

SCHOOL DISTRICT
OF
BOROUGH OF LONGPORT

Borough of Longport Board of Education
Longport, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

Comprehensive Annual Financial Report

of the

Longport School District

Longport, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Borough of Longport Board of Education

Finance Department

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Introductory Section

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LONGPORT BOARD OF EDUCATION
2305 ATLANTIC AVENUE
LONGPORT, NEW JERSEY 08403

October 14, 2016

Honorable President and
Members of the Board of Education
Borough of Longport School District
Atlantic County, New Jersey

Dear Board Members and Constituents of Longport:

The comprehensive annual financial report of the Borough of Longport 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 the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 and a list of principal officials. The financial section includes the financial statements and schedules, the auditor's report thereon, and the Board's management discussion and analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is not required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. However, required information related to governmental auditing standards, including the auditor's report on the internal control and compliance with applicable laws and regulations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The Borough of Longport School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Borough of Longport Board of Education constitutes the District's reporting entity.

Longport is a sending school district. Grades K-8 are sent to the Ross and Tighe Schools, in Margate, and grades 9-12 are sent to Atlantic City High School and Ocean City High School. The following details the changes in the student enrollment of the District over the last five years:

Fiscal	Student	Percent
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2015-2016	52	27%
2014-2015	41	-18%
2013-2014	50	-9.09%
2012-2013	55	-1.75%
2011-2012	56	0%

ECONOMIC CONDITION AND OUTLOOK: Property values have remained steady over the past year. Commercial properties have declined and are planned to be replaced with additional residential properties. Both the Longport Garden Club and the Longport Historical Society continue their volunteer work towards Longport’s beautification and community spirit.

INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control 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 the District management.

As part of the audit procedures under generally accepted governmental auditing standards, test are made to determine the adequacy of the internal controls, including that portion related to state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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. An annual appropriated budget is adopted for the general 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, 2016.

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 the Notes to the Financial Statements, Note 1.

DEBT ADMINISTRATION: As of June 30, 2016, the District had no outstanding debt issues.

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 Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. In addition, the school district may also invest in obligations of the United States and in bonds of the school district.

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.

OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., was selected by the Board. In addition to meeting the requirements set forth in state statute, the audit also was designed to meet the requirements of generally accepted governmental auditing standards. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules included in the financial section of this report. The auditor's reports related specifically to governmental auditing standards are included in the governmental auditing section of this report.

ACKNOWLEDGEMENTS:

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

Respectfully submitted,

Teri Weeks

Teri Weeks, CPA
Board Secretary/
School Business Administrator

LONGPORT BOARD OF EDUCATION

LONGPORT, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Carl Tripician, President	2018
Donna Affanato, Vice President	2016
Michael Schiavo	2017
<u>Other Officials</u>	
Teri Weeks CPA, Board Secretary/School Business Administrator	
George K. Miller, Solicitor	

**LONGPORT BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Ford, Scott & Associates, L.L.C.
1535 Haven Avenue
Ocean City, NJ 08226

Attorney

George K. Miller, Jr.
26 S. Pennsylvania Avenue, 2nd Floor
Atlantic City, NJ 08401

Official Depository

Cape Bank
225 N. Main Street
Cape May Court House, NJ 08210

Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Longport School District
Longport, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Board of Education of the Longport School District, in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe 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 and each major fund of the Longport Board of Education, in the County of Atlantic, 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 Required Supplementary Information identified 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 Longport Board of Education's basic financial statements. The combining fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016 on our consideration of the Longport 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 the Longport Board of Education's internal control over financial reporting and compliance.

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC
Certified Public Accountants

Nancy Sbrolla

Nancy Sbrolla
Certified Public Accountant
Licensed Public School Accountant
No. 2426

October 14, 2016

Required Supplemental Information

PART I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Longport Borough Sending School District (“Non-operating School District”) annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal years that ended on June 30, 2016 and 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased \$283,771 due to an increase in tuition costs.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to the greater of 2% of the total general fund expenditures or \$250,000. Any excess is required to be designated as Restricted Fund Balance – Excess surplus and included in the next year’s budget as budgeted fund balance. As of June 30, 2016 and 2015, the District had \$0 and \$0 excess surplus respectively.
- During the fiscal year ended June 30, 2016, the District’s expenses incurred were \$283,771 more than total revenues realized. During the prior fiscal year, the District’s expenses were \$158,354 more than total revenues.
- This district has no business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management’s discussion and analysis* (this section), the basic *financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, capital projects, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the district.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the district’s government, reporting on the district’s operations in *more detail* than the government-wide statements.
 - > The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following table shows how the required parts of this annual report are arranged and relate to one another.

