,388,703	36,808	13,425,511
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	269,839	-	269,839
Total Deferred Outflow of Resources	269,839	-	269,839
Total Assets and Deferred Outflows of Resources	13,658,542	36,808	13,695,350
LIABILITIES			
Accounts Payable	23,658	-	23,658
Unearned Revenue	12,625	2,518	15,143
Accrued Interest Payable	106,297	-	106,297
Noncurrent Liabilities (Note 6):			
Due Within One Year	647,041	-	647,041
Due Beyond One Year	7,906,168	-	7,906,168
Total Liabilities	8,695,789	2,518	8,698,307
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	207,304	-	207,304
Total Deferred Inflow of Resources	207,304	-	207,304
Total Liabilities and Deferred Inflows of Resources	8,903,093	2,518	8,905,611
NET POSITION			
Net Investment in Capital Assets	5,771,422	4,144	5,775,566
Restricted For:			
Capital Projects	754,428	-	754,428
Debt Service	(105,574)	-	(105,574)
Other Purposes	1,367,336	-	1,367,336
Unrestricted	(3,032,163)	30,146	(3,002,017)
Total Net Position	\$ 4,755,449	\$ 34,290	\$ 4,789,739

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	JUNE 30, 2016
Governmental Activities:						
Instruction:						
Regular	\$ 2,857,986	\$ -	204,810	\$ (2,653,176)	\$ -	\$ (2,653,176)
Special Education	1,217,565	-	-	(1,217,565)	-	(1,217,565)
Other Instruction	91,307	-	-	(91,307)	-	(91,307)
Support Services & Undistributed Costs:						
Tuition	283,851	-	-	(283,851)	-	(283,851)
Student & Instruction Related Services	1,000,082	-	17,521	(982,561)	-	(982,561)
General Administrative Services	353,930	-	-	(353,930)	-	(353,930)
School Administrative Services	162,320	-	-	(162,320)	-	(162,320)
Central Services	233,662	-	-	(233,662)	-	(233,662)
Plant Operations & Maintenance	740,755	-	-	(740,755)	-	(740,755)
Pupil Transportation	483,951	-	-	(483,951)	-	(483,951)
Unallocated Employee Benefits	3,633,489	-	2,163,716	(1,469,773)	-	(1,469,773)
Special Schools	26,980	-	-	(26,980)	-	(26,980)
Interest & Other Changes in Long-Term Debt	267,751	-	-	(267,751)	-	(267,751)
Reduction In Compensated Absences	52,987	-	-	(52,987)	-	(52,987)
Unallocated Depreciation & Amortization	1,288,942	-	-	(1,288,942)	-	(1,288,942)
Total Governmental Activities	12,695,558	-	2,386,047	(10,309,511)	-	(10,309,511)

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Business-Type Activities:						
Food Service	194,930	138,524	65,216	-	8,810	8,810
Total Business-Type Activities	194,930	138,524	65,216	-	8,810	8,810
Total Primary Government	\$ 12,890,488	\$ 138,524	\$ 2,451,263	(10,309,511)	8,810	(10,300,701)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				7,530,541	-	7,530,541
Taxes Levied for Debt Service				592,643	-	592,643
Federal & State Aid Not Restricted				1,516,233	-	1,516,233
Investment Earnings				-	41	41
Tuition Received				34,562	-	34,562
Miscellaneous Income				42,755	-	42,755
Adjustment to Capital Assets				9,884	-	9,884
Cancellation of Prior Year Accounts Payable				-	-	-
Total General Revenues, Special Items, Extraordinary Items & Transfers				9,726,618	41	9,726,659
Change In Net Position				(582,893)	8,851	(574,042)
Net Position - Beginning				5,338,342	25,439	5,363,781
Net Position - Ending				\$ 4,755,449	\$ 34,290	\$ 4,789,739

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

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B. Fund Financial Statements

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Governmental Funds

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
					JUNE 30, 2016
Assets:					
Cash & Cash Equivalents	\$ 911,975	\$ -	\$ 178,851	\$ -	\$ 1,090,826
Interfund Receivable	-	-	-	723	723
Receivables, Net:					
Intergovernmental - State	\$47,698	-	-	-	47,698
Intergovernmental - Federal	-	40,428	-	-	40,428
Other	6,757	-	-	-	6,757
Restricted Cash & Cash Equivalents	576,300	-	-	-	576,300
Total Assets	\$ 1,542,730	\$ 40,428	\$ 178,851	\$ 723	\$ 1,762,732
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ 16,641	\$ -	\$ -	\$ 16,641
Accounts Payable	12,496	11,162	-	-	23,658
Interfund Payable	-	-	723	-	723
Unearned Revenue	-	12,625	-	-	12,625
Total Liabilities	12,496	40,428	723	-	53,647
Fund Balances:					
Restricted for:					
Capital Reserve Account	576,300	-	-	-	576,300
Excess Surplus	349,536	-	-	-	349,536
Excess Surplus Designated for					
Subsequent Year's Expenditures	406,767	-	-	-	406,767
Capital Projects	-	-	178,128	-	178,128
Debt Service	-	-	-	723	723
Assigned to:					
Designated for Subsequent					
Year's Expenditures	34,617	-	-	-	34,617
Other Purposes	116	-	-	-	116
Unassigned:	162,898	-	-	-	162,898
Total Fund Balances	\$ 1,530,234	-	178,128	723	1,709,085
Total Liabilities & Fund Balances	\$ 1,542,730	\$ 40,428	\$ 178,851	\$ 723	

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 \$18,665,736 and the accumulated depreciation is \$7,022,401.	11,643,335
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	62,535
Accrued interest on long-term liabilities are not reported as liabilities in the Fund	(106,297)
Long-term liabilities, including net pension liability, bonds payable, compensated absences, and capital leases payable are not due and payable in the current period and therefore are not reported as liabilities in the Funds:	
General Obligation Bonds	(6,043,000)
Net Pension Liability	(1,939,329)
Compensated Absences Payable	(563,839)
Capital Lease Payable	(7,041)
Net Position of Governmental Activities	\$ 4,755,449

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR FISCAL YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	JUNE 30, 2016
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,530,541	\$ -	\$ -	\$ 592,643	\$ 8,123,184
Tuition	34,562	-	-	-	34,562
Interest on Capital Reserve	200	-	-	-	200
Miscellaneous	32,567	9,538	-	450	42,555
Total Local Sources	7,597,870	9,538	-	593,093	8,200,501
State Sources	2,474,641	-	-	79,948	2,554,589
Federal Sources	14,636	212,793	-	-	227,429
Total Revenues	10,087,147	222,331	-	673,041	10,982,519
Expenditures:					
Current Expense:					
Regular Instruction	2,653,176	204,810	-	-	2,857,986
Special Education Instruction	1,217,565	-	-	-	1,217,565
Other Instruction	91,307	-	-	-	91,307
Support Services:					
Tuition	283,851	-	-	-	283,851
Student & Instruction Related Services	982,561	17,521	-	-	1,000,082
General Administrative Services	345,984	-	-	-	345,984
School Administrative Services	162,320	-	-	-	162,320
Central Services	233,662	-	-	-	233,662
Plant Operations & Maintenance	740,755	-	-	-	740,755
Pupil Transportation	483,951	-	-	-	483,951
Unallocated Employee Benefits	2,494,147	-	-	-	2,494,147
Capital Outlay	48,694	-	-	-	48,694
Special Schools	26,980	-	-	-	26,980
Debt Service:					
Principal	-	-	-	595,000	595,000
Interest & Other Charges	-	-	-	252,599	252,599
Total Expenditures	9,764,953	222,331	-	847,599	10,834,883
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	322,194	-	-	(174,558)	147,636
Other Financing Sources/(Uses):					
Transfer From Other Funds	-	-	-	175,000	175,000
Transfer To Other Funds	-	-	(175,000)	-	(175,000)
Total Other Financing Sources/(Uses)	-	-	(175,000)	175,000	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses					
Fund Balance - July 1	1,208,040	-	(175,000)	442	1,476,362
Fund Balance - June 30	\$ 1,530,234	\$ -	\$ 178,128	\$ 723	\$ 1,709,085

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	147,636
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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	\$ (1,288,942)	
Adjustments to Capital Assets	<u>9,884</u>	(1,279,058)

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

Unfunded TPAF Pension Expense	(1,120,262)	
State Share of Unfunded TPAF Pension Expense	1,120,262	
District Pension Contributions	78,384	
Pension Expense	<u>(97,464)</u>	(19,080.00)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities liabilities in the statements of net assets.

General Obligation Bonds		595,000
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In the statement of activities, the reduction for Capital Leases should not be an expenditure. Thus the change in Net Position will differ from the change in fund balance by the cost of the asset removed (-).

Original Lease Purchase	-	
Retirement of Lease	<u>14,294</u>	14,294

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).

Prior Year	117,599	
Current Year	<u>(106,297)</u>	11,302

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-), when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Prior Year	510,852	
Current Year	<u>(563,839)</u>	(52,987)

Change in Net Position of Governmental Activities	\$	<u>(582,893)</u>
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Proprietary Funds

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	JUNE 30, 2016
	FOOD SERVICE	
Current Assets:		
Cash & Cash Equivalents	\$ 23,425	\$ 23,425
Accounts Receivable:		
State	150	150
Federal	4,060	4,060
Inventories	5,029	5,029
Total Current Assets	32,664	32,664
Noncurrent Assets:		
Equipment	92,728	92,728
Less: Accumulated Depreciation	(88,584)	(88,584)
Total Noncurrent Assets	4,144	4,144
Total Assets	36,808	36,808
LIABILITIES		
Unearned Revenues	2,518	2,518
Total Liabilities	2,518	2,518
NET POSITION		
Net Investment in Capital Assets	4,144	4,144
Unrestricted	30,146	30,146
Total Net Position	\$ 34,290	\$ 34,290

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	FOOD SERVICE	JUNE 30, 2016
Operating Revenues:		
Local Sources:		
Daily Sales:		
Reimbursable Programs	\$ 78,707	\$ 78,707
Nonreimbursable Programs	59,817	59,817
	<hr/>	<hr/>
Total Operating Revenue	138,524	138,524
	<hr/>	<hr/>
Operating Expenses:		
Cost of Sales	78,992	78,992
Supplies & Materials	4,566	4,566
Salaries & Fringe Benefits	82,119	82,119
Management Fee	13,195	13,195
Cleaning, Maintenance & Repairs	4,710	4,710
Miscellaneous	11,348	11,348
	<hr/>	<hr/>
Total Operating Expenses	194,930	194,930
	<hr/>	<hr/>
Operating Income/(Loss)	(56,406)	(56,406)
	<hr/>	<hr/>
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	1,919	1,919
Federal Sources:		
National School Lunch Program	49,680	49,680
Healthy Hunger-Free Kids Act	2,571	2,571
Food Distribution Program	11,046	11,046
Local Sources:		
Interest Earned on Investments	41	41
	<hr/>	<hr/>
Total Nonoperating Revenues/(Expenses)	65,257	65,257
	<hr/>	<hr/>
Change in Net Position	8,851	8,851
Total Net Position - Beginning	25,439	25,439
	<hr/>	<hr/>
Total Net Position - Ending	\$ 34,290	\$ 34,290
	<hr/>	<hr/>