The table below summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this over view section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Longport Borough Sending School District’s
Government-wide and Fund Financial Statements**

	Fund Statements	
	Government Wide Statements	Governmental Funds
Scope	Entire District	The activities of the District
Required Financial Statements	Statement of net position Statement of changes in net position	Balance sheet Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year of soon thereafter.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position include *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of changes in net position regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the district's facilities.

The government-wide financial statements of the District have one category:

- Governmental activities – most of the District's basic services are included here, such as administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has one kind of fund:

- *Governmental funds* – All of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position decreased between fiscal years 2016 and 2015 due to increases in tuition and student transportation costs.

Governmental Activities		
	2016	2015
Current Assets	\$ 76,124	\$ 112,812
Total Assets	<u>76,124</u>	<u>112,812</u>
Liabilities	264,618	17,535
Total Liabilities	<u>264,618</u>	<u>17,535</u>
Net Position:		
Restricted	-	83,112
Unrestricted	(188,494)	12,165
	<u>\$ (188,494)</u>	<u>95,277</u>

As required by New Jersey Statutes, the unrestricted net position of the District are not permitted to exceed 2% of total general fund expenditures or \$250,000, whichever is greater. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2016 and 2015, the District had \$0 and \$0 excess fund balance respectively.

Changes in net position. The total revenue of the District increased \$21,762 due to an increase in the District's local tax levy.

Approximately 9% of the District's revenue comes from the State of New Jersey in the form of nonrestricted state aid. This aid is based on the District's enrollment as well as other factors such as growth in the Borough. The Borough of Longport levies property taxes on properties located in the Borough. This tax is remitted to the District every other month. The District expenses are primarily related to tuition, transportation and insurance. The following table summarizes the district's revenues for 2016 and 2015:

	2016	2015	Change	% Change
Property Taxes	\$ 1,014,769	\$ 994,872	19,897	2%
Unrestricted State Aid	94,703	96,023	(1,320)	-1%
Other	3,781	596	3,185	534%
Total	<u>\$ 1,113,253</u>	<u>1,091,491</u>	<u>21,762</u>	<u>2%</u>

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2016 and 2015 fiscal year:

Revenues	2016	2015	Change	% Change
General Revenues				
Property Taxes	\$ 1,014,769	\$ 994,872	19,897	2%
State Aid	94,703	96,023	(1,320)	-1%
Other	3,781	596	3,185	534%
Operating Grants and Contributions	-	15,315	(15,315)	-100%
Total Revenues	1,113,253	1,106,806	6,447	1%
Expenses				
Tuition	1,252,042	1,084,675	167,367	15%
Transportation	84,826	80,063	4,763	6%
General & Bsns. Admin	60,156	61,056	(900)	-1%
Transfer to Charter Schools	-	24,051	(24,051)	100%
Total Expenses	1,397,024	1,249,845	147,179	12%
Decrease in Net Position	\$ (283,771)	(143,039)	(140,732)	98%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year-end, the governmental funds reported a fund balance of \$24,161 which is \$71,116 lower than the beginning of the year. The budget increased by approximately \$19,900 compared to the prior year. The majority of the increase is the result of higher tuition costs and transportation costs.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type II School District, are approved by the voters annually if the District exceeds the statutory CAP limitations. Effective with the 2013-2014 school year, if the District stays within the statutory limitations, there is no vote on the budget by the District voters and Board Members are elected at the time of the general election in November. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District budget for the 2017 fiscal year includes an increase in tuition and a decrease in transportation expenses. The budget also anticipates the use of \$0 in fund balance to balance the budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 2305 Atlantic Avenue, Longport, NJ 08403.

Basic Financial Statements

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**Longport School District
Statement of Net Position
June 30, 2016**

	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 73,138	73,138
Due from other governments	2,986	2,986
Total Assets	76,124	76,124
 LIABILITIES		
Accounts Payable	51,963	51,963
Tuition Payable	212,655	212,655
Total liabilities	264,618	264,618
 NET POSITION		
Unrestricted	(188,494)	(188,494)
Total net position	\$ (188,494)	(188,494)

Longport School District
Statement of Change in Net Position
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues				Total
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:						
Support services:						
Tuition	\$ 1,252,042					(1,252,042)
School administrative services	60,156					(60,156)
Pupil transportation	84,826					(84,826)
Transfer of funds to Charter School	-					-
Total governmental activities	<u>1,397,024</u>	-	-	-	-	<u>(1,397,024)</u>
Total primary government	<u>1,397,024</u>	-	-	-	-	<u>(1,397,024)</u>
General revenues:						
Property taxes, levied for general purposes, net						1,014,769
Federal and State aid not restricted						94,703
Investment Earnings						474
Miscellaneous Income						3,307
Total general revenues, special items, extraordinary items and transfers						<u>1,113,253</u>
Change in Net Position						<u>(283,771)</u>
Net Position—beginning						95,277
Net Position—ending						<u>\$ (188,494)</u>

**Longport School District
Balance Sheet
Governmental Funds
June 30, 2016**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 73,138	73,138
Other state aid receivable	2,986	2,986
 Total assets	<u>76,124</u>	<u>76,124</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	51,963	51,963
 Total liabilities	<u>51,963</u>	<u>51,963</u>
 Fund Balances:		
Unassigned:		
General fund	24,161	24,161
Total Fund balances	<u>\$ 24,161</u>	<u>24,161</u>

Amounts reported for governmental activities in the state of net position (A-1) are different because:

Tuition Payable to Receiving Districts		<u>(212,655)</u>
Total net position of governmental activities	\$	<u>(188,494)</u>

Longport School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Local tax levy	\$ 1,014,769	1,014,769
Interest	474	474
Miscellaneous	3,307	3,307
State sources	94,703	94,703
	<hr/>	<hr/>
Total revenues	<u>1,113,253</u>	<u>1,113,253</u>
EXPENDITURES		
Current:		
Support services and undistributed costs:		
Tuition	1,039,387	1,039,387
School administrative services	60,156	60,156
Pupil transportation	84,826	84,826
Transfer of funds to Charter School	-	-
	<hr/>	<hr/>
Total expenditures	<u>1,184,369</u>	<u>1,184,369</u>
(Deficit) of revenues over expenditures	<u>(71,116)</u>	<u>(71,116)</u>
Net change in fund balances	(71,116)	(71,116)
Fund balance—July 1	95,277	95,277
Fund balance—June 30	<u>\$ 24,161</u>	<u>24,161</u>

**Longport 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)	\$ (71,116)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
Tuition due and payable to receiving districts that will be paid in subsequent years	<u>(212,655)</u>
Change in net assets of governmental activities	<u><u>\$ (283,771)</u></u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Longport School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A business administrator is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Longport School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity:

The Longport School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The purpose of the district is to educate students in grades K – 12.

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

Based on the aforementioned criteria, the District has no component units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general activities are classified as governmental activities.

In the governmental-wide Statement of Net Position, both the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Changes in Net Position reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. 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. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 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 a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 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.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Fund Balances – Governmental Funds

Longport Board of Education elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, ect.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District’s highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District’s policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

4. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

5. Expenditures:

Expenses are recognized when the related fund liability is incurred.

6. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. No material transfers were made during the fiscal year.

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 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.

7. 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.

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.

8. Tuition Payable

Tuition charges for the fiscal year 2015/16 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

9. Use of Estimates

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

10. Pension

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 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.

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In June 2015, the Governmental Accounting Standards Board (GASB) issued 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". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

NOTE 2 - INVESTMENTS

As of June 30, 2016, the district had no investments.

Interest Rate Risk. 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. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The district places no limit on the amount the district may invest in any one issuer.

NOTE 3 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2016, \$0 of the government's bank balance of \$75,920 was exposed to custodial credit risk.