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	FOOD SERVICE	JUNE 30, 2016
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 138,835	\$ 138,835
Payments to Employees	(82,119)	(82,119)
Payments to Suppliers for Goods & Services	(109,278)	(109,278)
	<u>(52,562)</u>	<u>(52,562)</u>
Net Cash Provided/(Used) by Operating Activities		
Cash Flows From Capital & Related Financing Activities:		
Cash Received From State Sources	1,919	1,919
Cash Received From Federal Sources	63,297	63,297
	<u>65,216</u>	<u>65,216</u>
Net Cash Provided by Capital & Related Financing Activities		
Cash Flows From Investing Activities:		
Interest on Cash Equivalents	41	41
	<u>41</u>	<u>41</u>
Net Cash Provided by Investing Activities		
Net Increase/(Decrease) in Cash & Cash Equivalents	12,695	12,695
Cash & Cash Equivalents, July 1	10,730	10,730
	<u>23,425</u>	<u>23,425</u>
Cash & Cash Equivalents, June 30	<u>\$ 23,425</u>	<u>\$ 23,425</u>
 Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ (56,406)	\$ (56,406)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:		
Change in Assets & Liabilities:		
(Increase)/Decrease in Inventory	1,015	1,015
Increase/(Decrease) in Unearned Revenues	2,518	2,518
(Increase)/Decrease in Accounts Receivable	311	311
	<u>311</u>	<u>311</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (52,562)</u>	<u>\$ (52,562)</u>

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

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Fiduciary Funds

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		JUNE 30, 2016
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 8,523	\$ 32,158	\$ 25,614	\$ 2,816	\$ 69,111
Total Assets	8,523	32,158	25,614	2,816	69,111
LIABILITIES					
Payroll Deductions & Withholdings	-	-	-	2,816	2,816
Due to Student Groups	-	-	25,614	-	25,614
Accounts Payable	-	216	-	-	216
Total Liabilities	-	216	25,614	2,816	28,646
NET POSITION					
Reserved for Unemployment Claims	-	31,942	-	-	31,942
Reserved for Scholarships	8,523	-	-	-	8,523
Total Net Position	\$ 8,523	\$ 31,942	\$ -	\$ -	\$ 40,465

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PUPOSE		JUNE 30, 2016
	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP FUND	
Contributions:			
Employee Contributions	\$ 12,457	\$ -	\$ 12,457
Total Contributions	12,457	-	12,457
Investment Earnings:			
Interest	45	18	63
Net Investment Earnings	45	18	63
Total Additions	12,502	18	12,520
DEDUCTIONS			
Unemployment Claims	450	-	450
Scholarships Awarded	-	325	325
Total Deductions	450	325	775
Change in Net Position	12,052	(307)	11,745
Net Position - Beginning of the Year	19,890	8,830	28,720
Net Position - End of the Year	\$ 31,942	\$ 8,523	\$ 40,465

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

The Hainesport Township Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operation of the District includes one (1) school located in Hainesport Township. The Board is comprised of nine members appointed to three-year terms. These terms are staggered so that three members' terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as special education for handicapped students. Students in grades 9 through 12 attend the Rancocas Valley Regional High School District. The Hainesport Township Board of Education has an approximate enrollment at June 30, 2016 of 628 students.

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

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

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

Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Proprietary Fund Financial Statements

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

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

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

Fiduciary Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

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

The District reports the following major governmental funds:

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

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

The District reports the following major proprietary funds:

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

Additionally, the District reports the following major fiduciary funds:

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

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

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

Budgets/Budgetary Control

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

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

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 Hainesport Township Board of Education has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

Cash and Cash Equivalents

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

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

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

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

Tuition Receivable/Payable

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.

Inventories

Inventories are valued at cost, utilizing the first-in, first-out method. The cost of inventories are recorded as expenditures when consumed rather than when purchased.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Prepaid Expenses

Prepaid expenses, which benefit future periods, are only recorded in the government-wide financial statements and in the proprietary fund statements. Prepaid expenses in the proprietary fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016. They are recorded as expenditure during the year of purchase.

Short-Term Interfund Receivables/Payables

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

Capital Assets

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

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

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

Buildings	50 Years
Machinery and Equipment	5-20 Years
Improvements	40 Years

Compensated Absences

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Use of Estimates

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

Deferred Inflows/Outflows of Resources

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

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

Fund Balance

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

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Deferred Outflows and Deferred Inflows of Resources

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Pensions

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

Subsequent Events

Hainesport Township Board of Education has evaluated subsequent events occurring after June 30, 2016 through the date of October 10, 2016, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District’s bank balance of \$6,641,802.07 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000
Uninsured and uncollateralized	109,865
Collateralized in the District’s Name Under GUDPA	<u>1,492,780</u>
Total	<u>\$1,852,645</u>

Investments

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 2. Cash and Cash Equivalents (continued):

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

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

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

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

The District did not hold any investments at June 30, 2016.

Note 3. Capital Reserve Account

The Hainesport Township Board of Education created their capital reserve account for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the June 30, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	316,100
Transfer per June Resolution		260,000
Interest Earnings		<u>200</u>
Ending Balance, June 30, 2016	\$	<u><u>576,300</u></u>

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
State Aid	\$ 47,701	\$ -	\$ -	\$ 150	\$ 47,851
Federal Aid	-	40,428	-	4,060	44,488
Other	6,754	-	-	-	6,754
Total	\$ 54,455	\$ 40,428	\$ -	\$ 4,210	\$ 99,093

Note 5. Capital Assets

Governmental Activities:

	June 30, 2015	Additions	Deletions	Adjustments	June 30, 2016
<u>Non-Depreciable Assets</u>					
Land	\$ 40,490	\$ -	\$ -	\$ -	\$ 40,490
Construction in Progress	8,746,762	-	-	(8,746,762)	-
Total Non-Depreciable Assets	8,787,252	-	-	(8,746,762)	40,490
<u>Depreciable Assets</u>					
Land Improvements	218,691	-	-	-	218,691
Buildings	8,030,569	-	-	8,756,646	16,787,215
Machinery & Equipment	1,619,340	-	-	-	1,619,340
Subtotal	18,655,852	-	-	9,884	18,665,736
Accumulated Depreciation	(5,733,459)	(1,288,942)	-	-	(7,022,401)
Total	\$ 12,922,393	\$ (1,288,942)	\$ -	\$ 9,884	\$ 11,643,335

Business-Type Activities:

	June 30, 2015	Additions	Deletions	Adjustments	June 30, 2016
<u>Depreciable Assets</u>					
Machinery & Equipment	\$ 92,728	\$ -	\$ -	\$ -	\$ 92,728
Subtotal	92,728	-	-	-	92,728
Accumulated Depreciation	(88,584)	-	-	-	(88,584)
Total	\$ 4,144	\$ -	\$ -	\$ -	\$ 4,144

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 6. Long-Term Obligations

A. Long-Term Obligation Activity

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the long-term debt:

	June 30, 2015	Accrued/ Increases	Retired/ Decreases	June 30, 2016	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 6,638,000	\$ -	\$ (595,000)	\$ 6,043,000	\$ 640,000
Capital Lease Payable	21,335	-	(14,294)	7,041	7,041
Compensated Absences	510,852	52,987	-	563,839	-
Net Pension Liability	1,825,090	114,239	-	1,939,329	-
Total	\$ 8,995,277	\$ 167,226	\$ (609,294)	\$ 8,553,209	\$ 647,041

B. Bonds Payable

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

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

Year-ending June 30,	Principal	Interest	Total
2017	\$ 640,000	\$ 229,849	\$ 869,849
2018	595,000	204,949	799,949
2019	570,000	187,099	757,099
2020	545,000	167,149	712,149
2021	475,000	148,074	623,074
2022-2026	2,000,000	475,369	2,475,369
2027-2030	1,218,000	120,495	1,338,495
Total	\$ 6,043,000	\$ 1,532,984	\$ 7,575,984

C. Bond Issuances

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 6. Long-Term Obligations (continued):

C. Bond Issuances

The Hainesport Township Board of Education has the following bond issues outstanding:

- 2010 School Bonds dated January 12, 2010 at an original issue amount of \$5,853,000 with annual installments that are due through January 15, 2030. These installments bear interest rates ranging from 2% to 4.125%.
- 2005 Refunding of 1997 Series Bonds dated February 1, 2005 at an original issue amount of \$4,990,000 with annual installments that are due through January 1, 2017. These installments bear interest rates ranging from 2% to 4%.

D. Bonds Authorized But Not Issued

As of June 30, 2016, the District had no authorized but not issued bonds.

E. Capital Leases Payable

The school district is also leasing a firewall internet appliance with a total purchase price of \$21,122 with lease terms of 3 years. The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2016 are:

Year-ending June 30,	Amount
2017	<u>\$ 7,041</u>
Total Minimum Lease Payments	7,041
Less: Amount Representing Interest	<u>-</u>
Present Value of Lease Payments	<u><u>\$ 7,041</u></u>

F. Compensated Absences

Compensated Absences will be paid from the fund from which the employees' salaries are paid.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 7. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
Capital Projects Fund	\$ -	\$ 723
Debt Service Fund	<u>723</u>	<u>-</u>
 Total	 <u>\$ 723</u>	 <u>\$ 723</u>

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Capital Projects Fund	\$ -	\$ 450.00
Debt Service Fund	<u>450.00</u>	<u>-</u>
	<u>\$ 450.00</u>	<u>\$ 450.00</u>

The purpose of interfunds are for short-term borrowings.

Note 8. Inventory

Inventory recorded at June 30, 2016 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 1,269
Supplies	1,242
Commodities	<u>2,518</u>
 Total	 <u>\$ 5,029</u>

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>of APC</u> <u>Contributed</u>	<u>Pension</u> <u>Obligation</u>
6/30/2016	\$ 78,384	100%	\$ 1,939,329
6/30/2015	84,446	100%	1,825,090
6/30/2014	81,485	100%	1,840,837

Components of Net Pension Liability - At June 30, 2016, the District reported a liability of \$1,939,329 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was .00864%, which was a decrease of .00011% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
	July 1, 2015	July 1, 2014
Acturial valuation date		
Deferred Outflows of Resources	\$ 269,839	\$ 76,141
Deferred Inflows of Resources	\$ 207,304	\$ 108,765
Net Pension Liability	\$ 1,939,329	\$ 1,825,090
District's portion of the Plan's total net pension Liability	0.00864%	0.00975%

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$97,464. 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>
Differences between expected and actual experience	\$ 46,266	\$ -
Changes of assumptions	208,268	-
Net difference between projected and actual earnings on pension plan investments	-	31,181
Changes in proportion and differences between District contributions and proportionate share of contributions	15,305	176,123
Total	\$ 269,839	\$ 207,304

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30:</u>		<u>PERS</u>
2017	\$	(6,541)
2018		(6,541)
2019		(6,541)
2020		20,651
2021		61,506
Thereafter		-

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

	<u>PERS</u>
Measurement date	June 30, 2015
Acturial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age

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

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic 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:

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

<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%
Investment 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%	5.21%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that 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 actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	1% <u>Decrease</u> (3.90%)	Current <u>Discount</u> Rate (4.90%)	1% <u>Increase</u> (5.90%)
District's proportionate share of the net pension liability	2,410,347	1,939,329	1,544,428

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

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

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

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$ 735,086	100%	\$ -
6/30/2015	527,707	100%	-
6/30/2014	428,106	100%	-

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

<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 Market Equities	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%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that 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 employers' 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 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.

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

C. Defined Contribution Retirement Plan (DCRP)

The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2016, employee contributions total \$5,258, and the District recognized pension expense of \$2,868.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

Note 10. 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 pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

Note 11. Risk Management

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 11. Risk Management (continued)

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

Fiscal Year	Employee Contributions	Interest Earnings	Account Fees	Expended	Ending Balance
2015-2016	\$ 12,457	\$ 45	\$ -	\$ 450	\$ 31,942
2014-2015	9,180	17	-	2,175	19,890
2013-2014	9,797	4	52	582	12,868

Note 12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 13. Economic Dependency

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

Note 14. Deferred Compensation

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

Voya Financial

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 15. 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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of Net Position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$563,839.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 there was no liability for compensated absences in the proprietary fund types.

Note 16. Fund Balance Disclosure

General Fund – of the \$1,530,234 General Fund fund balance at June 30, 2016, \$576,300 has been restricted for the Capital Reserve Account; \$349,536 is restricted current year excess surplus; \$441,384 has been appropriated and included as anticipated revenue for the year-ended June 30, 2017; \$116 has been reserved for encumbrances; and \$163,014 is unassigned.

Capital Projects Fund – The fund balance of \$178,128 has been restricted for future Capital Projects.

Debt Service Fund – The fund balance of \$723 is reserved in accordance with N.J.S.A 7F-41c(2).

Note 17. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$349,536.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 18. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$105,574 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$3,032,163 at June 30, 2016. The deficit is due to the final June state aid payment not recognized under GAAP and by the implementation of GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) at June 30, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Sources:						
Local Tax Levy	10-1210-000-000	\$ 7,530,541	\$ -	\$ 7,530,541	\$ 7,530,541	\$ -
Tuition	10-1300-000-000	30,000	-	30,000	34,562	4,562
Interest on Capital Reserve	10-1000-000-000	200	-	200	200	-
Unrestricted Miscellaneous	10-1000-000-000	7,500	-	7,500	32,567	25,067
Total Local Sources		7,568,241	-	7,568,241	7,597,870	29,629
State Sources:						
Categorical Transportation Aid	10-3121-000-000	149,208	-	149,208	149,208	-
Categorical Special Education Aid	10-3132-000-000	381,603	-	381,603	381,603	-
Equalization Aid	10-3176-000-000	689,609	-	689,609	689,609	-
Categorical Security Aid	10-3177-000-000	57,433	-	57,433	57,433	-
Adjustment Aid	10-3178-000-000	96,002	-	96,002	96,002	-
Under Adequacy Aid	10-3195-000-000	4,376	-	4,376	4,376	-
PARCC Readiness Aid	10-3197-000-000	6,455	-	6,455	6,455	-
Per Pupil Aid	10-3198-000-000	6,455	-	6,455	6,455	-
Extraordinary Aid	10-3131-000-000	-	-	-	20,603	20,603
Non-Public Transportation Aid	10-xxx-000-000	-	-	-	11,574	11,574
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	335,545	335,545
On-Behalf TPAF Post-Retirement Medical		-	-	-	399,541	399,541
Reimbursed TPAF Social Security		-	-	-	308,368	308,368
Total State Sources		1,391,141	-	1,391,141	2,466,772	1,075,631
Federal Sources:						
Medicaid Reimbursement	10-4200-000-000	13,175	-	13,175	14,636	1,461
Total Federal Sources		13,175	-	13,175	14,636	1,461
Total Revenues		8,972,557	-	8,972,557	10,079,278	1,106,721
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	48,602	24,168	72,770	72,770	-
Kindergarten	11-110-100-101	102,012	(1)	102,011	101,182	829
Grades 1 - 5	11-120-100-101	1,306,498	(20,895)	1,285,603	1,228,086	57,517
Grades 6 - 8	11-130-100-101	845,882	(45,402)	800,480	790,178	10,302
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	20,000	(6,500)	13,500	12,923	577
Purchased Professional - Educational Services	11-150-100-320	2,000	-	2,000	-	2,000
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	113,439	7,126	120,565	119,869	696
Purchased Professional - Educational Services	11-190-100-320	50,000	57,794	107,794	104,969	2,825

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Purchased Services	11-190-100-500	19,700	-	19,700	19,136	564
General Supplies	11-190-100-610	226,643	(322)	226,321	196,357	29,964
Textbooks	11-190-100-640	20,000	(12,294)	7,706	7,706	-
Total Regular Programs		2,754,776	3,674	2,758,450	2,653,176	105,274
Special Education:						
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	107,387	-	107,387	105,904	1,483
Other Salaries of Instruction	11-212-100-106	25,894	34,335	60,229	37,502	22,727
Purchased Professional - Educational Services	11-212-100-320	4,000	1,500	5,500	4,527	973
General Supplies	11-212-100-610	1,200	1,406	2,606	2,606	-
Total Multiple Disabilities		138,481	37,241	175,722	150,539	25,183
Resource Room / Resource Center:						
Salaries of Teachers	11-213-100-101	1,049,647	8,941	1,058,588	1,047,772	10,816
Purchased Professional - Educational Services	11-213-100-320	18,000	(3,500)	14,500	14,099	401
General Supplies	11-213-100-610	5,500	(345)	5,155	5,155	-
Total Resource Room/Resource Center		1,073,147	5,096	1,078,243	1,067,026	11,217
Total Special Education		1,211,628	42,337	1,253,965	1,217,565	36,400
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	84,150	(69,119)	15,031	13,128	1,903
Purchased Professional - Educational Services	11-230-100-320	3,000	14,000	17,000	16,575	425
General Supplies	11-230-100-610	1,200	-	1,200	439	761
Total Basic Skills/Remedial - Instruction		88,350	(55,119)	33,231	30,142	3,089
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	37,800	(114)	37,686	26,005	11,681
Other Objects	11-401-100-800	7,100	-	7,100	5,569	1,531
Total School Sponsored Cocurricular - Activities		44,900	(114)	44,786	31,574	13,212
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	24,700	714	25,414	25,326	88
Purchased Services(300-500 Series)	11-402-100-390	4,000	300	4,300	4,265	35
Supplies and Materials	11-402-100-600	400	-	400	-	400
Total School Sponsored Athletics - Instruction		29,100	1,014	30,114	29,591	523
Total - Instruction		4,128,754	(8,208)	4,120,546	3,962,048	158,498

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undistributed Expenditures						
Instruction:						
Tuition to Other LEAs Within State Regular	11-000-100-561	-	2,601	2,601	2,601	-
Tuition to Other LEAs Within State Special	11-000-100-562	50,000	32,814	82,814	79,462	3,352
Tuition to CSSD & Regional Day School	11-000-100-565	100,000	12,000	112,000	109,815	2,185
Tuition to Private Schools for Disabled Within the State	11-000-100-566	150,000	(42,228)	107,772	91,973	15,799
Total Undistributed Expenditures - Instruction		300,000	5,187	305,187	283,851	21,336
Health Services:						
Salaries	11-000-213-100	65,197	514	65,711	65,711	-
Other Salaries for Instruction Purchased Professional & Technical Services	11-000-213-106	7,342	(872)	6,470	6,437	33
Supplies and Materials	11-000-213-300	8,800	458	9,258	9,133	125
	11-000-213-600	3,000	-	3,000	2,904	96
Total Health Services		84,339	100	84,439	84,185	254
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	73,610	(18,308)	55,302	54,766	536
Supplies and Materials	11-000-216-600	1,200	270	1,470	1,432	38
Total Other Support Services - Students - Related Services		74,810	(18,038)	56,772	56,198	574
Other Support Services - Students - Extraordinary Services:						
Salaries	11-000-217-100	19,441	(12,305)	7,136	-	7,136
Other Salaries for Instruction Purchased Professional & Educational Services	11-000-217-106	78,681	(46,771)	31,910	31,718	192
Supplies and Materials	11-000-217-320	143,000	49,400	192,400	192,242	158
	11-000-217-600	2,000	2,420	4,420	4,420	-
Total Other Support Services - Students - Extraordinary Services		243,122	(7,256)	235,866	228,380	7,486
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	147,931	-	147,931	147,771	160
Supplies and Materials	11-000-218-600	900	50	950	902	48
Total Other Support Services - Students - Regular		148,831	50	148,881	148,673	208
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	227,772	891	228,663	227,844	819

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Salaries of Secretarial & Clerical Assistants	11-000-219-105	36,297	-	36,297	36,039	258
Purchased Professional - Educational Services	11-000-219-320	8,100	(3,200)	4,900	2,777	2,123
Other Purchased Services	11-000-219-500	100	170	270	264	6
Miscellaneous Purchased Services	11-000-219-592	3,300	-	3,300	3,299	1
Supplies and Materials	11-000-219-600	10,000	(3,370)	6,630	4,447	2,183
Total Other Support Services - Students-Special Services		285,569	(5,509)	280,060	274,670	5,390
Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	80,000	-	80,000	76,500	3,500
Salaries of Other Professional Staff	11-000-221-104	7,000	-	7,000	-	7,000
Salaries of Secretarial & Clerical Assistants	11-000-221-105	-	2,277	2,277	1,971	306
Purchased Professional - Educational Services	11-000-221-320	40,000	(15,377)	24,623	23,663	960
Purchased Professional & Technical Services	11-000-221-390	8,000	(1,234)	6,766	3,750	3,016
Other Purchased Services	11-000-221-500		234	234	234	-
Supplies and Materials	11-000-221-600	2,000	400	2,400	1,855	545
Total Improvement of Instruction Services		137,000	(13,700)	123,300	107,973	15,327
Educational Media Services/School Library:						
Salaries	11-000-222-100	49,428	2,216	51,644	51,644	-
Salaries of Secretarial & Clerical Assistants	11-000-222-105	14,709	-	14,709	14,136	573
Purchased Professional & Technical Services	11-000-222-300	1,000	-	1,000	543	457
Other Purchased Services	11-000-222-500	4,900	-	4,900	4,584	316
Supplies and Materials	11-000-222-600	12,000	858	12,858	11,575	1,283
Total Educational Media Services/School Library		82,037	3,074	85,111	82,482	2,629
Support Services General Administration:						
Salaries	11-000-230-100	129,719	5,152	134,871	134,871	-
Salaries of Secretarial & Clerical Assistants	11-000-230-105	49,545	1,206	50,751	50,751	-
Purchased Professional & Technical Services	11-000-230-330	6,000	18,755	24,755	24,755	-
Legal Services	11-000-230-331	40,000	14,077	54,077	53,430	647
Audit Services	11-000-230-332	20,500	(692)	19,808	19,808	-
Purchased Technical Services	11-000-230-340	25,000	(2,179)	22,821	22,821	-
Communications/Telephone	11-000-230-530	16,000	1,391	17,391	17,381	10
BOE Other Purchased Services	11-000-230-585	2,000	(280)	1,720	1,720	-
Other Purchased Services (400-500)	11-000-230-590	13,050	(4,354)	8,696	8,696	-