NOTE 4 - PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.78% and the PERS rate is 6.78% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2016, 2015 and 2014 were \$0, \$0 and \$648 respectively, and paid by the State of New Jersey on

behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2016, 2015 and 2014 were \$0, \$0, and \$0 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2016, 2015 and 2014, the State of New Jersey contributed \$0, \$0, and \$1,063, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$0, \$0, and \$0 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

NOTE 5. TEACHERS' PENSION AND ANNUITY FUND (TPAF)

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>91,320</u>
Total	<u>\$ 91,320</u>

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$0 and revenue of \$0 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

Longport School District
Notes to Financial Statements
June 30, 2016

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ -	
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		91,320
District contributions subsequent to the measurement date	\$ -	
Total	<u>\$ -</u>	<u>91,320</u>

\$0 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2016	\$ (10,728)
2017	(10,728)
2018	(10,728)
2019	(16,433)
2020	(13,908)
Thereafter	(28,795)
Total	<u>\$ (91,320)</u>

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement:

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

Longport School District
Notes to Financial Statements
June 30, 2016

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 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.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	53.00%
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 - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 4.13% 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 (3.13%) or 1-percentage point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

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

NOTE 6 – POST RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on 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 eligible for 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 premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

NOTE 7 – FUND BALANCE APPROPRIATED

General Fund – Of the \$24,161 General Fund balance at June 30, 2016, \$0 is reserved for encumbrances; \$0 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7); \$0 has been legally restricted and included as anticipated revenue for the year ended June 30, 2017; and \$24,161 is unassigned.

NOTE 8 – CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$0 of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2017.

NOTE 9 – 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. During the fiscal year ended June 30, 2016, the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Property and Liability Insurance – The district maintains commercial insurance coverage for property and liability insurance. As a non-operating district, the only assets for coverage purposes are those in the office of the Board Secretary.

NOTE 10 – LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse effect on the accompanying financial statements.

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated events through October 14, 2016, the date which the financial statements were available to be issued. It was noted that the District's budget for the 2016-17 fiscal year may not be adequate to cover the tuition charges for the fiscal year. If this situation occurs, it would create a deficit in the District's general fund. A referendum was held in September 2015 to approve a permanent increase in the school tax levy, however, the referendum was defeated. The District is currently pursuing other measures to resolve the issue.

Required Supplemental Information

PART II

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**Longport School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,014,769		1,014,769	1,014,769	-
Interest			-	474	474
Miscellaneous	600		600	3,307	2,707
Total - Local Sources	1,015,369	-	1,015,369	1,018,550	3,181
State Sources:					
Transportation Aid	20,603		20,603	20,603	-
Special Education Aid	33,477		33,477	33,477	-
Security Aid	4,191		4,191	4,191	-
Adjustment Aid	32,446		32,446	32,446	-
Other State Aid	1,000		1,000	3,986	2,986
Total - State Sources	91,717	-	91,717	94,703	2,986
Total Revenues	1,107,086	-	1,107,086	1,113,253	6,167
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	950,126	89,261	1,039,387	1,039,387	-
Tuition to Other LEAs Within the State - Special	89,261	(89,261)	-	-	-
Tuition to CSSD & Reg. Day Schools					
Total Undistributed Expenditures - Instruction	1,039,387	-	1,039,387	1,039,387	-
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	11,200		11,200	11,200	-
Legal Services	24,100	(13,000)	11,100	9,781	1,319
Audit Fees	7,500		7,500	7,250	250
BOE Other Purchased Services					
Board Workshops & Conferences	500		500	249	251
Miscellaneous Purchased Services	7,235	13,000	20,235	18,771	1,464
Board Dues	1,000		1,000	932	68
Total Undistributed Expenditures - Support Services - Gen. Admin.	51,535	-	51,535	48,183	3,352

Longport School District
 Budgetary Comparison Schedule
 General Fund

Undistributed Expenditures - Central Services:						
Salaries	5,000			5,000	5,000	-
Supplies and Materials	500	60		560	550	10
Total Undistributed Expenditures - Central Services	5,500	60		5,560	5,550	10
Undistributed Expenditures - Operation and Maintenance of Plant Services:						
Insurance	7,700	(500)		7,200	4,812	2,388
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	7,700	(500)		7,200	4,812	2,388
Undistributed Expenditures - Student Transportation Services:						
Contracted Services - (Between Home and School) - Joint Agreements	76,876			76,876	76,870	6
Contracted Services - Aid in Lieu of Payments	8,000			8,000	7,956	44
Total Undistributed Expenditures - Student Transportation Serv.	84,876	-		84,876	84,826	50
Unallocated Benefits:						
Unemployment Benefits	1,200	300		300	271	29
Social Security Contributions		140		1,340	1,340	-
Total Unallocated Benefits	1,200	440		1,640	1,611	29
Total Expenditures - Current Expense	1,190,198	-		1,190,198	1,184,369	5,829
Transfer to Charter Schools						
Total Expenditures	1,190,198	-		1,190,198	1,184,369	5,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	(83,112)	-		(83,112)	(71,116)	11,996
Fund Balances, July 1	104,446	-		104,446	104,446	-
Fund Balances, June 30	21,334	-		21,334	33,330	11,996