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
General Supplies	11-000-230-610	5,500	(570)	4,930	4,930	-
Supplies and Materials	11-000-230-660	2,000	(250)	1,750	1,750	-
BOE Membership Dues & Fees	11-000-230-895	5,100	(29)	5,071	5,071	-
Total Support Services General Administration		314,414	32,227	346,641	345,984	657
Support Services School Administration:						
Salaries of Other Professional Staff	11-000-240-104	76,526	-	76,526	76,500	26
Support Services School Administration (continued):						
Salaries of Secretarial & Clerical Assistants	11-000-240-105	78,325	-	78,325	78,100	225
Other Purchased Services(400-500)	11-000-240-500	8,400	149	8,549	6,877	1,672
Supplies and Materials	11-000-240-600	2,500	(1,000)	1,500	843	657
Total Support Services School Administration		165,751	(851)	164,900	162,320	2,580
Support Services Human Resources						
Salaries	11-000-250-100	140,064	4,795	144,859	144,859	-
Other Purchased Services	11-000-250-500	7,800	(550)	7,250	6,935	315
Supplies and Materials	11-000-250-600	3,500	-	3,500	3,498	2
Total Support Services Humn Resources		151,364	4,245	155,609	155,292	317
Central Services:						
Salaries	11-000-251-100	-	7,000	7,000	7,000	-
Purchased Professional & Technical Services	11-000-251-320	80,000	(7,954)	72,046	71,370	676
Total Central Services		80,000	(954)	79,046	78,370	676
Allowable Maintenance for School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	67,000	-	67,000	53,733	13,267
Total Allowable Maintenance for School Facilities		67,000	-	67,000	53,733	13,267
Other Operation & Maintenance of Plant:						
Salaries	11-000-262-100	169,551	(5,019)	164,532	163,830	702
Salaries of Non-Instructional Aides	11-000-262-106	48,387	(6,300)	42,087	39,541	2,546
Cleaning, Repair, and Maintenance Services	11-000-262-420	120,014	-	120,014	120,014	-
Other Purchased Property Services	11-000-262-490	40,000	14,700	54,700	52,191	2,509
Insurance	11-000-262-520	40,500	1,348	41,848	41,848	-
Miscellaneous Purchased Services	11-000-262-590	500	(400)	100	100	-
General Supplies	11-000-262-610	53,200	2,700	55,900	53,318	2,582
Energy (Heat & Electricity)	11-000-262-620	175,000	42,614	217,614	216,180	1,434
Total Other Operation & Maintenance of Plant		647,152	49,643	696,795	687,022	9,773

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Student Transportation Services:						
Salaries of Non-Instructional Aid	11-000-270-106	4,124	(1,114)	3,010	2,727	283
Contracted Services (Between Home & School) - Vendors	11-000-270-511	270,000	(879)	269,121	254,300	14,821
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	9,000	2,392	11,392	11,145	247
Contracted Services (Between Home & School) - Joint Agreement	11-000-270-513	110,000	(9,205)	100,795	74,398	26,397
Contracted Services - ESC's & CTSA's - (Special Education Students) - Joint Agreements	11-000-270-515	105,000	(300)	104,700	101,395	3,305
Contracted Services (Aid in Lieu of Payments-Non Public)	11-000-270-519	25,000	4,559	29,559	29,333	226
Other Objects	11-000-270-800	10,000	4,846	14,846	10,653	4,193
Total Student Transportation Services		533,124	299	533,423	483,951	49,472
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	110,000	-	110,000	72,302	37,698
Other Retirement Contributions - Regular	11-000-291-241	85,000	-	85,000	78,384	6,616
Other Retirement Contributions DCRF	11-000-291-248	2,500	352	2,852	1,995	857
Unemployment Compensation	11-000-291-250	22,000	-	22,000	-	22,000
Workmen's Compensation	11-000-291-260	71,900	(1,098)	70,802	53,780	17,022
Health Benefits	11-000-291-270	1,363,500	(58,764)	1,304,736	1,199,764	104,972
Tuition Reimbursements	11-000-291-280	12,000	13,721	25,721	24,851	870
Other Employee Benefits	11-000-291-290	19,700	-	19,700	19,617	83
Total Unallocated Benefits		1,686,600	(45,789)	1,640,811	1,450,693	190,118
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	335,545	(335,545)
On-Behalf TPAF Post-Retirement Medical		-	-	-	399,541	(399,541)
Reimbursed TPAF Social Security		-	-	-	308,368	(308,368)
Total Undistributed Expenditures		5,001,113	2,728	5,003,841	5,727,231	(723,390)
Total Expenditures - Current Expense		9,129,867	(5,480)	9,124,387	9,689,279	(564,892)
Capital Outlay:						
Equipment:						
Undistributed - Custodial Services	12-000-262-730	7,946	-	7,946	7,946	-
Total Equipment		7,946	-	7,946	7,946	-

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	100,000	-	100,000	-	100,000
Other Objects	12-000-400-800	40,748	-	40,748	40,748	-
Total Facilities Acquisition & Construction Services		140,748	-	140,748	40,748	100,000
Total Capital Outlay		148,694	-	148,694	48,694	100,000
Special Schools:						
Summer School - Instruction:						
Salaries of Teachers	13-422-100-101	17,100	9,880	26,980	26,980	-
Other Salaries for Instruction	13-400-100-106	4,400	(4,400)	-	-	-
Total Special Schools		21,500	5,480	26,980	26,980	-
Total Expenditures		9,300,061	-	9,300,061	9,764,953	(464,892)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures After Other Financing Sources/(Uses)		(327,504)	-	(327,504)	314,325	641,829
Fund Balances, July 1		1,335,188		1,335,188	1,335,188	-
Fund Balances, June 30		\$ 1,007,684	-	\$ 1,007,684	\$ 1,649,513	\$ 641,829

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Capital Reserve		\$ 576,300
Current Year Excess Surplus		349,536
Excess Surplus Designated of Subsequent Year's Expenditures		406,767
Assigned to:		
Year-End Encumbrances		116
Designated for Subsequent Year's Expenditures		34,617
Unassigned Fund Balance		282,177
Subtotal		1,649,513
Reconciliation to Governmental Fund Statements (GAAP):		
Last Two State Aid Payments Not Recognized on GAAP Basis		(119,279)
Total Fund Balance per Governmental Funds (GAAP)		\$ 1,530,234

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JUNE 30, 2016				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	179,923	41,951	221,874	212,793	(9,081)
Local Sources	-	22,163	22,163	9,538	(12,625)
Total Revenues	179,923	64,114	244,037	222,331	(21,706)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	29,320	11,852	41,172	41,172	-
Tuition	137,170	26,011	163,181	154,100	9,081
General Supplies	-	22,163	22,163	9,538	12,625
Total Instruction	166,490	60,026	226,516	204,810	21,706
Support Services:					
Personal Services - Employee Benefits	7,623	3,082	10,705	10,705	-
Purchased Professional - Educational Services	5,810	1,006	6,816	6,816	-
Total Support Services	13,433	4,088	17,521	17,521	-
Total Expenditures	179,923	64,114	244,037	222,331	21,706
Total Outflows	179,923	64,114	244,037	222,331	21,706
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 10,079,278	\$ 222,331
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	127,148	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(119,279)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 10,087,147</u>	<u>\$ 222,331</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 9,764,953</u>	<u>\$ 222,331</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 9,764,953</u>	<u>\$ 222,331</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**HAINESPORT BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.00864%	0.00975%	0.00963%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 1,939,329	\$ 1,825,090	\$ 1,840,837	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 597,072	\$ 581,363	\$ 631,093	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	324.81%	313.93%	291.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**HAINESPORT BOARD OF EDUCATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 78,384	\$ 84,446	\$ 81,485	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	78,384	78,384	84,446	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 597,072	\$ 581,363	691,093	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	13.13%	14.53%	11.79%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

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

**HAINESPORT BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.03772%	0.03833%	0.03747%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 23,842,623	\$ 20,490,228	\$ 18,935,957	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 4,438,531	\$ 4,306,207	\$ 4,429,511	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

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

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**HAINESPORT TOWNSHIP BOARD OF EDUCATION
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

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

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. 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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	IDEA PART B BASIC	TITLE I PART A	TITLE II PART A	PTO GRANT	LOCKHEED MARTIN GRANT	STEAM GRANT	LOCAL SAFETY GRANT	TOTAL 2016
Revenues:								
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	154,100	51,877	6,816	-	-	-	-	212,793
Local Sources	-	-	-	165	4,811	2,125	2,437	9,538
Total Revenues	\$ 154,100	\$ 51,877	\$ 6,816	\$ 165	\$ 4,811	\$ 2,125	\$ 2,437	\$ 222,331
Expenditures:								
Instruction:								
Salaries of Teachers	\$ -	\$ 41,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,172
Tuition	154,100	-	-	-	-	-	-	154,100
Supplies	-	-	-	165	4,811	2,125	2,437	9,538
Total Instruction	154,100	41,172	-	165	4,811	2,125	2,437	204,810
Support Services:								
Employee Benefits	-	10,705	-	-	-	-	-	10,705
Purchased Professional Educational Services	-	-	6,816	-	-	-	-	6,816
Total Support Services	-	10,705	6,816	-	-	-	-	17,521
Total Expenditures	\$ 154,100	\$ 51,877	\$ 6,816	\$ 165	\$ 4,811	\$ 2,125	\$ 2,437	\$ 222,331

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F. Capital Projects Fund

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016**

PROJECT	DATE	APPROPRIATION	EXPENDITURES TO DATE		TRANSFER TO DEBT SERVICE FUND	UNEXPENDED BALANCE
			PRIOR YEAR	CURRENT YEAR		
Various Projects & Rehabilitations	1/12/11	\$ 9,645,657	\$ 9,292,529	\$ -	\$ 175,000	\$ 178,128
		Total	\$ 9,292,529	\$ -	\$ 175,000	\$ 178,128

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

Revenues:	
Cancellation of Prior Year Accounts Payable	\$ -
	<hr/>
Total Revenues & Other Financing Sources	-
	<hr/>
Expenditures:	
Purchased Professional & Technical Services	-
Construction Services	-
Equipment Purchases	-
Cancellation of Prior Year Accounts Receivable	-
	<hr/>
Total Expenditures	-
	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-
	<hr/>
Other Financing Sources/(Uses)	
Operating Transfers Out	(175,000)
	<hr/>
Total Other Financing Sources/(Uses)	(175,000)
	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	(175,000)
	<hr/>
Fund Balance - Beginning	353,128
	<hr/>
Fund Balance - Ending	\$ 178,128
	<hr/> <hr/>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
VARIOUS PROJECTS & REHABILITATIONS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues:				
State Sources - SDA Grant	\$ 3,772,202	\$ -	\$ 3,772,202	\$ 3,772,202
Bond Proceeds	5,853,000	-	5,853,000	5,853,000
Cancellation of Prior Year Accounts Payable	1,000	-	1,000	1,000
Total Reserve	9,626,202	-	9,626,202	9,626,202
Expenditures:				
Purchased Professional & Technical Services	1,107,631	-	1,107,631	1,107,631
Construction Services	7,649,015	-	7,649,015	7,827,143
Equipment Purchases	183,665	-	183,665	183,665
Cancellation of Prior Year Accounts Receivable	353,218	-	353,218	353,218
Total Expenditures & Other Financing Uses	9,293,529	-	9,293,529	9,471,657
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	332,673	-	332,673	154,545
Other Financing Sources/(Uses):				
Operating Transfers In	20,455	-	20,455	20,455
Operating Transfers Out	-	(175,000)	(175,000)	(175,000)
Total Other Financing Sources/(Uses)	\$ 20,455	\$ (175,000)	\$ (154,545)	\$ (154,545)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 353,128	\$ (175,000)	\$ 178,128	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	1910-050-09-0ZQO
Grant Date	12/30/2009
Bond Authorization Date	1/21/2011
Bonds Authorized	\$ 5,853,000
Bonds Issued	5,853,000
Original Authorized Cost	9,625,202
Additional Authorized Cost	(153,545)
Revised Authorized Cost	9,471,657
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	96.54%
Original Target Completion Date	5/1/2011
Revised Target Completion Date	8/1/2013

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G. Proprietary Funds

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Enterprise Funds

(See Exhibits B-4, B-5, B-6)

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	TRUST FUNDS		AGENCY FUNDS		
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL	2016
Cash & Cash Equivalents	\$ 8,523	\$ 32,158	\$ 25,614	\$ 2,816	\$ 69,111
Total Assets	8,523	32,158	25,614	2,816	69,111
LIABILITIES					
Payroll Deductions Payable	-	-	-	2,816	2,816
Due to Student Groups	-	-	25,614	-	25,614
Accounts Payable	-	216	-	-	216
Total Liabilities	-	216	25,614	2,816	28,646
NET POSITION					
Held in Trust for Unemployment Claims	-	31,942	-	-	31,942
Held in Trust for Scholarships	8,523	-	-	-	8,523
Total Net Position	\$ 8,523	\$ 31,942	\$ -	\$ -	\$ 40,465

HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2016

	<u>PRIVATE PURPOSE</u>		2016
	<u>SCHOLARSHIP FUNDS</u>	<u>UNEMPLOYMENT COMPENSATION</u>	
Operating Revenues:			
Local Sources:			
Interest on Investments	\$ 18	\$ 45	\$ 63
Scholarship Donation	-	-	-
Employee Withholdings	-	12,457	12,457
Total Operating Revenues	<u>18</u>	<u>12,502</u>	<u>12,520</u>
Operating Expenditures:			
Unemployment Compensation Claims	-	450	450
Scholarships	325	-	325
Service Charges	-	-	-
Total Operating Expenses	<u>325</u>	<u>450</u>	<u>775</u>
Excess/(Deficit) of Revenues Over			
Expenditures	(307)	12,052	11,745
Net Position, July 1	<u>8,830</u>	<u>19,890</u>	<u>28,720</u>
Net Position, June 30	<u>\$ 8,523</u>	<u>\$ 31,942</u>	<u>\$ 40,465</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2016
Hainesport School	\$ 21,686	\$ 53,107	\$ 49,179	\$ 25,614
Total Assets	<u>\$ 21,686</u>	<u>\$ 53,107</u>	<u>\$ 49,179</u>	<u>\$ 25,614</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 7,247	\$ 5,635,964	\$ 5,640,395	\$ 2,816
Total Assets	<u>\$ 7,247</u>	<u>\$ 5,635,964</u>	<u>\$ 5,640,395</u>	<u>\$ 2,816</u>
LIABILITIES				
Net Payroll	\$ -	\$ 3,006,855	\$ 3,006,855	\$ -
Payroll Deductions & Withholdings	7,247	2,629,109	2,633,540	2,816
Total Liabilities	<u>\$ 7,247</u>	<u>\$ 5,635,964</u>	<u>\$ 5,640,395</u>	<u>\$ 2,816</u>

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I. Long-Term Debt

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE JULY 1, 2015	ISSUED	RETIRED	BALANCE JUNE 30, 2016
Refunding 1997 Issue	02/01/04	\$ 4,990,000	02/01/17	570,000	4.00%	\$ 1,095,000	\$ -	\$ 525,000	\$ 570,000
School Bonds	01/21/10	5,853,000	1/15/17	70,000	3.00%	5,543,000	-	70,000	5,473,000
			1/15/18	595,000	3.00%				
			1/15/19	570,000	3.50%				
			1/15/20	545,000	3.50%				
			1/15/21	475,000	4.00%				
			1/15/22	450,000	4.00%				
			1/15/23	425,000	4.00%				
			1/15/24	400,000	4.00%				
			1/15/25	375,000	4.00%				
			1/15/26	350,000	4.00%				
		1/15/27	325,000	4.00%					
		1/15/28	310,000	4.00%					
		1/15/29	300,000	4.00%					
		1/15/30	283,000	4.13%					
Total						\$ 6,638,000	\$ -	\$ 595,000	\$ 6,043,000

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2016**

SERIES	DATE OF LEASE	MATURITY DATE	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE <u>PRINCIPAL INTEREST</u>	AMOUNT OUTSTANDING		ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2016
					JUNE 30, 2015	JUNE 30, 2016			
Truck Lease	12/11/2013	12/11/2016	6.45%		\$ 7,253	\$ -	\$ -	\$ 7,253	\$ -
Firewall Lease	7/16/2014	7/16/2017	0.00%		14,082	-	-	7,041	7,041
Total					\$ 21,335	\$ -	\$ -	\$ 14,294	\$ 7,041

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	JUNE 30, 2016		VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	
Revenues:			
Local Sources:			
Local Tax Levy	\$ 592,643	\$ 592,643	\$ -
Miscellaneous	-	450	-
State Sources:			
Debt Service Aid Type II	79,948	79,948	-
Total Revenues	672,591	672,591	673,041
Expenditures			
Regular Debt Service:			
Interest	252,599	252,599	-
Redemption of Principal	595,000	595,000	-
Total Expenditures	847,599	847,599	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(175,008)	(175,008)	(174,558)
Other Financing Sources:			
Operating Transfers In	175,000	175,000	-
Total Other Financing Sources	175,000	175,000	175,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	(8)	(8)	442
Fund Balance, July 1	281	281	-
Fund Balance, June 30	\$ 273	\$ 273	\$ 723

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF COMPENSATED ABSENCES
 JUNE 30, 2016**

	AMOUNT OUTSTANDING JUNE 30, 2015	INCREASE	AMOUNT OUTSTANDING JUNE 30, 2016
Compensated Absences	\$ 510,852	\$ 52,987	\$ 563,839

STATISTICAL SECTION (Unaudited)

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net Investment in Capital Assets	\$ 5,771,422	\$ 6,616,186	\$ 6,249,792	\$ 5,427,129	\$ 4,760,097	\$ 1,797,899	\$(3,640,978)	\$ 1,092,687	\$ 850,905	\$ 699,744
Restricted	1,439,774	933,253	878,264	1,656,735	1,965,048	4,079,480	9,041,522	557,534	755,069	964,860
Unrestricted	(2,455,747)	(2,211,097)	(348,140)	(302,783)	(331,769)	(311,657)	(390,618)	(453,681)	(383,474)	(282,601)
Total Governmental Activities	\$ 4,755,449	\$ 5,338,342	\$ 6,779,916	\$ 6,781,081	\$ 6,393,376	\$ 5,565,722	\$ 5,009,926	\$ 1,196,540	\$ 1,222,499	\$ 1,382,003
Business-Type Activities:										
Net Investment in Capital Assets	\$ 4,144	\$ 4,144	\$ 6,685	\$ 18,364	\$ 24,825	\$ 27,957	\$ 25,758	\$ 36,004	\$ 46,250	\$ 56,497
Unrestricted	30,146	21,295	22,383	16,048	21,537	30,816	45,836	36,365	27,945	32,961
Total Business-Type Activities	\$ 34,290	\$ 25,439	\$ 29,068	\$ 34,412	\$ 46,362	\$ 58,773	\$ 71,594	\$ 72,369	\$ 74,195	\$ 89,458
District-Wide:										
Net Investment in Capital Assets	\$ 5,775,566	\$ 6,620,330	\$ 6,256,477	\$ 5,445,493	\$ 4,784,922	\$ 1,825,856	\$(3,615,220)	\$ 1,128,691	\$ 897,155	\$ 756,241
Restricted	1,439,774	933,253	878,264	1,656,735	1,965,048	4,079,480	9,041,522	557,534	755,069	964,860
Unrestricted	(2,425,601)	(2,189,802)	(325,757)	(286,735)	(310,232)	(280,841)	(344,782)	(417,316)	(355,529)	(249,640)
Total District Net Position	\$ 4,789,739	\$ 5,363,781	\$ 6,808,984	\$ 6,815,493	\$ 6,439,738	\$ 5,624,495	\$ 5,081,520	\$ 1,268,909	\$ 1,296,694	\$ 1,471,461

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 2,857,986	\$ 2,943,711	\$ 2,965,800	\$ 2,856,967	\$ 2,844,048	\$ 2,712,862	\$ 3,006,838	\$ 3,270,169	\$ 3,242,491	\$ 3,105,943
Special Education	1,217,565	1,172,147	1,132,731	1,028,678	975,785	948,708	342,215	592,843	627,149	602,389
Other Instruction	91,307	160,167	134,794	130,141	117,169	90,950	1,045,373	337,861	374,962	279,590
Support Services & Undistributed Costs:										
Tuition	283,851	297,399	304,022	126,004	109,621	180,687	40,606	162,611	195,680	119,028
Student & Instruction Related Services	1,000,082	1,009,453	928,369	1,018,276	929,005	864,118	842,708	933,162	847,522	731,685
General & Business Administrative Services	516,250	448,435	493,919	464,490	469,545	470,951	606,213	359,778	331,099	401,559
Central Services	233,662	242,149	200,332	197,523	194,514	204,368	209,806	204,439	197,652	176,262
Plant Operations & Maintenance	740,755	650,118	616,837	591,871	637,909	684,113	690,863	670,793	710,586	600,518
Pupil Transportation	483,951	543,668	545,865	483,172	451,866	495,641	404,197	442,779	484,950	450,249
Business & Other Support Services	-	-	-	-	-	-	-	-	-	-
Unallocated Employee Benefits	3,633,489	3,156,437	2,262,327	2,405,015	2,223,838	2,084,430	2,135,543	2,065,618	2,183,718	1,977,556
Special Schools	26,980	21,657	23,668	18,092	2,736	3,054	25,498	21,456	27,062	16,360
Interest on Long-Term Debt	267,751	310,499	324,592	332,612	330,103	346,958	242,451	161,566	181,349	196,903
Reduction In Compensated Absences	52,987	36,125	(25,064)	(3,877)	(14,419)	7,749	(47,199)	-	-	-
Unallocated Depreciation	1,288,942	212,783	271,823	389,571	198,080	292,583	221,839	33,989	35,126	35,347
Cancellation of Prior Years Accounts Receivable	-	-	353,218	-	-	-	-	-	-	-
Total Governmental Activities Expenses	12,695,558	11,204,748	10,533,233	10,038,535	9,469,800	9,387,172	9,766,951	9,508,198	9,682,990	8,933,372
Business-Type Activities:										
Food Service	194,930	205,561	214,444	244,464	249,694	250,631	242,376	246,433	211,239	181,523