Longport School District
 Budgetary Comparison Schedule
 General Fund

Recapitulation:	
Restricted Fund Balance:	
Restricted Fund Balance - Excess Surplus	-
Assigned Fund Balance:	
Legally Assigned - Designated for subsequent year's expenditures	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	
Unassigned Fund Balance	33,330
	<u>33,330</u>
Reconciliation to Governmental Funds Statements (GAAP)	
Last State Aid payment not recognized on GAAP basis	(9,169)
Fund Balance per Governmental Funds (GAAP)	<u>24,161</u>

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Notes to the Required Supplementary Information

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Exhibit C-3

Longport School District
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

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

	<u>General Fund</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 1,113,253
Difference - budget to GAAP:	
Receipt of prior year final state aid payment	9,169
Deferral of final state aid payment	<u>(9,169)</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>1,113,253</u></u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	1,184,369
No differences - budget to GAAP:	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 1,184,369</u></u>

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Required Supplemental Information

PART III

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LONGPORT SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>91,320</u>	<u>81,909</u>	<u>78,267</u>
Total	<u>\$ 91,320</u>	<u>\$ 81,909</u>	<u>\$ 78,267</u>
District's covered payroll	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

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Statistical Section

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Longport School District
 Net Position by Component,
 Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Restricted	53	-	9,305	91,770	97,450	65,844	86,545	229,588	83,112	-
Unrestricted	150,411	221,220	254,008	248,044	243,027	249,551	203,289	24,043	12,165	(188,494)
Total governmental activities net position	150,464	221,220	263,313	339,814	340,477	315,395	289,834	253,631	95,277	(188,494)
District-wide										
Restricted	53	-	9,305	91,770	97,450	65,844	86,545	229,588	83,112	-
Unrestricted	150,411	221,220	254,008	248,044	243,027	249,551	203,289	24,043	12,165	(188,494)
Total district net position	150,464	221,220	263,313	339,814	340,477	315,395	289,834	253,631	95,277	(188,494)

Source: CAFR Schedule A-1

Longport School District
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Support Services:										
Tuition	\$ 850,966	915,314	942,556	954,024	876,927	837,658	855,853	926,557	1,084,675	1,252,042
Student & instruction related services	-	-	-	-	-	-	-	-	-	-
General administrative services	43,896	36,428	45,850	40,119	38,792	52,124	64,149	62,338	76,371	60,166
Pupil transportation	61,781	72,240	74,737	69,849	68,911	87,169	94,604	75,388	80,063	84,826
Transfer to Charter Schools	-	-	29,158	-	22,727	41,642	40,330	44,340	24,051	-
Total governmental activities expenses	956,643	1,023,982	1,092,301	1,063,992	1,007,357	1,018,593	1,054,936	1,108,623	1,265,160	1,397,024
Total district expenses	956,643	1,023,982	1,092,301	1,063,992	1,007,357	1,018,593	1,054,936	1,108,623	1,265,160	1,397,024
Program Revenues										
Governmental activities										
Operating grants and contributions	-	-	-	-	-	-	-	-	15,315	-
Total governmental activities program revenues	-	-	-	-	-	-	-	-	15,315	-
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	968,994	965,223	981,343	1,017,851	920,717	877,770	933,957	975,365	994,872	1,014,769
Unrestricted grants and contributions	108,407	113,647	141,101	116,938	83,236	114,315	94,640	96,360	96,023	94,703
Investment earnings	8,928	11,709	3,208	3,739	3,914	1,426	576	695	594	474
Miscellaneous income	4,416	4,985	8,742	1,965	153	2	202	-	2	3,307
Cancellation of Prior Year Receivable	-	(826)	-	-	-	-	-	-	-	-
Total governmental activities	1,090,745	1,094,738	1,134,394	1,140,493	1,008,020	993,513	1,029,375	1,072,420	1,091,491	1,113,253
Total district-wide	1,090,745	1,094,738	1,134,394	1,140,493	1,008,020	993,513	1,029,375	1,072,420	1,091,491	1,113,253
Change in Net Position										
Governmental activities	134,102	70,756	42,093	76,501	663	(25,080)	(25,561)	(36,203)	(158,354)	(283,771)
Total district	\$ 134,102	70,756	42,093	76,501	663	(25,080)	(25,561)	(36,203)	(158,354)	(283,771)

Source: CAFR Schedule A-2

Longport School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted					86,146	40,694	38,348	-	-	-
Assigned					11,304	25,150	48,197	229,588	83,112	-
Unassigned					243,027	249,551	203,289	24,043	12,165	24,161
Reserved	53	-	9,305	91,770						
Unreserved	150,411	221,220	254,008	248,044						
Total general fund	150,464	221,220	263,313	339,814	340,477	315,395	289,834	253,631	95,277	24,161

Source: CAFR Schedule B-1

**Longport School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	968,994	965,223	981,343	1,017,851	920,717	877,770	933,957	975,365	994,872	1,014,769
Interest earnings	8,928	11,709	3,208	3,739	3,914	1,426	576	695	594	474
Miscellaneous	4,416	4,985	8,742	1,965	153	2	202	-	2	3,307
State sources	108,407	113,647	141,101	116,938	83,236	109,781	94,640	96,360	96,023	94,703
Federal sources				4,534						
Total revenue	1,090,745	1,095,564	1,134,394	1,140,493	1,008,020	993,513	1,029,375	1,072,420	1,091,491	1,113,253
Expenditures										
Support Services:										
Tuition	850,966	915,314	942,556	954,024	876,927	837,658	855,853	926,557	1,084,675	1,039,387
Student & instruction related services	-	-	-	-	-	-	-	-	-	-
General administrative services	43,986	36,428	45,850	40,119	38,792	52,124	64,149	62,338	61,056	60,156
Pupil transportation	61,781	72,240	74,737	69,849	68,911	87,169	94,604	75,388	80,063	84,826
Charter Schools	-	-	29,158	-	22,727	41,642	40,330	44,340	24,051	-
Total expenditures	956,733	1,023,982	1,092,301	1,063,992	1,007,357	1,018,593	1,054,936	1,108,623	1,249,845	1,184,369
Excess (Deficiency) of revenues over (under) expenditures	134,012	71,582	42,093	76,501	663	(25,080)	(25,561)	(36,203)	(158,354)	(71,116)
Other Financing sources (uses)										
Cancellation of Prior Year Receivable	-	(826)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(826)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 134,012	70,756	42,093	76,501	663	(25,080)	(25,561)	(36,203)	(158,354)	(71,116)

Source: CAFR Schedule B-2

Longport School District
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Misc.	Total
2007	8,928	4,416	13,344
2008	11,709	4,985	16,694
2009	3,208	8,742	11,950
2010	3,739	1,965	5,704
2011	3,914	153	4,067
2012	1,426	202	1,628
2013	576	202	778
2014	695	-	695
2015	594	2	596
2016	474	3,307	3,781

Source: District Records

**Borough of Longport School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Charm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2006	62,467,500	1,480,586,300	-	-	5,167,100	-	-	1,528,220,900	-	192,525	1,528,413,425	0.064	1,442,939,238
2007	69,253,600	1,476,692,700	-	-	3,731,000	-	-	1,549,477,300	-	181,719	1,549,659,019	0.063	1,671,317,720
2008	62,606,300	1,539,562,400	-	-	3,731,000	-	-	1,605,899,700	44,466,900	172,577	1,561,605,377	0.063	1,862,618,166
2009	55,981,900	1,512,370,500	-	-	3,731,000	-	-	1,572,083,400	44,446,200	181,719	1,527,816,919	0.064	2,014,366,772
2010	50,730,100	1,575,938,800	-	-	3,731,000	-	-	1,630,399,900	44,446,200	181,719	1,586,135,419	0.058	2,275,936,672
2011	43,123,100	1,520,616,700	-	-	3,503,700	-	-	1,567,243,500	44,446,200	126,191	1,522,923,491	0.056	2,165,910,634
2012	64,703,000	1,732,374,900	-	-	3,686,300	-	-	1,800,764,200	56,289,800	173,384	1,744,647,784	0.051	1,925,632,148
2013	88,046,100	1,694,535,000	-	-	3,186,300	-	-	1,776,067,400	56,887,600	150,421	1,719,330,221	0.055	1,946,976,408
2014	89,729,900	1,696,845,800	-	-	3,186,300	-	-	1,789,762,000	56,887,600	100,901	1,732,975,301	0.056	1,937,637,196
2015	74,486,600	1,727,435,800	-	-	2,836,300	-	-	1,804,758,400	57,437,600	101,746	1,747,422,546	0.057	1,890,862,662
2016	54,342,100	1,766,335,900	-	-	2,836,300	-	-	1,825,514,300	57,437,600	101,746	1,768,178,246	0.058	1,899,216,555