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30,										
General Revenues & Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 7,530,541	\$ 7,256,722	\$ 7,025,828	\$ 6,952,443	\$ 6,934,825	\$ 6,804,063	\$ 6,588,096	\$ 6,424,790	\$ 6,289,590	\$ 6,053,150
Taxes Levied for Debt Service	592,643	760,687	812,081	799,167	788,941	731,242	506,624	505,786	492,912	504,147
Unrestricted Grants & Contributions	1,516,233	1,521,131	2,253,571	2,319,140	2,193,908	1,873,911	6,026,342	1,508,966	1,561,782	1,515,225
Tuition Received	34,562	75,895	80,860	87,086	66,000	112,567	135,433	106,260	38,289	46,882
Investment Earnings	200	-	200	500	2,208	2,461	3,223	3,935	12,235	11,891
Miscellaneous Income	42,555	43,215	38,372	47,414	55,616	172,063	59,444	57,154	102,420	98,763
Arbitrage Rebate Payment	-	-	-	-	-	-	-	-	-	-
Cancellation of Debt Due to State Refunding	-	-	-	-	-	-	-	-	-	-
Adjustment to Capital Assets	9,884	-	140,715	-	-	-	-	-	-	-
Cancellation of Prior Years Accounts Payable	-	-	1,000	-	-	-	-	-	-	-
Total Governmental Activities	9,726,618	9,657,650	10,352,627	10,205,750	10,041,498	9,696,307	13,319,162	8,606,891	8,497,228	8,230,058
Business-Type Activities:										
Investment Earnings	41	17	8	16	23	439	292	129	637	800
Total Business-Type Activities	41	17	8	16	23	439	292	129	637	800
Total District-Wide	\$ 9,726,659	\$ 9,657,667	\$ 10,352,635	\$ 10,205,766	\$ 10,041,521	\$ 9,696,746	\$ 13,319,454	\$ 8,607,020	\$ 8,497,865	\$ 8,230,858
Change in Net Position:										
Governmental Activities	\$ (582,893)	\$ 399,263	\$ 29,443	\$ 387,704	\$ 827,654	\$ 555,796	\$ 3,813,386	\$ (25,960)	\$ (159,503)	\$ 312,509
Business-Type Activities	8,851	(3,629)	(5,344)	(11,950)	(12,411)	(12,821)	(775)	(1,826)	(15,263)	8,375
Total District-Wide	\$ (574,042)	\$ 395,634	\$ 24,099	\$ 375,754	\$ 815,243	\$ 542,975	\$ 3,812,611	\$ (27,786)	\$ (174,766)	\$ 320,884

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues & Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 7,530,541	\$ 7,256,722	\$ 7,025,828	\$ 6,952,443	\$ 6,934,825	\$ 6,804,063	\$ 6,588,096	\$ 6,424,790	\$ 6,289,590	\$ 6,053,150
Taxes Levied for Debt Service	592,643	760,687	812,081	799,167	788,941	731,242	506,624	505,786	492,912	504,147
Unrestricted Grants & Contributions	1,516,233	1,521,131	2,253,571	2,319,140	2,193,908	1,873,911	6,026,342	1,508,966	1,561,782	1,515,225
Tuition Received	34,562	75,895	80,860	87,086	66,000	112,567	135,433	106,260	38,289	46,882
Investment Earnings	200	-	200	500	2,208	2,461	3,223	3,935	12,235	11,891
Miscellaneous Income	42,555	43,215	38,372	47,414	55,616	172,063	59,444	57,154	102,420	98,763
Arbitrage Rebate Payment	-	-	-	-	-	-	-	-	-	-
Cancellation of Debt Due to State Refunding	-	-	-	-	-	-	-	-	-	-
Adjustment to Capital Assets	9,884	-	140,715	-	-	-	-	-	-	-
Cancellation of Prior Years Accounts Payable	-	-	1,000	-	-	-	-	-	-	-
Total Governmental Activities	9,726,618	9,657,650	10,352,627	10,205,750	10,041,498	9,696,307	13,319,162	8,606,891	8,497,228	8,230,058
Business-Type Activities:										
Investment Earnings	41	17	8	16	23	439	292	129	637	800
Total Business-Type Activities	41	17	8	16	23	439	292	129	637	800
Total District-Wide	\$ 9,726,659	\$ 9,657,667	\$ 10,352,635	\$ 10,205,766	\$ 10,041,521	\$ 9,696,746	\$ 13,319,454	\$ 8,607,020	\$ 8,497,865	\$ 8,230,858
Change in Net Position:										
Governmental Activities	\$ (582,893)	\$ 399,263	\$ 29,443	\$ 387,704	\$ 827,654	\$ 555,796	\$ 3,813,386	\$ (25,960)	\$ (159,503)	\$ 312,509
Business-Type Activities	8,851	(3,629)	(5,344)	(11,950)	(12,411)	(12,821)	(775)	(1,826)	(15,263)	8,375
Total District-Wide	\$ (574,042)	\$ 395,634	\$ 24,099	\$ 375,754	\$ 815,243	\$ 542,975	\$ 3,812,611	\$ (27,786)	\$ (174,766)	\$ 320,884

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Restricted	\$ 1,332,603	\$ 1,044,622	\$ 718,854	\$ 540,849	\$ 485,302	\$ 361,412	\$ 258,445	\$ 255,222	\$ 246,337	\$ 426,835
Assigned To	34,617	5,949	283,891	543,912	438,760	143,578	-	-	-	-
Unassigned	163,014	157,469	126,587	197,008	171,899	206,430	131,616	420,818	715,631	715,369
Total General Fund	1,530,234	1,208,040	1,129,332	1,281,769	1,095,961	711,420	390,061	676,040	961,968	1,142,204
All Other Governmental Funds:										
Committed To	\$ -	\$ -	\$ -	\$ -	\$ 279,090	\$ 1,868,283	\$ -	\$ -	\$ -	\$ -
Assigned To	-	-	-	-	7,636	9,037	-	-	-	-
Restricted, Reported in:										
Capital Projects Fund	178,128	353,128	354,498	706,716	901,810	1,848,076	8,909,209	-	5,238	20,865
Debt Service Fund	723	281	3,296	3,990	340	6,302	23,423	618	1,946	14,550
Total All Other Governmental Funds	\$ 178,851	\$ 353,409	\$ 357,794	\$ 710,706	\$ 1,188,876	\$ 3,731,698	\$ 8,932,632	\$ 618	\$ 7,184	\$ 35,415

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Tax Levy	\$ 8,123,184	\$ 8,017,409	\$ 7,837,909	\$ 7,751,611	\$ 7,723,767	\$ 7,535,305	\$ 7,094,720	\$ 6,930,576	\$ 6,782,502	\$ 6,557,297
Tuition	34,562	75,895	80,860	87,086	66,000	112,567	135,433	106,260	38,289	46,882
Interest Earnings	-	-	200	500	2,208	2,461	3,223	3,935	12,235	11,891
Miscellaneous	42,755	43,215	38,372	47,414	55,616	172,063	59,444	57,154	102,420	98,763
State Sources	2,554,589	2,338,258	2,248,535	2,294,571	2,128,179	1,858,476	5,849,596	2,166,147	2,404,670	2,333,047
Federal Sources	227,429	230,612	215,085	245,058	321,685	262,096	437,921	218,166	183,371	198,001
Total Revenue	10,982,519	10,705,389	10,420,961	10,426,240	10,297,455	9,942,968	13,580,337	9,482,238	9,523,487	9,245,881
Expenditures:										
Current Expense:										
Regular Instruction	2,857,986	2,943,711	2,965,800	2,856,967	2,844,048	2,712,862	3,006,838	3,108,594	2,945,509	2,940,551
Special Education Instruction	1,217,565	1,172,147	1,132,731	1,028,678	975,785	948,708	342,215	592,843	627,149	602,389
Other Instruction	91,307	160,167	134,794	130,141	117,169	90,950	1,045,373	337,861	374,962	279,590
Support Services:										
Tuition	283,851	297,399	304,022	126,004	109,621	180,687	40,606	162,611	195,680	119,028
Student & Instruction Related Services	1,000,082	1,009,453	928,369	1,018,276	929,005	864,118	842,708	933,162	847,522	731,685
School Administrative Services	162,320	153,292	176,092	159,784	161,021	161,823	253,819	251,134	243,644	239,983
General Administrative Services	345,984	295,143	317,827	304,706	308,524	309,128	364,400	333,442	303,625	373,864
Central Services	233,662	242,149	200,332	197,523	194,514	204,368	209,806	204,439	197,652	176,262
Plant Operations & Maintenance	740,755	650,118	616,837	591,871	637,909	684,113	690,863	669,978	677,799	599,651
Pupil Transportation	483,951	543,668	545,865	483,172	451,866	495,641	404,197	429,611	471,213	436,402
Other Support Services	2,494,147	2,240,938	2,262,327	2,405,015	2,223,838	2,084,430	2,135,543	2,065,618	2,183,718	1,977,558
Special Schools	26,980	21,657	23,668	18,092	2,736	3,054	25,498	21,456	27,062	16,360
Capital Outlay	48,694	58,125	87,911	506,212	2,616,484	5,239,350	822,442	61,120	234,762	15,787
Debt Service:										
Principal	595,000	570,000	605,167	578,262	551,448	499,763	453,160	431,672	410,207	398,823
Interest & Other Charges	252,599	273,099	294,107	313,899	331,768	343,548	149,834	171,191	191,470	202,299
Total Expenditures	10,834,883	10,631,066	10,595,849	10,718,602	12,455,736	14,822,543	10,787,302	9,774,732	9,931,974	9,110,232

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	147,636	74,323	(174,888)	(292,362)	(2,158,281)	(4,879,575)	2,793,035	(292,494)	(408,487)	135,649
Other Financing Sources/(Uses):										
Proceeds from Bond Issuance	-	-	-	-	-	-	5,853,000	-	-	-
Cancellation of Prior Years Accounts Payable	-	-	1,000	-	-	-	-	-	-	-
Cancellation of Prior Years Accounts Receivable	-	-	(353,218)	-	-	-	-	-	-	-
Lease Purchase Agreement	-	-	21,757	-	-	-	-	-	200,000	-
Transfers In	175,000	273	8	3,650	22,129	21,316	23,414	5,238	23,404	1,337
Transfers Out	(175,000)	(273)	(8)	(3,650)	(22,129)	(21,316)	(23,414)	(5,238)	(23,404)	(1,337)
Total Other Financing Sources/ (Uses)	-	-	(330,461)	-	-	-	5,853,000	-	200,000	-
Net Change in Fund Balance	\$ 147,636	\$ 74,323	\$ (505,349)	\$ (292,362)	\$ (2,158,281)	\$ (4,879,575)	\$ 8,646,035	\$ (292,494)	\$ (208,487)	\$ 135,649
Debt Service as a Percentage of Noncapital Expenditures	7.86%	7.97%	8.56%	8.74%	8.98%	8.80%	6.05%	6.21%	6.20%	6.61%