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Borough of Longport School District
Direct and Overlapping Property Tax Rates
Rate per \$100 of Assessed Value
Last Ten Calendar Years
*Unaudited***

Fiscal Year Ended June 30,	Borough of Longport School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate a	General Obligation Debt Service b	Total Direct	Borough of Longport	Atlantic County	
2006	0.064		0.064	0.293	0.343	0.700
2007	0.063		0.063	0.308	0.324	0.695
2008	0.063		0.063	0.316	0.343	0.722
2009	0.064		0.064	0.331	0.384	0.779
2010	0.058		0.058	0.349	0.460	0.867
2011	0.056		0.056	0.367	0.500	0.923
2012	0.051		0.051	0.319	0.402	0.772
2013	0.055		0.055	0.329	0.513	0.897
2014	0.056		0.056	0.332	0.510	0.898
2015	0.057		0.057	0.331	0.519	0.907
2016	0.058		0.058	0.331	0.518	0.907

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other component of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

**Borough of Longport School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
*Unaudited***

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	968,994	968,994	100%	
2008	965,223	965,223	100%	
2009	981,343	981,343	100%	
2010	1,017,851	1,017,851	100%	
2011	920,717	920,717	100%	
2012	877,770	877,770	100%	
2013	933,957	911,482	98%	22,475
2014	975,365	975,365	100%	
2015	994,872	994,872	100%	
2016	1,014,769	1,014,765	100%	

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

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

**Borough of Longport School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income a	Per Capita a
	General Obligation Bonds b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2007							
2008							
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2016							

Not applicable - the district does not have any debt

Borough of Longport School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value a of Property	Per Capita b
	General Obligation Bonds	Deductions			
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016					

Not applicable - the district does not have any debt

Borough of Longport School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2016
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Longport	7,517,960	100.000%	7,517,960
Other debt			
County of Atlantic (as of December 31, 2014)	155,437,199	5.156%	8,014,844
Subtotal, overlapping debt			15,532,804
Borough of Longport School District Direct Debt			-
Total direct and overlapping debt			15,532,804

Sources: Borough of Longport Finance Officer, Atlantic County Finance Office

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

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

**Borough of Longport School District
Demographic and Economic Statistics
Last Ten Fiscal Years
*Unaudited***

Year	Population a	Personal Income (thousands of dollars) b	Per Capita Personal Income c	Unemployment Rate d
2007	1,079	41,120,690	38,110	3.70%
2008	1,078	42,156,268	39,106	3.70%
2009	1,086	42,520,158	39,153	4.60%
2010	1,093	43,222,685	39,545	5.50%
2011	895	36,997,510	41,338	5.50%
2012	890	37,315,030	41,927	8.70%
2013	893	37,201,487	41,659	9.10%
2014	886	38,395,696	43,336	3.80%
2015	880	38,135,680	43,336	6.20%
2016	886	38,395,696	43,336	5.10%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development - most recent information is as of 7/1/08

b Personal income provided by the US Dept. of Commerce, Bureau of Economic Analysis.

c Per Capita information provided by the US Dept. of Commerce, Bureau of Economic Analysis - most recent information is as of 7/1/08

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

**Borough of Longport School District
Principal Employers,
Current Year and Nine Years Ago
*Unaudited***

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Borough of Longport		1				
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
	<hr/>		<hr/>	<hr/>		<hr/>
	<hr/> <u>-</u>		<hr/> <u>-</u>	<hr/> <u>-</u>		<hr/> <u>-</u>