HAINESPORT TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDED JUNE 30,	INTEREST ON INVESTMENTS	TUITION	PRIOR YEAR REFUNDS	RENTAL OF FACILITIES	SALE OF SCHOOL BUSES	MISCELLANEOUS	TOTAL
2016	\$ 3,140	\$ 34,562	\$ -	\$ 4,244	\$ -	\$ 25,383	\$ 67,329
2015	1,195	75,895	7,269	9,248	-	18,965	112,572
2014	1,195	80,860	7,269	9,248	-	13,194	111,766
2013	2,238	87,086	7,446	10,004	-	24,576	131,350
2012	2,284	66,000	23,218	5,938	-	21,261	118,701
2011	15,805	112,567	-	-	119,000	18,403	265,775
2010	13,661	135,433	5,664	5,988	-	9,806	170,552
2009	20,895	106,260	33,801	5,366	-	1,027	167,349
2008	84,393	38,289	13,030	8,725	-	8,507	152,944
2007	100,675	46,882	-	9,120	-	859	157,536

Source: District Records

HAINESPORT TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS

FISCAL YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2016	\$ 17,416,700	\$ 606,105,200	\$ 8,740,600	\$ 346,600	\$ 81,110,600	\$ 46,460,900	\$ 606,000	\$ 760,786,600	\$ 1,268,178	\$ 762,054,778	\$ 47,501,300	1.084	\$ 797,836,073
2015	17,589,300	605,896,300	8,740,600	363,800	80,125,000	46,460,900	606,000	759,781,900	1,271,371	761,053,271	47,121,600	1.067	780,920,684
2014	14,931,100	608,153,200	7,841,800	361,800	81,808,400	47,825,200	606,000	761,527,500	1,223,181	762,750,681	44,457,500	1.051	780,765,445
2013	15,858,500	607,273,000	9,180,700	356,600	78,592,900	48,382,700	606,000	760,250,400	1,178,706	761,429,106	43,909,000	1.029	-
2012	7,072,400	359,354,600	4,916,000	321,000	40,490,733	26,969,900	247,500	439,372,133	723,220	440,095,353	16,960,900	1.761	-
2011	7,353,700	356,556,700	5,219,500	349,100	40,933,333	27,543,700	247,500	438,203,533	734,285	438,937,818	16,286,400	1.760	-
2010	7,509,600	355,461,900	5,618,900	221,300	42,825,433	28,180,100	247,500	440,064,733	935,159	440,999,892	15,613,500	1.709	-
2009	9,394,000	353,561,400	5,818,900	221,300	39,800,433	29,918,500	247,500	438,962,033	864,453	439,826,486	15,583,900	1.614	-
2008	9,168,000	351,430,400	5,768,600	221,300	39,889,933	29,918,500	247,500	436,644,233	657,300	437,301,533	15,425,600	1.584	-
2007	8,893,800	352,740,900	4,762,400	221,700	35,102,400	30,836,700	247,500	432,805,400	888,480	433,693,880	15,425,600	1.565	817,347,978

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	HAINESPORT TOWNSHIP	REGIONAL SCHOOL	BURLINGTON COUNTY		
2016	1.004	0.080	1.084	0.354	0.430	0.430	2.298	
2015	0.927	0.140	1.067	0.316	0.412	0.455	2.250	
2014	0.951	0.100	1.051	0.330	0.355	0.391	2.127	
2013	0.849	0.180	1.029	0.315	0.338	0.394	2.076	
2012	1.581	0.180	1.761	0.502	0.559	0.709	3.531	
2011	1.580	0.180	1.760	0.499	0.543	0.746	3.548	
2010	1.587	0.122	1.709	0.491	0.525	0.761	3.486	
2009	1.508	0.106	1.614	0.475	0.564	0.808	3.461	
2008	1.468	0.116	1.584	0.481	0.533	0.792	3.390	
2007	1.452	0.113	1.565	0.453	0.597	0.795	3.410	

Source: Municipal Tax Collector

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2016		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
DDRM Crossroads Plaza	\$ 14,475,000	1	1.81%
South Hainesport Industrial Trust	10,875,400	2	1.36%
Berry Drive, LLC	8,937,900	3	1.12%
Creek Crossing II, LLC	7,369,900	4	0.92%
Mt Laurel RD Limited Partnership	6,295,300	5	0.79%
Hoppecke USA REM, LLC	3,279,100	6	0.41%
Hainesport Industrial Park	3,201,000	7	0.40%
Diamantis Children's Trust	3,147,300	8	0.39%
Hainesport Complex LP	2,914,100	9	0.37%
Ventimiglia, Giuseppe	2,509,400	10	0.31%
Total	<u>\$ 63,004,400</u>		<u>7.90%</u>

	2007		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Inland Southeast Hainesport	\$ 7,700,000	1	1.78%
Berry Drive, LLC	6,156,300	2	1.42%
Creek Crossing , LLC	4,533,500	3	1.05%
Mt. Laurel Road Limited Partnership	3,325,000	4	0.77%
Arrow International	2,531,800	5	0.58%
South Hainesport Industrial Trust	1,828,000	6	0.42%
White Cap Inc.	1,731,500	7	0.40%
Guiseppe Ventimiglia	1,639,100	8	0.38%
Creek Crossing , LLC	1,570,700	9	0.36%
Drenk Institute	1,338,500	10	0.31%
Total	<u>\$ 32,354,400</u>		<u>7.47%</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2016	\$ 8,123,184	\$ 8,123,184	100.00%
2015	7,837,909	7,837,909	100.00%
2014	7,751,611	7,751,611	100.00%
2013	7,723,767	7,723,767	100.00%
2012	7,535,305	7,535,305	100.00%
2011	7,094,720	7,094,720	100.00%
2010	6,930,576	6,930,576	100.00%
2009	6,782,502	6,782,502	100.00%
2008	6,557,297	6,557,297	100.00%
2007	6,238,713	6,238,713	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

GOVERNMENTAL ACTIVITIES			
FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT
2016	\$ 6,043,000	\$ -	\$ 6,043,000
2015	6,068,000	1	6,068,001
2014	7,234,907	-	7,234,907
2013	8,391,431	-	8,391,431
2012	8,942,878	40,000	8,982,878
2011	9,442,640	52,006	9,494,646
2010	4,042,800	132,006	4,174,806
2009	4,474,473	199,376	4,673,849
2008	4,884,679	65,569	4,950,248
2007	5,283,503	90,637	5,374,140

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	<u>GENERAL BONDED DEBT OUTSTANDING</u>			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING	
2016	\$ 6,043,000	\$ -	\$ 6,043,000	0.79%
2015	6,068,000	-	6,068,000	0.80%
2014	7,208,000	-	7,208,000	1.64%
2013	7,234,907	-	7,234,907	1.64%
2012	8,391,431	-	8,391,431	1.90%
2011	8,942,878	-	8,942,878	2.03%
2010	9,442,640	-	9,442,640	2.15%
2009	4,042,800	-	4,042,800	0.92%
2008	4,474,473	-	4,474,473	1.03%
2007	4,884,679	-	4,884,679	1.15%

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Hainesport Township	\$6,170,475	100.00%	\$ 6,170,475
Burlington County	303,216,431	1.71%	5,185,001
Rancocas Valley Regional High School	14,953,000	18.14%	2,712,474
Subtotal, Overlapping Debt			14,067,950
Hainesport Township School District Direct Debt			6,043,000
Total Direct & Overlapping Debt			<u>\$ 20,110,950</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 23,516,820	\$ 23,368,427	\$ 23,757,219	\$ 24,652,707	\$ 25,604,732	\$ 26,698,346	\$ 18,047,574	\$ 26,076,502	\$ 23,611,432	\$ 20,477,708
Total Net Debt Applicable to Limit	6,043,000	6,068,000	7,208,000	7,813,169	8,391,431	8,942,878	9,442,640	4,042,800	4,474,473	4,884,679
Legal Debt Margin	\$ 17,473,820	\$ 17,300,427	\$ 16,549,219	\$ 16,839,538	\$ 17,213,301	\$ 17,755,468	\$ 8,604,934	\$ 22,033,702	\$ 19,136,959	\$ 15,593,029
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.70%	25.97%	30.34%	31.69%	32.77%	33.50%	52.32%	15.50%	18.95%	23.85%

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis	
2015	\$ 775,528,308
2014	\$ 778,817,243
2013	\$ 797,336,447
	<u>\$ 2,351,681,998</u>
Average Equalized Valuation of Taxable Property	<u>\$ 783,893,999</u>
Debt Limit (3 % of Average Equalization Value) Net Bonded School Debt	<u>\$ 23,516,820</u> <u>6,043,000</u>
Legal Debt Margin	<u>\$ 17,473,820</u>

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION ^a	PERSONAL INCOME (THOUSANDS OF DOLLARS) ^b	BURLINGTON COUNTY PER CAPITA INCOME ^c	UNEMPLOYMENT RATE ^d
2016	N/A	N/A	N/A	N/A
2015	6,053	N/A	N/A	5.2%
2014	6,085	\$ 327,050,495	\$ 53,747	6.4%
2013	6,117	313,759,281	51,293	9.8%
2012	6,134	313,318,586	51,079	7.6%
2011	6,121	303,760,746	49,626	7.4%
2010	6,115	292,596,635	47,849	7.6%
2009	5,951	283,160,482	47,582	7.1%
2008	5,955	285,750,675	47,985	4.1%
2007	5,997	278,890,485	46,505	3.0%

Source: NJ Dept of Labor and Workforce Development

^a NJ Dept of Labor & Workforce Development

^b Based upon the Municipal population & per capita personal income presented.

^c Provided by the NJ Department of Labor & Workforce Development

^d Provided by the NJ Department of Labor & Workforce Development

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

	2016
	EMPLOYEES
Shop Rite Supermarket	180
PRN Medical Transport	150
Visiting Nurse	120
Hainesport Township School District	93
Tranquility Salon & Spa	70
Hainesport Auto & Truck Repair	53
Brother's Electric, Inc.	50
Classic Cars Nissan, Inc.	50
Center for Kidney Care & Renal	40
Perry Videx, LLC	40
Total	846

2007 Information was not available

Source: Burlington County Economic Development

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	39	39	40	45	43	40	49	51	49	50
Special Education	20	18	19	19	19	18	12	12	11	13
Other Special Education	1	2	2	1	1	1	4	6	6	3
Support Services:										
Student & Instruction Related Services	22	21	21	15	14	11	14	13	13	10
School Administrative Services	5	5	5	5	5	5	5	4	4	4
Business Administrative Services	3	3	3	3	3	4	4	5	5	5
Plant Operations & Maintenance	3	3	3	7	9	8	9	9	9	9
Pupil Transportation	-	-	-	-	-	0	3	3	3	3
Total	93	91	93	95	94	87	100	103	100	97

Source: District Personnel Records

HAINESPORT TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

FISCAL YEAR	JUNE 30, ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2016	628	\$ 9,938,590	\$ 15,826	3.61%	60	10.46:1	626.0	588.0	-2.03%	93.93%
2015	637	9,729,842	15,274	7.14%	59	11.80:1	639.0	600.0	-3.75%	93.90%
2014	674	9,608,664	14,256	5.24%	61	11.05:1	663.9	637.2	-1.25%	95.98%
2013	688	9,320,229	13,547	4.97%	59	11.66:1	672.3	650.8	-3.59%	96.80%
2012	694	8,956,036	12,905	3.36%	57	12.18:1	697.3	668.8	-0.41%	95.91%
2011	700	8,739,882	12,486	-6.78%	57	12.28:1	700.2	669.3	0.66%	95.59%
2010	699	9,361,866	13,393	-1.21%	56	12.48:1	695.6	653.5	3.28%	93.95%
2009	672	9,110,749	13,558	-1.92%	57	11.79:1	673.5	634.5	-9.94%	94.21%
2008	658	9,095,535	13,823	8.39%	56	11.75:1	747.8	619.2	15.06%	82.80%
2007	666	8,493,321	12,753	11.52%	56	11.89:1	649.9	621.0	-2.81%	95.55%

Sources: District records

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary Schools:										
Hainesport Elementary (1925):										
Square Feet	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782
Capacity (Students)	636	636	636	636	636	636	636	636	636	636
Enrollment	628	637	674	688	694	700	699	672	658	666

Number of Schools at June 30, 2013:
Elementary = 1

Source: District Facilities Office

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

SCHOOL FACILITIES	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Hainesport Elementary	\$ 53,384	\$ 59,434	\$ 66,499	\$ 26,850	\$ 72,581	\$ 60,240	\$ 57,287	\$ 55,694	\$ 43,807	\$ 48,381

* 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

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2016**

	COVERAGE	SELF-INSURED RETENTION	DEDUCTIBLE
School Package Policy - Utica National Insurance Company:			
Building & Contents (All Locations)			
Limits of Liability per Occurrence	\$ 18,218,116	\$ -	\$ 1,000
General Liability	3,000,000	-	-
Flood	25,000	-	-
Automobile Liability	1,000,000	-	1,000
Crime Coverage	100,000	-	-
Inland Marine	30,000	-	250
Umbrella Liability	5,000,000	10,000	-
New Jersey School Boards Association:			
Workers' Compensation	2,000,000	-	-
The Maskin Group:			
Student Accident	1,000,000	-	-
New Jersey School Boards Association:			
Surety Bonds:			
Treasurer	200,000	-	-
Board Secretary	300,000	-	-

Source: District records.

SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Hainesport Board of Education
County of Burlington
Hainesport, New Jersey 08036

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Hainesport Board of Education, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Hainesport Board of Education’s basic financial statements, and have issued our report thereon dated October 10, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 10, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Hainesport Board of Education
County of Burlington
Hainesport, New Jersey 08036

Report on Compliance for Each Major State Program

We have audited Hainesport Board of Education’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2016. Hainesport Board of Education’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Hainesport Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the 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 Hainesport Board of Education'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 Hainesport Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, Hainesport Board of Education 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 Hainesport Board of Education 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 Hainesport Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's 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 Hainesport Board of Education's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 10, 2016

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**SCHEDULE A
Exhibit K-2**

**Hainesport Board of Education
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Subrecipient Expenditures	Balance at June 30, 2016	
					From	To						Accounts Receivable	Unearned Revenue
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
Title I, Part A	84.010A	S010A150030	NCLB-xxxx-16	51,877	9/1/15	8/31/16	(12,292.00)	-	42,035.00	(51,877.00)	-	(22,134.00)	-
Title II, Part A Improving Teacher Quality	84.367A	S367A150029	NCLB-xxxx-16	6,816	9/1/15	8/31/16	(3,796.00)	-	3,835.00	(6,816.00)	-	(6,777.00)	-
ID.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA-xxxx-16	154,100	9/1/15	8/31/16	-	142,583.00	(154,100.00)	-	-	(11,517.00)	-
Total Special Revenue Fund							(16,088.00)	188,453.00	(212,793.00)	-	-	(40,428.00)	-
U.S. Department of Agriculture													
Passed-through State Department of Agriculture													
Enterprise Fund:													
Food Distribution Program	10.565	16161NJ304N1099	N/A	13,564	7/1/15	6/30/16	-	11,046.00	(13,564.00)	-	-	-	2,518.00
Child Nutrition Cluster													
National School Lunch Program	10.555	16161NJ304N1099	N/A	49,680	7/1/15	6/30/16	-	45,820.00	(49,680.00)	-	-	(3,860.00)	-
National School Lunch Program	10.555	16161NJ304N1099	N/A	43,252	7/1/14	6/30/15	(4,038.00)	-	4,038.00	-	-	-	-
National School Lunch Program Performance B:	10.555	16161NJ304N1099	N/A	2,571	7/1/15	6/30/16	-	2,371.00	(2,571.00)	-	-	(200.00)	-
National School Lunch Program Performance B:	10.555	16161NJ304N1099	N/A	2,559	7/1/14	6/30/15	(246.00)	246.00	-	-	-	-	-
Total Child Nutrition Cluster							(4,284.00)	52,475.00	(52,251.00)	-	-	(4,060.00)	-
Total Enterprise Fund							(4,284.00)	63,521.00	(65,815.00)	-	-	(4,060.00)	2,518.00
Sub-Total Federal Financial Awards							\$ (20,372.00)	\$ 251,974.00	\$ (278,608.00)	\$ -	\$ -	\$ (44,488.00)	\$ 2,518.00

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

Hainesport Board of Education
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Due to Grantor	Balance at June 30, 2015			Balance at June 30, 2016			MEMO	
			From	To		Unearned Revenue (Accts Receivable)	Cash Received	Budgetary Expenditures	Subrecipient Expenditures	Intergovernmental (Accounts Receivable)	Unearned Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
State Aid Cluster:													
Equalization Aid	16-495-034-5120-078	\$ 689,609	7/1/15	6/30/16	\$ -	\$ 689,609	\$ (689,609)	\$ -	\$ -	\$ -	\$ -	\$ (59,129)	\$ 689,609
Educational Adequacy Aid	16-495-034-5120-083	4,376	7/1/15	6/30/16	-	4,376	(4,376)	-	-	-	-	(375)	4,376
Special Education Categorical Aid	16-495-034-5120-089	381,603	7/1/15	6/30/16	-	381,603	(381,603)	-	-	-	-	(32,720)	381,603
Security Aid	16-495-034-5120-084	57,433	7/1/15	6/30/16	-	57,433	(57,433)	-	-	-	-	(4,924)	57,433
Adjustment Aid	16-495-034-5120-085	96,002	7/1/15	6/30/16	-	96,002	(96,002)	-	-	-	-	(8,231)	96,002
Per Pupil Growth Aid	16-495-034-5120-097	6,455	7/1/15	6/30/16	-	6,455	(6,455)	-	-	-	-	(553)	6,455
PARCC Readiness Aid	16-495-034-5120-098	6,455	7/1/15	6/30/16	-	6,455	(6,455)	-	-	-	-	(553)	6,455
Total State Aid Cluster						1,241,933	(1,241,933)	-	-	-	-	(106,485)	1,241,933
Transportation Aid	16-495-034-5120-014	149,208	7/1/15	6/30/16	-	149,208	(149,208)	-	-	-	-	(12,794)	149,208
Extraordinary Aid	16-100-034-5120-044	20,603	7/1/15	6/30/16	-	-	(20,603)	-	-	(20,603)	-	-	20,603
Extraordinary Aid	15-100-034-5120-044	17,444	7/1/14	6/30/15	-	17,444	-	-	-	-	-	-	17,444
Nonpublic Transportation	16-495-034-5120-014	11,574	7/1/15	6/30/16	-	-	(11,574)	-	-	(11,574)	-	-	11,574
Nonpublic Transportation	15-495-034-5120-014	17,057	7/1/14	6/30/15	-	17,057	-	-	-	-	-	-	17,057
On Behalf TPAF Pension Contributions	16-495-034-5095-001	335,545	7/1/15	6/30/16	-	335,545	(335,545)	-	-	-	-	-	335,545
On Behalf TPAF Post-Medical Contributions	16-495-034-5095-001	399,541	7/1/15	6/30/16	-	399,541	(399,541)	-	-	-	-	-	399,541
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	308,368	7/1/15	6/30/16	-	292,844	(308,368)	-	-	(15,524)	-	-	308,368
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	303,571	7/1/14	6/30/15	-	14,876	-	-	-	-	-	-	303,571
Total General Fund						2,468,448	(2,466,772)	-	-	(47,701)	-	(119,279)	2,804,844
Debt Service Fund													
Debt Service Aid Type II	16-495-034-5120-017	79,948	7/1/15	6/30/16	-	79,948	(79,948)	-	-	-	-	-	79,948
Total Debt Service Fund						79,948	(79,948)	-	-	-	-	-	79,948
Enterprise Fund:													
State Department of Agriculture													
National School Lunch Program (State Share)	16-100-010-3350-023	1,919	7/1/15	6/30/16	-	1,769	(1,919)	-	-	(150)	-	-	1,919
National School Lunch Program (State Share)	15-100-010-3350-023	2,170	7/1/14	6/30/15	-	237	-	-	-	-	-	-	2,170
Total Enterprise Fund						2,006	(1,919)	-	-	(150)	-	-	4,089
Total State Financial Assistance						2,550,402	(2,548,639)	\$ -	\$ -	(47,851)	\$ -	(119,279)	2,888,881
Less: On-Behalf TPAF Pension System Contributions													
Total for State Financial Assistance-Major Program Determination													
												(735,086)	
												\$ (1,813,553)	

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

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
JUNE 30, 2016**

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the state expenditures presented in the schedules of expenditures of state financial assistance, the Hainesport Board of Education did not provide any state awards to sub recipients.

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE (continued):
JUNE 30, 2016**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,869 for the general fund and \$0 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	State	Federal
General Fund	\$ 2,474,641	\$ -
Special Revenue Fund	-	212,793
Debt Service Fund	79,948	-
Food Service Fund	<u>1,919</u>	<u>65,815</u>
Total Financial Assistance	<u>\$ 2,556,508</u>	<u>\$ 278,608</u>

Note 4. Relationship to State Financial Reports

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

Note 5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. 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.

Note 6. State Loans Outstanding

Hainesport Board of Education had no loan balances outstanding at June 30, 2016.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 15-08	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
16-495-034-5095-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Categorical Security Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-083	Educational Adequacy Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2016-001*:

Criteria:

The records of the student activities fund (receipts and disbursements) were poorly maintained. Proper documentation was not maintained for several transactions.

Condition:

Proper documentation for all transactions in the student activities should be properly maintained.

Context:

Sources of receipts and purpose of disbursements cannot be properly identified.

Cause:

Lack of understanding of minimum documentation requirements.

Effect:

District records may not accurately reflect transactions within the student activity funds.

Recommendation:

That immediate action be taken to strengthen financial reporting within the student activity fund.

View of Responsible Officials and Planned Corrective Action:

The district agrees with the finding. Immediate corrective action will be taken.

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

No Current Year Findings

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMET
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards* and Uniform Guidance and New Jersey OMB's Circular 15-08.

Financial Statement Findings

Finding 2015-001

Condition:

Proper documentation for all transactions in the student activities should be properly maintained.

Status:

This is a repeat finding in the current year.