Information is not available

Borough of Longport School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Support Services:										
General administrative services	4	4	1	1	1	1	1	1	1	1
Total	<u>4</u>	<u>4</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Source: District Personnel Records

Borough of Longport School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Pupil/Teacher Ratio										
	Enrollment	Operating Expenditures a	Cost Per Pupil	Percentage Change	Teaching Staff b	Elementary	Middle School	Average Daily Enrollment (ADE) c	Average Daily Attendance (ADA) c	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	52	956,733	18,399	2.51%							
2008	58	1,023,982	17,655	-4.04%							
2009	66	1,092,301	16,550	-6.26%							
2010	57	1,063,992	18,667	12.79%							
2011	56	1,007,357	17,989	-3.63%							
2012	55	1,018,593	18,520	2.95%							
2013	55	1,054,936	19,181	3.57%							
2014	50	1,108,623	22,172	15.60%							
2015	41	1,249,845	30,484	37.49%							
2016	52	1,184,369	22,776	-25.28%							

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

The district is non-operating, and does not have ADE or ADA.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Not required Sending District
- c Not required Sending District

Borough of Longport School District
School Building Information
Last Ten Fiscal Years
Unaudited

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
------	------	------	------	------	------	------	------	------	------

Not Applicable - non-operating district

Source: District records, ASSA

Note: Enrollment is based on the annual October district count.

Borough of Longport School District
General Fund
Schedule of Required Maintenance for School Facilities
Last Nine Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008
	N/A									
Total School Facilities		-	-	-	-	-	-	-	-	-
Other Facilities										
Grand Total		-	-	-	-	-	-	-	-	-

Not Applicable - non-operating district

**Borough of Longport School District
Insurance Schedule
June 30, 2016
*Unaudited***

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy		
Contents	\$21,000	
General Liability	1,000,000/2,000,000	
Fire Damage Liability	100,000	
Medical Payments	5,000	
Automobile Liability		
Hired/Non-owned Vehicles	1,000,000	
Umbrella Liability	1,000,000	5,000
Worker's Compensation	Statutory	
Surety Bonds		
Board Administrator	140,000	

Source: District Records

Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Longport School District
County of Atlantic
Longport, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Longport School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 14, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC
Certified Public Accountants

Nancy Sbrolla

Nancy Sbrolla
Certified Public Accountant
Licensed Public School Accountant
No. 2426

October 14, 2016

LONGPORT SCHOOL DISTRICT
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		Balance at June 30, 2015		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments / Repayment of Prior Years' Balances	Balance at June 30, 2016		MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund:															
Categorical Special Education Aid	16-495-034-5120-089	\$ 33,477	7/1/2015	6/30/2016				33,477	33,477					3,347	33,477
Categorical Security Aid	16-495-034-5120-084	4,191	7/1/2015	6/30/2016				4,191	4,191					419	4,191
Transportation Aid	16-495-034-5120-014	20,603	7/1/2015	6/30/2016				20,603	20,603					2,060	20,603
PA/BCC	16-495-034-5120-095	500	7/1/2015	6/30/2016				500	500					50	500
Per. Pupil Growth Aid	16-495-034-5120-097	500	7/1/2015	6/30/2016				500	500					50	500
Adjustment Aid	16-495-034-5120-065	32,446	7/1/2015	6/30/2016				32,446	32,446					3,243	32,446
Non Public Transportation Aid	16-495-034-5120-014	4,406	7/1/2014	6/30/2015				4,406						-	4,406
Non Public Transportation Aid	16-495-034-5120-014	2,986	7/1/2015	6/30/2016					2,986					-	2,986
Total General Fund								<u>96,123</u>	<u>94,703</u>			<u>(2,986)</u>		<u>9,169</u>	<u>95,109</u>
Total State Financial Assistance								<u>96,123</u>	<u>94,703</u>			<u>(2,986)</u>		<u>9,169</u>	<u>95,109</u>

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

Longport School District
Notes to the Schedules of Expenditures of State Financial Assistance
June 30, 2016

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of state financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's general-purpose financial statements. The District has elected not to use the 10% de minimus indirect cost rate.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year.

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

Longport School District
Notes to the Schedules of Expenditures of State Financial Assistance
June 30, 2016

	<u>General</u>
State Assistance:	
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 94,703
Difference-budget to "GAAP"	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	9,169
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(9,169)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 94,703</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

**LONGPORT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE