

**Comprehensive Annual
Financial Report**

of the

Mainland Regional Board of Education

County of Atlantic, New Jersey

For the Year Ended June 30, 2016

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10
FINANCIAL SECTION	
Independent Auditor's Report	11-13
Required Supplementary Information - Part	
Management's Discussion and Analysis	14-21
Basic Financial Statements	
A District-wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B Fund Financial Statement	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
Notes to the Financial Statements	32-56

TABLE OF CONTENTS (continued)

	Required Supplemental Information - Part I	Page
C	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	57-61
	C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	N/A
	C-1b Community Development Block Grant - Budget to Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	62
	Notes to the Required Supplementary Information	
	C-3 Budget-to-GAAP Reconciliation	63
	Required Supplementary Information - Part II	
L	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1 Schedule of the District's Proportionate Share of the Net Pension Liability (PERS)	64
	L-2 Schedule of District Contributions (PERS)	65
	L-3 Schedule of the District's Proportionate Share of the Net Pension Liability (TPAF)	66
	Other Supplementary Information	
D	School Level Schedules:	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
	D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E	Special Revenue Fund:	
	E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	67
	E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F	Capital Projects Fund:	
	F-1 Summary Schedule of Project Expenditures	68
	F-2 Summary Schedule of Revenues and Expenditures	69
	F-2a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis - Improvements & Renovations	70
G	Proprietary Funds	
	Enterprise Fund:	
	G-1 Combining Statement of Net Position	N/A
	G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
	G-3 Combining Statement of Cash Flows	N/A

TABLE OF CONTENTS (continued)

		Page
	Internal Service Fund:	
	G-4 Combining Statement of Net Position	N/A
	G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
	G-6 Combining Statement of Cash Flows	N/A
H	Fiduciary Funds:	
	H-1 Combining Statement of Fiduciary Net Position	71
	H-2 Combining Statement of Changes in Fiduciary Net Position	72
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	73
	H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities	74
I	Long-Term Debt:	
	I-1 Schedule of Serial Bonds	75
	I-2 Schedule of Obligations under Capital Leases	76
	I-3 Debt Service Fund Budgetary Comparison Schedule	77

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Position by Component	78
J-2	Changes in Net Position	79-80
J-3	Fund Balances - Governmental Funds	81
J-4	Changes in Fund Balances - Governmental Funds	82
J-5	General Fund Other Local Revenue by Source	83

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	84
J-7	Direct and Overlapping Property Tax Rates	85
J-8	Principal Property Taxpayers	86-88
J-9	Property Tax Levies and Collections	89

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	90
J-11	Ratios of General Bonded Debt Outstanding	91
J-12	Direct and Overlapping Governmental Activities Debt	92
J-13	Legal Debt Margin Information	93

Demographic and Economic Information

J-14	Demographic and Economic Statistics	94
J-15	Principal Employers	95

TABLE OF CONTENTS (continued)

STATISTICAL SECTION (Unaudited) (Continued)		Page
Operating Information		
J-16	Full-time Equivalent District Employees by Function/Program	96
J-17	Operating Statistics	97
J-18	School Building Information	98
J-19	Schedule of Required Maintenance Expenditures by School Facility	99
J-20	Insurance Schedule	100
SINGLE AUDIT SECTION		
	Independent Auditor's Opinion - Government Audit Standards	101-102
	Independent Auditor's Opinion - U.S. OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	103-104
K-1	Schedule of Expenditures of Federal Awards, Schedule A	105
K-2	Schedule of Expenditures of State Financial Assistance, Schedule B	106
	Notes to the Schedules of Awards and Financial Assistance	107-109
	Schedule of Findings and Question Costs	
	Part I - Summary of Auditor's Results	110-111
	Part 2 - Schedule of Financial Statement Findings	112
	Part 3 - Schedule of State Award Findings and Questioned Costs	112
	Summary Schedule of Prior Audit Findings	112

INTRODUCTORY SECTION



MAINLAND REGIONAL HIGH SCHOOL

1301 Oak Avenue
Linwood, New Jersey 08221-1698
www.mainlandregional.net
Phone (609) 927-8058 Fax (609) 927-5956



Mark C. Marrone
Superintendent

Kim Jensen
Business Administrator

Kevin Burns
Principal

November 28, 2016

Honorable President and
Members of the Board of Education
Mainland Regional High School District
County of Atlantic, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Mainland Regional High 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, the District's organizational chart and a list of principal officials. The Financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Uniform Guidance, and the State Treasury Circular Letter 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Mainland Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mainland Regional High School Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular and vocational, as well as special education for handicapped students. The District completed the 2015-2016 fiscal year with an enrollment of 1,385 students, which is 1% students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	1,385.0	1.0%
2014-15	1,365.0	-7.0%
2013-14	1,468.0	2.5%
2012-13	1,432.0	-5.0%
2011-12	1,510.0	-3.0%
2010-11	1,643.5	0.0%
2009-10	1,643.5	.005%
2008-09	1,635.0	-.001%
2007-08	1,638.0	2.00%
2006-07	1,606.0	-.98%

2. ECONOMIC CONDITION AND OUTLOOK:

Mainland Regional High School is comprised of the following three cities: Linwood, Somers Point and Northfield. The school is located in the City of Linwood. The tax base in the cities of Linwood, Northfield and Somers Point remained stable during the 2015-16 school year.

3. MAJOR INITIATIVES:

Financial

During the 2015-2016 school year the Business Office continued to conduct all the business of the District efficiently and completed another audit. The District continued as a member of the Atlantic County Cape May County Association of School Business Officials Joint Insurance Program. This jointure offered a cost savings to the District while offering a tremendous level of resources for safety training. Information from the JIF has been utilized by the Mainland Safety Committee throughout the school year.

The Mainland Regional High School Additions and Renovations Project began in April 2010 and was completed as of June 2015. The District allocated a portion of the remaining funds to relieve the debt service tax levy during the 2016-2017 school year. It is anticipated that the project and funds will totally be closed out during the 2017-2018 school year by returning any remaining funds towards tax payer relief.

During the year the business office has also participated on the Budget Committee, Renovation Committee, Aquatic Advisory Commission, Dave Myers Memorial Wall Committee, Health and Safety Committee, Technology Charter, Safety and Security Charter and the Mainland Regional Education Foundation.

As a result of the 2013-2014 audit, the District was obligated to prepare a RFP for Food Management Services for the 2015-2016 school year. The Mainland Regional High School Board of Education awarded the bid to Nutri Serve Management Inc. to begin to manage the program as of July 1, 2015. The Business Office worked with Nutri Serve and the Mainland Staff during the summer to facility the transition of the Food Service Program.

THE GOALS FOR THE 2016-2017 SCHOOL YEAR

- A. Continue to conduct all the business of the District efficiently. Complete a successful audit for June 30, 2017.
- B. Continue to attempt to identify future revenue sources to ensure the stability of the financial impact to the District's taxpayers.
- C. Continue to work with Administration and the Board of Education to support the instructional program during difficult funding years.

Education

The 2015-2016 school year was another very successful year for **Mainland Regional High School**. Mainland is a comprehensive, four-year public high school with an enrollment of approximately 1,385 students serving the communities of Somers Point, Northfield and Linwood. Mainland is recognized as a National Blue Ribbon School of Excellence by the United States Department of Education. We are consistently recognized on both state and national levels as a high performing school committed to academic excellence and preparing students for college and career. Students continue to enjoy the benefits of a recently renovated high school that dramatically improved and updated our facility by providing additional space to accommodate our academic and extra-curricular programs as well as updating our technological infrastructure and reducing our environmental footprint via solar energy.

Mainland Regional High School's vision is to cultivate and sustain a responsive, engaged, and connected 21st century learning community that provides all students with a relevant and meaningful educational experience through a responsible and mutually accountable partnership with all stakeholders resulting in college and career readiness.

Our school continues to excel academically, scoring well above the state and national averages on the SAT and ACT. The 2016 graduating class reported the following post-graduation plans: 65% to attend 4-year colleges/universities, 20% to attend a 2-year college, 4% to begin employment, 3% to attend vocational/technical schools, 1% going into the military, and 7% undecided.

Mainland Regional High School's curriculum includes more than 220 diverse course offerings organized into 9 distinct college and career clusters. These clusters are designed to support students in choosing a course of study that not only meets their individual interests, passions and goals, but also prepares them for success beyond high school. We offer 25 Advanced Placement courses and 38 Honors courses, as well as several Gifted/Talented courses. Additionally, Mainland offers dual enrollment courses in conjunction with Stockton University that provide students the opportunity to earn college credit.

The academic environment at Mainland Regional High School is very challenging and the majority of our students meet that challenge by earning exemplary grades. Due to this high level of academic success, class rank does not reflect the achievements and potential of all our students. Therefore, Mainland does not report class rank, but recognizes students for academic achievement using a cumulative weighted GPA. In 2016, 44% of our graduates had a weighted GPA of 4.0 or higher.

Advanced Placement participation is an important component of our school. In the 2015-2016 school year, 338 of our students took 754 AP exams in 26 subjects -- one out of three students are enrolled in AP courses. Overall, 64% of the tests resulted in grades of 3 or higher, and 61 students were AP Scholars, scoring a 3 or higher on 3 or more AP tests. Mainland's commitment to a strong Advanced Placement program is clear and we will continue to embrace the AP program due to the many benefits received by students involved, most importantly, their preparation for college success. Mainland has the highest AP exam participation rate and the highest average SAT scores (critical reading and math) in Atlantic County.

The success of this program was further reflected in the 2014 rankings that placed Mainland in the top 1% of all high schools in the nation by *The Daily Beast* and *Newsweek*. Mainland was also ranked in 2016 as one of the top 100 high schools in the state by *New Jersey Monthly* and *Niche Best Schools*. Mainland was also ranked 48th in the State in the 2016 edition of "America's Best High Schools that Challenge Their Students to Excellence" by the Washington Post.

Mainland's bell schedule and technology policies afford students greater freedom while expecting responsibility and continue to have a positive impact on the high school's culture and climate. These freedoms include a revised electronic device policy that permits usage during the school day as well as a policy that permits seniors to leave campus during lunch and off-periods. In addition, Mainland continues to successfully implement a unit lunch period in which the entire student body has lunch at the same time

throughout the school. During unit lunch, students are afforded opportunities to not only eat, but receive extra help, study, and/or meet with athletic teams and clubs.

The high school community continues in its tireless pursuit of creating and maintaining a responsive educational climate for all stakeholders. Mainland believes that all students across all curricular content areas can be successful provided teachers take ownership of student achievement and develop the relationships necessary to foster student engagement and connectedness. In the 2015-2016 school year, Mainland continued to be a part of the Inter-District School Choice Program enrolling 41 students from outside the district in the High School.

School goals for 2015-2016 demonstrate a continued focus on professional staff growth and development rooted within The Art & Science of Teaching (Marzano, ©2007) as a means to increase student achievement and preparedness via increasing teacher effectiveness. Faculty involvement in Professional Learning Communities and seminar classes addressing effective instructional practices aligned to a standards-based curriculum continue to support staff through these changes. Teachers continue to work collaboratively to revise curriculum, implement scales to measure student growth, and refine common unit plans to ensure alignment to the Common Core Standards.

Professional Development in 2015-2016 was a collaborative effort focused on the implementation of the NJ Student Learning Standards in Language Arts and Mathematics. The District Education Advisory Committee (DEAC) and School Improvement Panel (SciP) continued to facilitate and support the implementation of 21st Century and research-based instructional practices and planning as a means to support teacher professional growth and foster greater levels of student achievement. Many teachers participated in ETTC training and attended workshops from other providers, including national conferences.

Mainland provides student-athletes with the opportunity to choose from over 25 different programs, all of which have a proud history of success, sportsmanship and community service. We have won State Championships in Golf and Baseball, as well as South Jersey Championships in both boys and girls Swimming. Our athletic program continues to evolve and grow with the additions of girls' volleyball and coed surfing. Mainland offers over 40 diverse clubs and activities for students to join, engaging students to develop skills in their areas of interest and providing opportunities for them to participate and showcase their talents. Academic highlights include competition wins for Science League, Academic Team, and the State Champion Mock Trial Team. In addition, the Marching Band and Choir have competition wins, with many students also selected for All-State Band and All-South Jersey Chorus, Band, Wind and Orchestra Honor Ensembles.

We at MRHS continue to be committed to innovation and adaptation as a way to meet the ever evolving needs of the 21st Century, our communities, and most importantly, our students, in order to ensure they are prepared for whatever their post-graduation plans may be.

DISTRICT STRATEGIC PLANS

The School Board continues to evaluate the Goals and Objectives of the Five-Year Strategic Plan. The comprehensive final plan was developed by staff, parents, community members and students in a careful process coordinated by New Jersey School Boards consultant, Jane Kershner.

The Goals are as follows:

STRATEGIC PLAN GOALS CONTINUE TO:

Curriculum

1. Will provide equal opportunities for all students based on abilities, needs and interests.
2. Develop mechanisms to enhance alignment between sending districts and Mainland Regional High School.
3. Acquire and utilize innovative techniques and tools to address changing curriculum.

Communication

1. External
 - a. Maximize use of existing Mainland Regional High School communication tools, i.e. radio station, television, District website, Infinite Campus messenger, and social media
 - b. Develop annual PR/Communication action plan
2. Internal
 - a. Create more comprehensive guidance tools for parents/students from grades 9-12
 - b. Enhance communication channels between parents-teachers/administrator/BOE; teacher-teacher, teacher-administrator.

Climate

1. Student: to provide and communicate support mechanisms for students' emotional, social and academic needs.
2. Staff: to ensure an environment for open dialogue between staff and administration.
3. School: to improve MRHS PRIDE among all stakeholders

Finance

1. Identify and pursue new revenue opportunities.
2. Get annual budget passed and develop strategic plan to communicate and promote budget in future.
3. Find and implement controls wherever feasible.

Facilities

1. Evaluate the options for providing a facility compatible with our mission statement.
2. Communicate to the community the results of the evaluation and options presented that will accomplish our goals.
3. Devise a funding strategy that is supported by the community.

Over the years, Mainland has been recognized, both at the local and national level, for delivering a high quality education based on high standards and strong academic achievement. In the Spring of 2013, a U.S. News and World Report ranked Mainland within the top 5% of over 21,000 high schools across the United States. Further geographical analysis of the rankings showed that we were one of only four high schools in Southern New Jersey ranked in the top 50 across the state. Mainland was also ranked 48th in the State in the 2016 edition of "America's Best High Schools that Challenge Their Students to Excellence" by the Washington Post.

We embrace an ideology that continues to progressively pave the way for the next generation of learners to experience secondary school education in a perceptually new instructional venue that is student empowered and purposefully designed to prepare students for their future not the preceding generations past. The District supports a philosophy that fosters and supports a paradigm shift that has realigned curriculum to stimulate our student's intellectual curiosity and creativity while preparing them for 21st Century Occupational Pathways.

The District received the honor and formal designation of a United States National Blue Ribbon School and continues in a tradition of excellence for outstanding curricular and athletic programs. The curriculum includes more than 220 diverse course offerings designed in a new instructional venue that is student empowered and purposefully designed to prepare students for 21st Century Occupational Pathways. The District offers 25 Advanced Placement Courses, 38 Honors Courses, and several Gifted and Talented program offerings. Standings have included Ranking America's High Schools issued by the Washington Post, in which the School was ranked 26th in New Jersey and 719th in the Nation.

The District continues to excel in national indicator assessments scoring well above State and National Averages in SAT and ACT results as well as AP outcomes in excess of 64% of students scoring 3 or highly annually.

We at Mainland Regional High School are thankful for the support of our parents, students, Board of Education, Education Foundation, and the community as we continue to develop and sustain engaging and connected programs that ensure student success both in- and outside of the classroom.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS:

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

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

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in Notes to the Financial Statements, Note 1.

7. DEBT ADMINISTRATION:

At June 30, 2016, the District's outstanding debt issues included \$28,645,000 of general obligation bonds, series 2009B issued on October 15, 2009 and \$6,405,000 of general obligation bonds, series 2009A issued on October 15, 2009. The 2009 bonds were issued to provide funds for Improvements, repairs and equipment to the Districts facilities, including the installation of solar energy panels. On June 25, 2015, the District refunded the 2005 general obligation bonds used for the Early Retirement Plan totaling \$ 5,180,000. The District achieved a net present value savings of 5.1% or \$258,271. The refunding issued general obligation bonds, Series 1 and Series 2 with outstanding balances as of June 30, 2016 totaling \$3,750,000 and \$1,210,000 respectively.

8. 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 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (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.

9. 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.

10. OTHER INFORMATION:

- A) 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., CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Super Circular and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are included in the Single Audit section of this report.

11. ACKNOWLEDGMENTS:

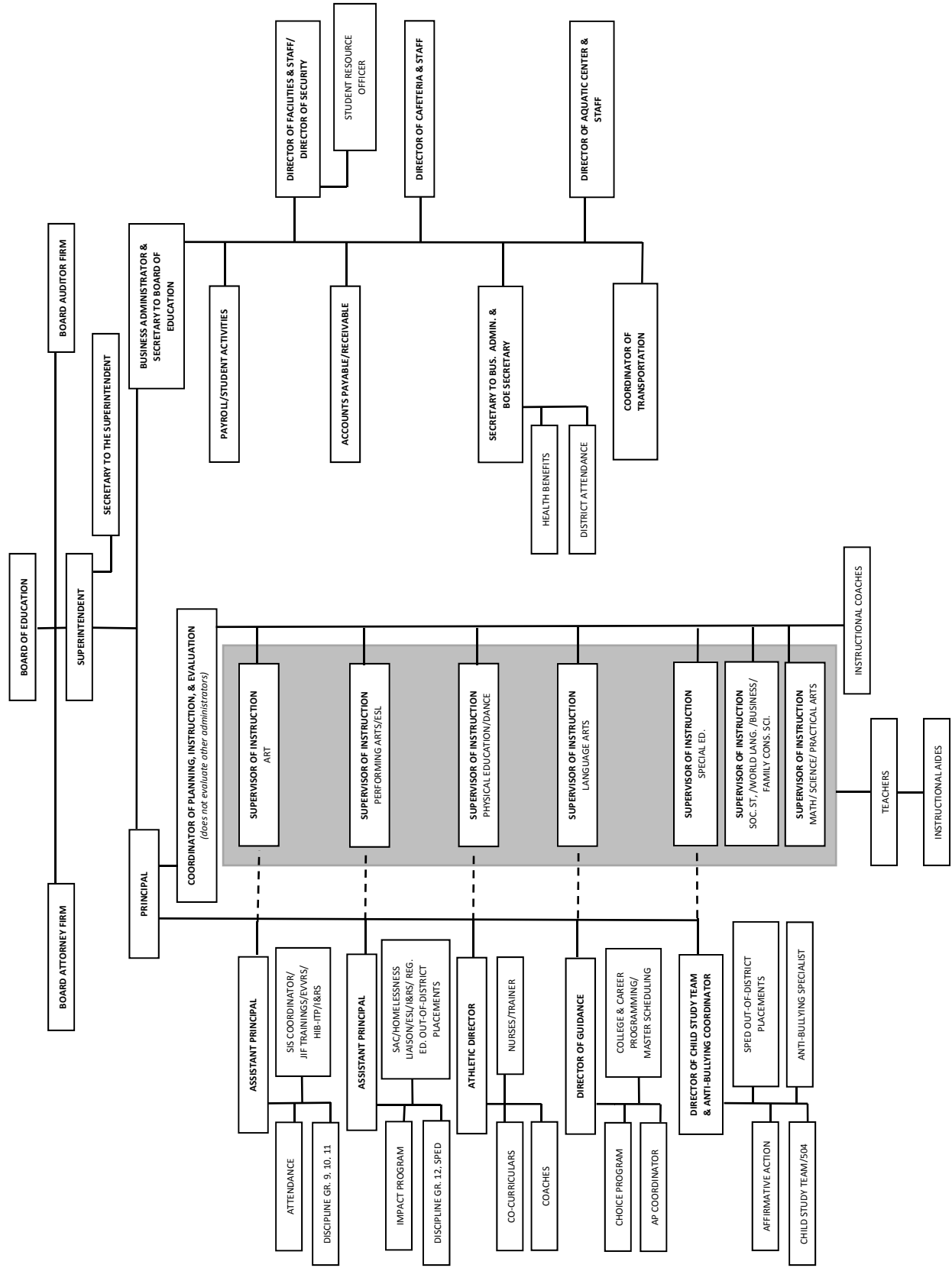
We would like to express our appreciation to the members of the Mainland Regional High School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial 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,

Kim Jensen

Ms. Kim Jensen
Business Administrator/Board Secretary

MAINLAND REGIONAL HIGH SCHOOL DISTRICT ORGANIZATIONAL CHART



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
COUNTY OF ATLANTIC, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education	Term Expires
Jill Ojserkis, Esq., President	2018
Kevin Milhous	2017
Rose Cupo	2017
Sally Gorski	2017
Charles Broomall	2018
Veronica Stillman-Fath	2018
Douglas Harvey	2016
Maggi Siegel	2016
Tay Person	2016
Other Officials	
Dr. Robert Previti, Superintendent (through June 30, 2016)	
Mark Marrone, Superintendent (effective July 1, 2016)	
Kim Jensen, School Business Administrator/Board Secretary	
Louis Greco, Esq., Solicitor	

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

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

ATTORNEY

Louis Greco, Esq.
800 Route 50, Suite 2B
Mays Landing, NJ 08330

OFFICIAL DEPOSITORIES

Ocean City Home Bank
1001 Asbury Avenue
Ocean City, NJ 08244-2520

NJ/ARM Management Fund
156 State Street
Trenton, NJ 08608

Cape Bank
201 Shore Road
Linwood, NJ 08221

Beneficial Bank
530 Walnut Street
Philadelphia, PA 19106-3696

The Bank of New York
385 Rifle Camp Road
West Paterson, NJ 07424-0403

MBIA
Municipal Investors Service Corp.
113 King Street
Armonk, NY 10504

NJ Cash Management Fund
Morgan Stanley Trust
Harborside Financial Center
Plaza Two
Jersey City, NJ 07311-3977

FINANCIAL SECTION

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



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
Mainland Regional High School District
County of Atlantic, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mainland Regional High 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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mainland Regional High School District, 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 Board of Education of the Mainland Regional High School District, in the County of Atlantic's basic financial statements. The combining and individual non-major 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), 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 individual non-major fund financial statements, 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), 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 non-major fund financial statements, 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), 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 November 28, 2016 on our consideration of the Board of Education of the Mainland Regional High School District, in the County of Atlantic'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 Board of Education of the Mainland Regional High School District, in the County of Atlantic's internal control over financial reporting and compliance.

Ford Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

November 28, 2016

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

REQUIRED SUPPLEMENTARY INFORMATION – PART I

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of Mainland Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, Net Position decreased \$119,959.59 which represents a 8% increase from 2015.
- General revenues accounted for \$28,317,958.49 in revenue, or, 77% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$8,321,488.09 or 23% of total revenues of \$36,639,446.58.
- Total assets of governmental activities decreased by \$1,599,317.74 as cash and cash equivalents decreased by \$1,161,946.76, receivables increased by \$581,273.25, and capital assets decreased by \$1,344,969.23.
- The School District had \$36,322,897.82 in expenses; only \$8,321,488.09 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$27,991,633.49 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$28,660,300.64 in revenues and \$28,207,533.99 in expenditures. The General Fund's fund balance increased \$452,766.65 compared to 2015.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of Mainland Regional High School District, the General Fund is by far the most significant fund.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net Position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's Net Position for 2016 and 2015.

	2016	2015
Assets		
Current and Other Assets	\$ 3,731,973.06	\$ 3,965,005.41
Capital Assets	43,150,827.21	44,502,472.99
Total Assets	46,882,800.27	48,467,478.40
Deferred outflows of resources	1,267,261.59	683,576.92
Liabilities		
Long-Term Liabilities	48,869,104.19	49,735,173.27
Other Liabilities	521,367.41	542,849.38
Total Liabilities	49,390,471.60	50,278,022.65
Deferred inflows of resources	207,490.00	440,892.00
Net Position		
Invested in Capital Assets	4,003,457.47	3,070,687.07
Restricted	5,507,439.65	6,373,036.09
Unrestricted	(10,958,796.86)	(11,011,582.49)
Total Net Position	\$ (1,447,899.74)	(1,567,859.33)

The District's combined Net Position was (\$1,447,899.74) on June 30, 2016. This is a decrease of 13% from the prior year.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Table 2 shows changes in Net Position for fiscal year 2016 and 2015.

**Table 2
Changes in Net Position**

	2016	2015
Revenues		
Program Revenues:		
Charges for Services	\$ 409,719.49	\$ 469,210.80
Operating Grants and Contributions	7,911,768.60	6,177,158.53
General Revenues:		
Property Taxes	19,107,526.50	19,436,912.50
Grants and Entitlements	8,720,244.28	8,698,884.85
Other	293,598.54	276,938.18
Total Revenues	36,442,857.41	35,059,104.86
Program Expenses		
Instruction	19,442,318.02	17,815,992.74
Support Services:		
Pupils and Instructional Staff	6,682,105.25	6,074,075.50
General Administration, School Administration, Business Operations and Maintenance of Facilities	6,051,913.18	5,661,282.61
Pupil Transportation	1,591,026.51	1,303,175.08
Interest on Debt	1,210,408.45	1,407,697.83
Food Service	882,442.41	1,019,250.67
Aquatic Center	-	22,772.45
Other	462,684.00	388,884.50
Total Expenses	36,322,897.82	33,693,131.38
Increase in Net Position	\$ 119,959.59	1,365,973.48

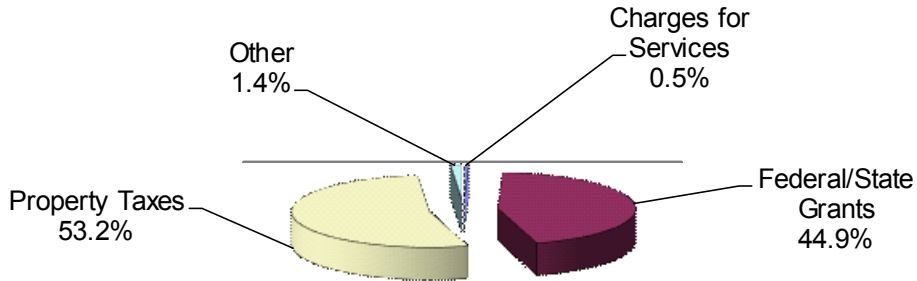
{This space is intentionally left blank}

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Governmental Activities

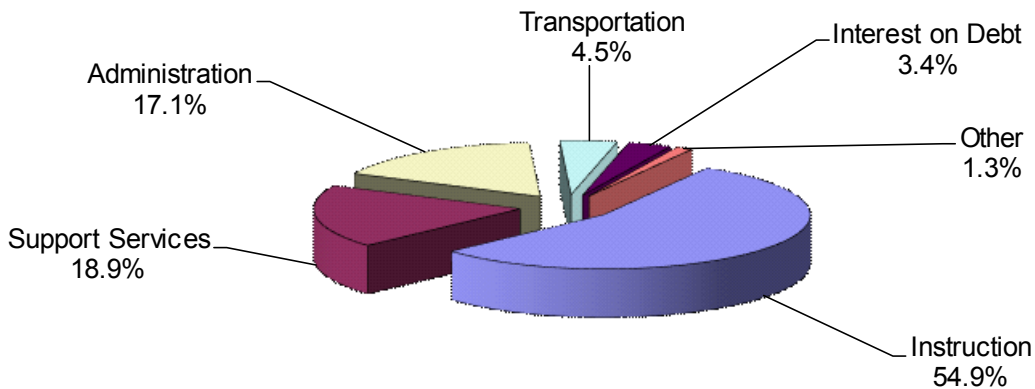
Property taxes made up 53.2% of revenues for governmental activities for the Mainland Regional High School District for fiscal year 2016. The District's total revenues were \$35,931,469.63 for the year ended June 30, 2016. Federal, state, and local grants accounted for another 44.9% of revenue, as illustrated in the following chart.

Sources of Revenue for Fiscal Year 2016



The total cost of all program and services was \$35,440,455.41. Instruction comprises 54.9% of district expenses.

Expenses for Fiscal Year 2016



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Business-Type Activities

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

- Food service revenues exceeded expenses by \$29,785.11.
- Charges for services are \$213,825.05. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$493,661.94.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 19,442,318.02	15,064,608.88	17,815,992.74	14,345,663.45
Support Services:				
Pupils and Instructional Staff	6,682,105.25	5,204,941.18	6,074,075.50	4,954,208.83
General Administration, School Administration, Business Operations and Maintenance of Facilities	6,051,913.18	4,816,190.79	5,661,282.61	4,712,095.79
Pupil Transportation	1,591,026.51	1,070,265.03	1,303,175.08	917,261.02
Interest and Fiscal Charges	1,210,408.45	1,210,408.45	1,407,697.83	1,407,697.83
Other	462,684.00	460,039.98	388,884.50	387,151.12
Total Expenses	<u>\$ 35,440,455.41</u>	<u>27,826,454.31</u>	<u>32,651,108.26</u>	<u>26,724,078.04</u>

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

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

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

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

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

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

"Other" includes special schools and charter schools.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$31,636,902.63 and expenditures were \$31,908,956.97. The net change in fund balance for the year was most significant in the General Fund with an increase of \$126,441.65.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Local Sources	\$ 19,793,118.69	61.92%	\$ (204,285.99)	-1.02%
State Sources	11,585,972.17	36.25%	400,219.77	3.58%
Federal Sources	584,136.77	1.83%	(42,752.90)	-6.82%
Total	<u>\$ 31,963,227.63</u>	100.00%	<u>\$ 153,180.88</u>	0.48%

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2016, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 11,796,279.61	36.97%	\$ (379,571.74)	-3.12%
Undistributed expenditures	15,897,780.91	49.82%	338,408.55	2.17%
Capital Outlay	351,779.81	1.10%	(403,462.32)	-53.42%
Special Schools	7,942.50	0.02%	900.00	12.78%
Charter Schools	449,735.00	1.41%	71,189.00	18.81%
Debt Service:				
Principal	2,155,000.00	6.75%	160,000.00	8.02%
Interest	1,250,439.14	3.92%	(201,771.77)	-13.89%
Total	<u>\$ 31,908,956.97</u>	100.00%	<u>\$ (414,308.28)</u>	-1.28%

Changes in expenditures were the results of varying factors.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2016, the School District had \$43,125,487.08 invested in land, building and equipment. Table 4 shows fiscal year 2016 balances compared to 2015.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	<u>2016</u>	<u>2015</u>
Land	\$ 1,076,079.00	1,076,079.00
Construction in Progress	-	38,551,724.40
Building and Building Improvements	40,939,035.90	3,561,841.37
Machinery and Equipment	1,110,372.18	1,312,828.22
Total	<u>\$ 43,125,487.08</u>	<u>44,502,472.99</u>

Overall capital assets decreased \$1,344,969.23 from fiscal year 2015 to fiscal year 2016.

Debt Administration

At June 30, 2016, the School District had \$40,092,698.19 of outstanding debt. Of this amount, \$884,787.28 is for compensated absences; \$302,369.74 for various capital leases; and \$38,845,000 of serial bonds and \$60,541.17 of premium on bonds.

**Table 5
Outstanding Bonded Debt at June 30,**

	<u>2016</u>	<u>2015</u>
2005 General Refunding Bonds	\$ -	760,000.00
2009A General Obligation Bonds	5,240,000.00	6,405,000.00
2009B General Obligation Bonds	28,645,000.00	28,645,000.00
2015 Refunding Bonds Series A	3,750,000.00	3,815,000.00
2015 Refunding Bonds Series B	1,210,000.00	1,375,000.00
Total	<u>\$ 38,845,000.00</u>	<u>41,000,000.00</u>

For more detailed information please refer to the Notes to the Financial Statements.

For the Future

The Mainland Regional High School District is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is decreased. For the 2016-2017 School year, the District will continue to be a School Choice District and will be accepting out of district students from surrounding communities.

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Kim Jensen, Business Administration/Board Secretary at Mainland Regional High School Board of Education, 1301 Oak Avenue, Linwood, New Jersey 08221. Please visit our website at www.mainlandregional.net.

BASIC FINANCIAL STATEMENTS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,369,817.05	602,409.87	2,972,226.92
Receivables, Net	672,171.02	28,337.00	700,508.02
Internal Balances	1,437,900.19	(1,437,900.19)	-
Due from Fiduciary Accounts	26,132.37		26,132.37
Inventory		33,105.75	33,105.75
Capital Assets			
Land	1,076,079.00		1,076,079.00
Capital Assets being Depreciated, net	42,049,408.08	25,340.13	42,074,748.21
Total Assets	<u>47,631,507.71</u>	<u>(748,707.44)</u>	<u>46,882,800.27</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding Bonds	89,615.59		89,615.59
Deferred outflows related to pensions	1,177,646.00		1,177,646.00
Total Deferred outflows of Resources	<u>1,267,261.59</u>	<u>-</u>	<u>1,267,261.59</u>
LIABILITIES			
Accounts Payable	173,125.88	24,481.83	197,607.71
Accrued Interest Payable	316,257.92		316,257.92
Noncurrent Liabilities			
Due Within One Year	2,326,326.50		2,326,326.50
Due Beyond One Year	37,766,371.69		37,766,371.69
Net Pension Liability	8,776,406.00		8,776,406.00
Total Liabilities	<u>49,365,989.77</u>	<u>24,481.83</u>	<u>49,390,471.60</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pensions	207,490.00		207,490.00
Total Deferred Inflow of Resources	<u>207,490.00</u>	<u>-</u>	<u>207,490.00</u>
NET POSITION			
Invested in Capital Assets	3,978,117.34	25,340.13	4,003,457.47
Restricted for:			
Debt Service	122,182.40		122,182.40
Capital Projects	645,523.60		645,523.60
Other Purposes	4,739,733.65		4,739,733.65
Unrestricted	(10,160,267.46)	(798,529.40)	(10,958,796.86)
Total Net Position	<u>\$ (674,710.47)</u>	<u>(773,189.27)</u>	<u>(1,447,899.74)</u>

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Function/Programs	Expenses	Indirect Costs Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 11,310,953.18	2,983,464.81		3,326,574.54		(10,967,843.45)	-	(10,967,843.45)
Special Education	2,577,147.93	692,653.08		667,651.07		(2,602,149.94)		(2,602,149.94)
Other Special Instruction	1,480,254.91	397,844.11		383,483.53		(1,494,615.49)		(1,494,615.49)
Support Services:								
Tuition	1,863,763.56	500,918.69		595,602.14		(1,769,080.11)		(1,769,080.11)
Student & Instruction Related Services	3,402,848.59	914,574.41		881,561.93		(3,435,861.07)		(3,435,861.07)
School Administrative Services	878,005.32	235,979.12		227,461.21		(886,523.23)		(886,523.23)
Plant Operation and Maintenance	2,824,198.17	759,052.11		731,653.36		(2,851,596.92)		(2,851,596.92)
Pupil Transportation	1,253,993.95	337,032.56	195,894.44	324,867.04		(1,070,265.03)		(1,070,265.03)
Business and Other Support Services	1,067,712.31	286,966.15		276,607.82		(1,078,070.64)		(1,078,070.64)
Special Schools	10,205.97	2,743.03		2,644.02		(10,304.98)		(10,304.98)
Charter Schools	449,735.00					(449,735.00)		(449,735.00)
Interest on Long-Term Debt	1,210,408.45					(1,210,408.45)		(1,210,408.45)
Unallocated Benefits	7,111,228.07	(7,111,228.07)	195,894.44	7,418,106.66		0.00		0.00
Total Governmental Activities	<u>35,440,455.41</u>	<u>-</u>	<u>195,894.44</u>	<u>7,418,106.66</u>	<u>-</u>	<u>(27,826,454.31)</u>	<u>-</u>	<u>(27,826,454.31)</u>
Business-Type Activities:								
Food Service	882,442.41		213,825.05	493,661.94		(174,955.42)		(174,955.42)
Aquatic Center								
Total Business-Type Activities	<u>882,442.41</u>	<u>-</u>	<u>213,825.05</u>	<u>493,661.94</u>	<u>-</u>	<u>(174,955.42)</u>	<u>-</u>	<u>(174,955.42)</u>
Total Primary Government	<u>\$ 36,322,897.82</u>	<u>-</u>	<u>409,719.49</u>	<u>7,911,768.60</u>	<u>-</u>	<u>(27,826,454.31)</u>	<u>(174,955.42)</u>	<u>(28,001,409.73)</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net						17,391,162.00		17,391,162.00
Taxes Levied for Debt Service						1,716,364.50		1,716,364.50
Federal and State Aid not Restricted						8,720,244.28		8,720,244.28
Investment Earnings						-	489.96	489.96
Miscellaneous Income						489,697.75		489,697.75
Transfers						(296,004.00)		-
Cancellation of Prior Year Receivables						(49,273.34)	296,004.00	-
Cancellation of Prior Year Payables						(55,562.40)	(102,338.36)	(151,611.70)
Loss on disposal of fixed assets							20,822.91	20,822.91
Cost of issuance of refunding bonds							(10,237.98)	(65,800.38)
Total General Revenues, Special Items, Extraordinary Items and Transfers						<u>27,916,628.79</u>	<u>204,740.53</u>	<u>28,121,369.32</u>
Change in Net Position						<u>90,174.48</u>	<u>29,785.11</u>	<u>119,959.59</u>
Net Position - Beginning						<u>(764,884.95)</u>	<u>(802,974.38)</u>	<u>(1,567,859.33)</u>
Net Position - Ending						<u>(674,710.47)</u>	<u>(773,189.27)</u>	<u>(1,447,899.74)</u>

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

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,667,365.35	-	668,529.34	33,922.36	2,369,817.05
Due from Other Funds	1,583,511.83	1,823.27		88,260.04	1,673,595.14
Receivables from Other Governments	230,140.27	115,205.75		-	345,346.02
Other Receivables	326,825.00	-		-	326,825.00
Total Assets	<u>3,807,842.45</u>	<u>117,029.02</u>	<u>668,529.34</u>	<u>122,182.40</u>	<u>4,715,583.21</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	160,072.17	13,053.71			173,125.88
Interfunds Payable	90,083.31	96,473.53	23,005.74		209,562.58
Unearned Revenue		7,501.78			7,501.78
Total Liabilities	<u>250,155.48</u>	<u>117,029.02</u>	<u>23,005.74</u>	<u>-</u>	<u>390,190.24</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Designated for Subsequent Year's Expenditures	1,303,632.06				1,303,632.06
Excess Surplus - Current Year	2,132,469.53				2,132,469.53
Capital Projects			645,523.60		645,523.60
Debt Service				122,182.40	122,182.40
Committed to:					
Other Purposes					-
Assigned to:					
Designated by the BOE for Subsequent Year's Expenditures	115,541.17				115,541.17
Other Purposes	11,964.29				11,964.29
Unassigned:					
General Fund	(5,920.08)				(5,920.08)
Total Fund Balances	<u>3,557,686.97</u>	<u>-</u>	<u>645,523.60</u>	<u>122,182.40</u>	<u>4,325,392.97</u>
Total Liabilities and Fund Balances	<u>\$ 3,807,842.45</u>	<u>117,029.02</u>	<u>668,529.34</u>	<u>122,182.40</u>	

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds.

The cost of the assets is \$57,453,336.25 and the accumulated depreciation is \$14,327,849.17. 43,125,487.08

Deferred amount on refunding and premiums on bonds are reported in the governmental fund as expenditures in the year the bonds are issued but are amortized over the life on the bonds on the statement of activities. 89,615.59

Interest on long-term debt in the statement of activities is accrued, regardless of when due. (316,257.92)

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds (7,806,250.00)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (40,092,698.19)

Net position of governmental activities (674,710.47)

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 17,391,162.00			1,716,364.50	19,107,526.50
Transportation Fees from Other LEA's	195,894.44				195,894.44
Miscellaneous	484,373.26	5,324.49			489,697.75
Total Local Sources	18,071,429.70	5,324.49	-	1,716,364.50	19,793,118.69
State Sources	10,562,975.17	-		1,022,997.00	11,585,972.17
Federal Sources	25,895.77	558,241.00			584,136.77
Total Revenues	28,660,300.64	563,565.49	-	2,739,361.50	31,963,227.63
EXPENDITURES					
Current:					
Regular Instruction	8,187,911.28	450,800.88	-	-	8,638,712.16
Special Education Instruction	2,005,597.85				2,005,597.85
Other Special Instruction	1,151,969.60				1,151,969.60
Support Services:					
Tuition	1,450,425.16				1,450,425.16
Student & Instruction Related Serv.	2,535,413.14	112,764.61			2,648,177.75
School Administrative Services	683,284.64				683,284.64
Other Administrative Services	830,919.13				830,919.13
Plant Operation and Maintenance	2,197,858.23				2,197,858.23
Pupil Transportation	975,887.93				975,887.93
Employee Benefits	7,111,228.07				7,111,228.07
Special Schools	7,942.50				7,942.50
Transfer to Charter School	449,735.00				449,735.00
Debt Service:					
Principal				2,155,000.00	2,155,000.00
Interest and Other Charges				1,250,439.14	1,250,439.14
Capital Outlay	274,084.12	-	77,695.69		351,779.81
Total Expenditures	27,862,256.65	563,565.49	77,695.69	3,405,439.14	31,908,956.97
Excess (Deficiency) of Revenues Over Expenditures	798,043.99	-	(77,695.69)	(666,077.64)	54,270.66
OTHER FINANCING SOURCES (USES)					
Transfers	(296,004.00)		(700,000.00)	700,000.00	(296,004.00)
Cancellation of Prior Year Receivables	(49,273.34)				(49,273.34)
Total Other Financing Sources and Uses	(345,277.34)	-	(700,000.00)	700,000.00	(345,277.34)
Net Changes in Fund Balance	452,766.65	-	(777,695.69)	33,922.36	(291,006.68)
Fund Balance - July 1	3,104,920.32	-	1,423,219.29	88,260.04	4,616,399.65
Fund Balance - June 30	\$ 3,557,686.97	-	645,523.60	122,182.40	4,325,392.97

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (291,006.68)

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

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

Loss on disposal of fixed assets	(55,562.40)	
Depreciation expense	(1,301,367.26)	
Capital outlay	11,960.43	(1,344,969.23)

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

Bonds Payable	2,155,000.00
Capital Leases Payable	129,416.18

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

Compensated Absences	(41,189.48)	
Amortization of premium on refunding bonds	1,049.38	
Amortization of loss on refunding of bonds	(4,013.33)	(44,153.43)

In the statement of activities, certain operating expenses, e.g. pension expense are measured under full accrual accounting. In the governmental funds, however, expenditures are reported on the amounts actually billed by the State.

District pension contributions	336,126.00	
Cost of benefits earned, net of employee contributions	(893,233.00)	(557,107.00)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.

42,994.64

Change in Net Position of Governmental Activities

\$ 90,174.48

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2016

	Business-type Activities - Enterprise Fund	
	Food Service	Total
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 602,409.87	602,409.87
Accounts Receivable	5,000.00	5,000.00
Intergovernmental A/R - Federal	22,997.56	22,997.56
Intergovernmental A/R - State	339.44	339.44
Inventory	33,105.75	33,105.75
Total Current Assets	663,852.62	663,852.62
Noncurrent Assets:		
Furniture, Machinery & Equipment	292,349.18	292,349.18
Less: Accumulated Depreciation	(267,009.05)	(267,009.05)
Total Noncurrent Assets	25,340.13	25,340.13
Total Assets	689,192.75	689,192.75
LIABILITIES		
Current Liabilities:		
Accounts Payable	24,481.83	24,481.83
Interfund Payable	1,437,900.19	1,437,900.19
Total Current Liabilities	1,462,382.02	1,462,382.02
Net Position		
Invested in Capital Assets	25,340.13	25,340.13
Unrestricted	(798,529.40)	(798,529.40)
Total Net Position	\$ (773,189.27)	(773,189.27)

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund	
	Food Service	Total
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 104,455.15	104,455.15
Daily Sales - Non-reimbursable Programs	81,406.03	81,406.03
Special Functions	13,003.19	13,003.19
Miscellaneous	14,960.68	14,960.68
Total Operating Revenue	213,825.05	213,825.05
Operating Expenses:		
Cost of Sales	329,161.51	329,161.51
Salaries	427,115.45	427,115.45
Energy	3,807.21	3,807.21
Management Fee	55,642.74	55,642.74
General Supplies	44,860.71	44,860.71
Miscellaneous	19,766.22	19,766.22
Depreciation	2,088.57	2,088.57
Total Operating Expenses	882,442.41	882,442.41
Operating Income (Loss)	(668,617.36)	(668,617.36)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	6,257.81	6,257.81
Federal Sources:		
National School Lunch Program	304,937.15	304,937.15
Federal Breakfast Program	102,959.36	102,959.36
Food Distribution Program	79,507.62	79,507.62
Interest and Investment Income	489.96	489.96
Cancellation of Prior Payables	20,822.91	20,822.91
Cancellation of Prior Receivables	(102,338.36)	(102,338.36)
Loss on disposal of assets	(10,237.98)	(10,237.98)
Total Nonoperating Revenues (Expenses)	402,398.47	402,398.47
Income (Loss) before Contributions & Transfers	(266,218.89)	(266,218.89)
Capital Contributions		-
Transfers In (Out)	296,004.00	296,004.00
Changes in Net Position	29,785.11	29,785.11
Total Net Position - Beginning	(802,974.38)	(802,974.38)
Total Net Position - Ending	\$ (773,189.27)	(773,189.27)

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund	
	Food Service	Total 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 227,598.17	227,598.17
Payments to Employees	(427,115.45)	(427,115.45)
Payments for Supplies	(375,816.26)	(375,816.26)
Net Cash (Used for) Operating Activities	(575,333.54)	(575,333.54)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	6,316.26	6,316.26
Federal Sources	410,197.58	410,197.58
Operating Subsidies and Transfers to Other Funds	755,095.40	755,095.40
Net Cash Provided by Noncapital Financing Activities	1,171,609.24	1,171,609.24
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed Assets	(5,650.00)	(5,650.00)
Net Cash Provided by (Used for) Noncapital Financing Activities	(5,650.00)	(5,650.00)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and Dividends	489.96	489.96
Net Cash Provided by Investing Activities	489.96	489.96
Net (Decrease) in Cash and Cash Equivalents	591,115.66	591,115.66
Balance - Beginning of Year	11,294.21	11,294.21
Balance - End of Year	\$ 602,409.87	602,409.87
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating (Loss)	\$ (668,617.36)	(668,617.36)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	2,088.57	2,088.57
Donated Commodities Received During the Year	79,507.62	79,507.62
Cancellation of Prior Payables	20,822.91	20,822.91
Cancellation of Prior Receivables	(102,338.36)	(102,338.36)
Increase in Accounts Receivable	116,111.48	116,111.48
Increase in Inventories	(7,762.90)	(7,762.90)
Increase in Accounts Payable	(15,145.50)	(15,145.50)
Total Adjustments	93,283.82	93,283.82
Net Cash (Used for) Operating Activities	\$ (575,333.54)	(575,333.54)

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2016

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 84,730.22	314,406.65
	<u>84,730.22</u>	<u>314,406.65</u>
Total Assets	<u>84,730.22</u>	<u>314,406.65</u>
LIABILITIES		
Payable to District	-	26,132.37
Payable to Student Groups		288,274.28
	<u>-</u>	<u>314,406.65</u>
Total Liabilities	<u>-</u>	<u>314,406.65</u>
Net Position		
Held in Trust for Unemployment Claims and Other Purposes		
Reserved for Scholarships	<u>\$ 84,730.22</u>	
Reserve for Memorial Trust		

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Contributions:	
Other	\$ 3,455.00
Total Contributions	<u>3,455.00</u>
Investment Earnings:	
Interest	<u>450.67</u>
Net Investment Earnings	<u>450.67</u>
Total Additions	<u>3,905.67</u>
DEDUCTIONS	
Scholarships Awarded	16,217.93
Memorial Trust Disbursements	
Total Deductions	<u>16,217.93</u>
Changes in Net Position	(12,312.26)
Net Position - Beginning of the Year	97,042.48
Net Position - End of the Year	<u>\$ 84,730.22</u>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Mainland Regional High 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 District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Mainland Regional High School District is a Type II District located in the County of Atlantic, State of New Jersey. The Board consists of nine members elected to three-year terms. The purpose of the District is to educate students in grades 9-12. The District receives its students from Linwood, Somers Point and Northfield. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

In evaluating how to define the governmental reporting entity, the District follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units.

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.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

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 and special revenue activities are classified as governmental activities. The District's food service program is classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type 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 and business-type activities (food service and Aquatic Center). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities 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.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

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. Fiduciary funds are not included in the government-wide statements.

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 either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 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 non-major funds are combined in a column in the fund financial statements. 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. However, the criteria are applied to proprietary funds.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

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.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.
- d. **Debt service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Fund Balances – Governmental Funds

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, etc.) 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:

The details of the fund balances are included in the Governmental Funds Balance Sheet. 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.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs.

The District's Enterprise Fund is comprised of the following;

A Food Service Fund that accounts for all revenues and expenses pertaining to the District's cafeteria operations.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

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:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund 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.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

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. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2016, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	28,873.21
Supplies		<u>4,232.54</u>
	\$	<u><u>33,105.75</u></u>

The value of federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. 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 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. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-Wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. 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 and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

{This space intentionally left blank}

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Regular Programs - Instruction	
Grades 9-12 Salaries of Teachers	\$ (56,500.00)
Regular Programs - Home Instruction	
Salaries of Teachers	\$ (30,000.00)
Special Education - Instruction	
Resources Room/Resource Center	
Salaries of Teachers	\$ (34,700.00)
Other Salaries for Instruction	\$ (50,000.00)
School Spon. Cocurricular Activities - Instruction	
Salaries	\$ 55,700.00
Undistributed Expenditures - Instruction	
Tuition to County Voc. School District - Regular	\$ 108,484.00
Tuition to Private Schools for the Disabled - Within State	\$ (108,484.00)
Undistributed Expenditures - General Admin	
Communications/Telephone	\$ 28,000.00
Undistributed Expenditures - School Admin	
Supples and Materials	\$ 70,000.00
Undistributed Expenditures - Central Services	
Sale/Lease-back Payments	\$ 25,000.00
Undistributed Expenditures - Required Maint. School Fac.	
Cleaning, Repair and Maintenance Service	\$ 50,050.00
Undistributed Expenditures - Custodial Services	
Salaries	\$ (29,999.60)
General Supplies	\$ (35,000.00)
Energy (Gas)	\$ (111,000.00)
Undistributed Expenditures - Care & Upkeep of Grounds	
General Supplies	\$ (27,400.00)
Undistributed Expenditures - Employee Benefits	
Other Retirement Contributions - PERS	\$ (65,000.00)
Health Benefits	\$ 81,800.00
Capital Outlay - Equipment	
Grades 9-12	\$ 98,106.00
Transfer to Food Service Fund	\$ 95,000.00

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

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 payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

10. 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.

11. Allocation of Costs:

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. 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. 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.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosure". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement is

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting, however will affect the disclosure of pension related items.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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 \$3,875,425.04 was exposed to custodial credit risk.

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 investment 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.

{This space is intentionally left blank}

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

NOTE 3. FIXED ASSETS

Capital Asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2016</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,076,079.00	-	-	1,076,079.00
Construction in process	38,551,724.40	-	(38,551,724.40)	-
Total capital assets not being depreciated	<u>39,627,803.40</u>	<u>-</u>	<u>(38,551,724.40)</u>	<u>1,076,079.00</u>
Capital assets being depreciated:				
Buildings and building improvements	11,345,381.00	38,551,724.40	(2,855.00)	49,894,250.40
Equipment	7,262,363.96	11,960.43	(791,317.54)	6,483,006.85
Total capital assets being depreciated at historical cost	<u>18,607,744.96</u>	<u>38,563,684.83</u>	<u>(794,172.54)</u>	<u>56,377,257.25</u>
Less accumulated depreciation for:				
Buildings and building improvements	(7,783,539.63)	(1,171,674.87)	-	(8,955,214.50)
Equipment	(5,981,552.42)	(129,692.39)	738,610.14	(5,372,634.67)
Total accum deprec	<u>(13,765,092.05)</u>	<u>(1,301,367.26)</u>	<u>738,610.14</u>	<u>(14,327,849.17)</u>
Total capital assets being depr, net of accum depr	<u>4,842,652.91</u>	<u>37,262,317.57</u>	<u>(55,562.40)</u>	<u>42,049,408.08</u>
Governmental Activities Capital Assets, net	<u>\$ 44,470,456.31</u>	<u>37,262,317.57</u>	<u>(38,607,286.80)</u>	<u>43,125,487.08</u>
Business-Type Activities:				
Equipment	\$ 377,937.18	5,650.00	(91,238.00)	292,349.18
Less accum depr for:				
Equipment	(345,920.50)	(2,088.57)	81,000.02	(267,009.05)
Business-Type Activities Capital Assets, net	<u>\$ 32,016.68</u>	<u>3,561.43</u>	<u>(10,237.98)</u>	<u>25,340.13</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

INSTRUCTION	
Regular Instruction	\$ 587,352.75
Special Education	136,362.16
Other Special Education	78,323.31
SUPPORT SERVICES	
Student & instruction related Services	180,051.66
School Administration	46,457.05
Other Administrative Services	56,494.84
Plant Operations	149,434.09
Pupil Transportation	66,351.38
Special Schools	540.02
	\$ 1,301,367.26

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.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost sharing multiple employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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 7.06% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The School District's contributions to TPAF for the years ending June 30, 2016, 2015, and 2014 were \$938,082.00, \$645,855.00, and \$484,200.00 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 \$336,126.00, \$325,752.00 and \$296,261.00 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 \$1,116,996.00, \$1,025,296.00, and \$793,906.00, 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 \$831,221.17, \$867,668.40, and \$847,321.62, 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.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were eleven employees enrolled in the DCRP for the year ended June 30, 2016.

Vesting and Benefit Provisions

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Significant Legislation - Continued

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

retirement system in place at the time 5 years of pension service credit is attained. The law also required the State to make its full pension contribution, defined at 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charges, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 5 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

At June 30, 2016, the District reported a liability of \$8,776,406.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used 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 employers, actuarially determined. At June 30, 2015, the District's proportion was 0.03909661110%, which was a decrease of 1.06% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$557,107.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 209,374.00	
Changes of assumptions	942,516.00	
Net difference between projected and actual earnings on pension plan investments		141,108.00
Changes in proportion and differences between District contributions and proportionate share of contributions	25,756.00	66,382.00
District contributions subsequent to the measurement date	336,126.00	
Total	\$ 1,513,772.00	207,490.00

\$336,126.00 reported as deferred outflows of resources related to pensions resulting from school 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:

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

Year ended June 30,		
2017	\$	181,354.72
2018		181,354.72
2019		181,354.72
2020		272,232.70
2021		153,859.14
Total	<u>\$</u>	<u>970,156.00</u>

Actuarial Assumptions

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

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, 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 collective net pension liability of the participated employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 10,588,348	8,776,406	7,259,808

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

Pension plan fiduciary net position.

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

NOTE 6 – 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		75,505,051.00
Total	\$	75,505,051.00

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 no change from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,968,242.00 and revenue of \$3,968,242.00 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 383,741.00	22,745.00
Changes of assumptions	8,601,443.00	
Net difference between projected and actual earnings on pension plan investments		639,550.00
Changes in proportion and differences between District contributions and proportionate share of contributions	3,967,583.00	
District contributions subsequent to the measurement date	642,021.00	
Total	\$ 13,594,788.00	662,295.00

\$642,021.00 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:

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

Year ended June 30,	
2016	\$ 1,443,802.00
2017	1,443,802.00
2018	1,443,802.00
2019	2,211,732.00
2020	1,871,891.00
Thereafter	3,875,443.00
Total	<u>\$ 12,290,472.00</u>

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used 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%

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

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% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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	\$ -	-	-

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

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 7. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits 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.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. 2008, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 8. DEFERRED COMPENSATION

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

VALIC (Variable Annuity Life Insurance Co.)
Lincoln Investment Planning Inc.
Hartford/Janney
Equitable (Equi-Vest)
Syracusa Benefits Program
Vanguard

NOTE 9. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the district's personnel policy. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

In the district-wide Statement of Net position, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

NOTE 10. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Issues or Additions	Payments or Expenditures	Balance June 30, 2016	Amounts Due Within One Year
Compensated Absences	\$ 843,597.80	156,730.00	115,540.52	884,787.28	
Capital Leases	431,785.92	-	129,416.18	302,369.74	133,491.77
Bonds Payable	41,000,000.00	-	2,155,000.00	38,845,000.00	2,180,000.00
Premium on Bond Sale	61,590.55	-	1,049.38	60,541.17	12,834.73
Net Pension Liability	<u>7,398,199.00</u>	<u>1,378,207.00</u>	<u>-</u>	<u>8,776,406.00</u>	<u>-</u>
	<u>\$ 49,735,173.27</u>	<u>1,534,937.00</u>	<u>2,401,006.08</u>	<u>48,869,104.19</u>	<u>2,326,326.50</u>

Compensated absences and capital leases have been liquidated in the General Fund.

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

At June 30, 2016 bonds payable consisted of the following issues:

\$8,125,000 General Obligation School Refunding Bonds dated June 1, 2005, due in annual installments through August 1, 2020, bearing interest at varying rates. In June 2015, the \$3,725,000 of these bonds were refunded. The balance remaining as of June 30, 2016 is \$0.

\$11,770,000 General Obligation Bonds, Series A dated October 15, 2009, due in annual installments through October 15, 2019, bearing interest at varying rates. The balance remaining as of June 30, 2016 is \$5,240,000.

\$28,645,000 General Obligation Bonds, Series B (Taxable Direct Build America Bonds) dated October 15, 2009, due in annual installments through October 15, 2029, bearing interest at varying rates. The balance remaining as of June 30, 2016 is \$28,645,000. Interest on the Build America Bonds are subject to a 35% subsidy from the Federal Government. The federal subsidy would amount to \$8,486,982.00 over the life of the bonds.

\$3,815,000 General Obligation School Refunding Bonds dated June 25, 2015, due in annual installments through August 1, 2020, bearing interest at varying rates. The balance remaining as of June 30, 2016 is \$3,750,000.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

On June 25, 2015, the District issued \$3,815,000 in Refunding School Bonds with a net interest cost of 1.80% to advance refund \$3,725,000 of outstanding 2005 school bonds with an average interest rate of 3.85%. The net proceeds of \$3,795,143.75, including a premium on the bonds of \$61,590.55 and net of payments of \$15,704.88 in underwriting fees and \$65,741.92 of issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments when due.

\$1,375,000 General Obligation School Refunding Bonds dated June 25, 2015, due in annual installments through April 1, 2023, bearing interest at varying rates. The balance remaining as of June 30, 2016 is \$1,210,000.

On June 25, 2015, the District issued \$1,375,000 in Refunding School Bonds with a net interest cost of 2.98% to advance refund \$1,320,000 of outstanding Early Retirement Incentive Program Refunding Bonds with an average interest rate of 5.61%. The net proceeds of \$1,343,745.17, net of payments of \$7,650.12 in underwriting fees and \$23,864.71 of issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments when due.

Debt service requirements on serial bonds payable at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	2,180,000.00	1,722,148.76	3,902,148.76
2018	2,240,000.00	1,671,904.38	3,911,904.38
2019	2,290,000.00	1,617,861.25	3,907,861.25
2020	2,355,000.00	1,559,621.25	3,914,621.25
2021	2,440,000.00	1,481,025.00	3,921,025.00
2022-2026	13,840,000.00	5,568,350.01	19,408,350.01
2027-2031	13,500,000.00	1,551,956.25	15,051,956.25
	<u>\$ 38,845,000.00</u>	<u>15,172,866.90</u>	<u>54,017,866.90</u>

Capital Leases

The District is leasing Technology Equipment totaling \$417,801.41 and TV Studio Equipment totaling \$241,076.28 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2016:

Fiscal Year Ending June 30,	Principal
2017	\$ 140,280.42
2018	86,337.22
2019	86,337.22
Total minimum lease payments	312,954.86
Less amount representing interest	10,585.12
Present value of lease payments	<u>\$ 302,369.74</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)**

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,583,511.83	90,083.31
Special Revenue Fund	1,823.27	96,473.53
Capital Projects Fund		23,005.74
Debt Service Fund	88,260.04	
Enterprise Funds		1,437,900.19
Agency Funds		26,132.37
Total	<u>\$ 1,673,595.14</u>	<u>1,673,595.14</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds and to cover cash overdrafts for pooled funds. The governmental fund interfunds were eliminated in the governmental-wide statements.

NOTE 12. FUND BALANCE APPROPRIATED

General Fund – Of the \$3,557,686.97 General Fund fund balance, at June 30, 2016, \$11,964.29 is reserved for encumbrances; \$3,436,101.59 is reserved as excess surplus in accordance with NJSA 18A:7F-7 of which \$1,303,632.06 has been appropriated as revenue in the 2016-2017 budget and the balance of \$2,132,469.53 will be budgeted in the 2017-2018 budget; \$251,125.94 has been anticipated as revenue in the 2016-2017 budget, however, only \$115,541.17 is shown as committed on the balance sheet since GASB requires that unassigned fund balance cannot be deficit when assigned balances are available; and \$0 is classified as Unassigned, after adjusting the designated for subsequent year's budget amount of \$135,584.77.

Capital Projects Fund – Of the \$645,523.60 Capital Projects Fund fund balance, at June 30, 2016, \$645,523.60 is restricted for a Capital project for additions and renovations to the High School;

Debt Service Fund - Of the \$122,182.40 Debt Service Fund fund balance, at June 30, 2016, \$122,182.40 is restricted debt service.

NOTE 13. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, c.73, the designation for Reserved Fund Balance – Excess Surplus is a required calculation. 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 generated at June 30, 2016 is \$3,436,101.59.

NOTE 13. RISK MANAGEMENT

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. 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.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit deductions directly to the New Jersey Commissioner of Labor.

NOTE 14. LITIGATION

From time to time, the District is a defendant or plaintiff in legal proceedings relating to its operations as a school district. Management has assured us that the district is not involved in any litigation at the present time.

NOTE 15. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 28, 2016, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

REQUIRED SUPPLEMENTARY INFORMATION – PART II

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

BUDGETARY COMPARISON SCHEDULES

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,391,162.00	-	17,391,162.00	17,391,162.00	-
Transportation Fees from Other LEA's	155,000.00	-	155,000.00	195,894.44	40,894.44
Miscellaneous	201,356.00	-	201,356.00	484,373.26	283,017.26
Total Local Sources	17,747,518.00	-	17,747,518.00	18,071,429.70	323,911.70
State Sources:					
Categorical Special Education Aid	887,145.00	-	887,145.00	887,145.00	-
Extraordinary Aid	-	-	-	49,688.00	49,688.00
Equalization Aid	6,193,426.00	-	6,193,426.00	6,193,426.00	-
Categorical Security Aid	37,858.00	-	37,858.00	37,858.00	-
Categorical Transportation Aid	72,655.00	-	72,655.00	72,655.00	-
School Choice Aid	407,294.00	-	407,294.00	407,294.00	-
Non Public School Transportation Costs	-	-	-	1,044.00	1,044.00
PARCC Readiness Aid	-	14,230.00	14,230.00	14,230.00	-
Per Pupil Growth Aid	-	14,230.00	14,230.00	14,230.00	-
Other State Aid	28,460.00	(28,460.00)	-	-	-
On-behalf TPAF Pension (Non-Budgeted)	-	-	-	938,082.00	938,082.00
On-behalf TPAF Postretirement Contributions (Non-Budgeted)	-	-	-	1,116,996.00	1,116,996.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	831,221.17	831,221.17
Total State Sources	7,626,838.00	-	7,626,838.00	10,563,869.17	2,937,031.17
Federal Sources:					
Medicaid Reimbursement (SEMI)	20,933.00	-	20,933.00	25,895.77	4,962.77
Total Federal Sources	20,933.00	-	20,933.00	25,895.77	4,962.77
Total Revenues	25,395,289.00	-	25,395,289.00	28,661,194.64	3,265,905.64
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Grades 9 - 12 Salaries of Teachers	7,811,054.00	(56,500.00)	7,754,554.00	7,724,527.40	30,026.60
Regular Programs - Home Instruction Salaries of Teachers	188,500.00	(30,000.00)	158,500.00	137,613.76	20,886.24
Regular Programs - Undistributed Instruction					
General Supplies	343,928.00	11,294.00	355,222.00	305,613.91	49,608.09
Textbooks	43,380.00	(20,000.00)	23,380.00	18,606.81	4,773.19
Other Objects	6,500.00	-	6,500.00	1,549.40	4,950.60
TOTAL REGULAR PROGRAMS - INSTRUCTION	8,393,362.00	(95,206.00)	8,298,156.00	8,187,911.28	110,244.72
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center					
Salaries of Teachers	1,672,780.00	(34,700.00)	1,638,080.00	1,503,196.67	134,883.33
Other Salaries for Instruction	661,598.00	(50,000.00)	611,598.00	467,414.08	144,183.92
General Supplies	15,000.00	(3,000.00)	12,000.00	3,105.77	8,894.23
Textbooks	12,000.00	23,000.00	35,000.00	31,881.33	3,118.67
Total Resource Room/Resource Center	2,361,378.00	(64,700.00)	2,296,678.00	2,005,597.85	291,080.15
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,361,378.00	(64,700.00)	2,296,678.00	2,005,597.85	291,080.15
Bilingual Education - Instruction					
General Supplies	1,100.00	-	1,100.00	-	1,100.00
Total Bilingual Education - Instruction	1,100.00	-	1,100.00	-	1,100.00
School-Spon. Cocurricular Activities - Instruction					
Salaries	360,229.00	55,700.05	415,929.05	398,449.87	17,479.18
Supplies & Materials	33,000.00	(1,950.00)	31,050.00	22,183.51	8,866.49
Total School-Spon. Cocurricular Activities - Inst.	393,229.00	53,750.05	446,979.05	420,633.38	26,345.67

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
School-Spon. Cocurricular Athletics - Instruction					
Salaries	547,916.00	(21,000.00)	526,916.00	520,417.67	6,498.33
Purchased Services (300-500 series)	66,626.00	24,208.00	90,834.00	88,634.00	2,200.00
Supplies & Materials	124,400.00	-	124,400.00	122,284.55	2,115.45
Other Objects	-	-	-	-	-
Total School-Spon. Cocurricular Athletics - Inst.	<u>738,942.00</u>	<u>3,208.00</u>	<u>742,150.00</u>	<u>731,336.22</u>	<u>10,813.78</u>
TOTAL INSTRUCTION	<u>11,888,011.00</u>	<u>(102,947.95)</u>	<u>11,785,063.05</u>	<u>11,345,478.73</u>	<u>439,584.32</u>
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to County Voc. School District - Regular	322,866.00	108,484.00	431,350.00	430,668.00	682.00
Tuition to CSSD & Regional Day Schools	923,946.00	-	923,946.00	690,823.67	233,122.33
Tuition to Private Schools for the Disabled - Within State	636,539.00	(108,484.00)	528,055.00	206,657.49	321,397.51
Tuition to Private Schools for the Disabled & Other LEA - Spl. O/S St.	10,000.00	-	10,000.00	-	10,000.00
Tuition - State Facilities	122,276.00	-	122,276.00	122,276.00	-
Total Undistributed Expenditures - Instruction	<u>2,015,627.00</u>	<u>-</u>	<u>2,015,627.00</u>	<u>1,450,425.16</u>	<u>565,201.84</u>
Undistributed Expend. - Attend. & Social Worker					
Salaries	43,494.00	-	43,494.00	28,378.56	15,115.44
Supplies & Materials	-	-	-	-	-
Total Undist. Expend. - Attend. & Social Worker	<u>43,494.00</u>	<u>-</u>	<u>43,494.00</u>	<u>28,378.56</u>	<u>15,115.44</u>
Undistributed Expend. - Health Services					
Salaries	166,010.00	-	166,010.00	164,973.75	1,036.25
Purchased Professional and Technical Services	22,500.00	5,000.00	27,500.00	26,442.22	1,057.78
Supplies & Materials	5,000.00	-	5,000.00	2,272.79	2,727.21
Total Undistributed Expend. - Health Services	<u>193,510.00</u>	<u>5,000.00</u>	<u>198,510.00</u>	<u>193,688.76</u>	<u>4,821.24</u>
Undistributed Expend.- Speech, OT, PT & Related Services					
Salaries	86,830.00	1,250.00	88,080.00	88,080.00	-
Purchased Professional - Educational Services	52,000.00	(5,000.00)	47,000.00	31,045.00	15,955.00
Supplies and Materials	2,400.00	-	2,400.00	484.97	1,915.03
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>141,230.00</u>	<u>(3,750.00)</u>	<u>137,480.00</u>	<u>119,609.97</u>	<u>17,870.03</u>
Undist. Expend. -Guidance					
Salaries of Other Professional Staff	519,124.00	(1,191.02)	517,932.98	508,019.04	9,913.94
Salaries of Secretarial and Clerical Assistants	143,767.00	(200.00)	143,567.00	111,612.74	31,954.26
Purchased Professional - Educational Services	12,000.00	-	12,000.00	9,976.00	2,024.00
Supplies & Materials	28,720.00	-	28,720.00	13,294.34	15,425.66
Total Undist. Expend. - Guidance	<u>703,611.00</u>	<u>(1,391.02)</u>	<u>702,219.98</u>	<u>642,902.12</u>	<u>59,317.86</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	455,300.00	-	455,300.00	439,793.46	15,506.54
Salaries of Secretarial and Clerical Assistants	112,090.00	-	112,090.00	107,089.84	5,000.16
Purchased Professional - Education Services	70,350.00	-	70,350.00	24,423.30	45,926.70
Supplies & Materials	39,000.00	-	39,000.00	32,617.99	6,382.01
Total Undist. Expend. - Child Study Teams	<u>676,740.00</u>	<u>-</u>	<u>676,740.00</u>	<u>603,924.59</u>	<u>72,815.41</u>
Undist. Expend.-Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	526,200.00	0.30	526,200.30	526,199.44	0.86
Salaries of Secr and Clerical Assist.	146,301.00	-	146,301.00	142,408.04	3,892.96
Total Undist. Expend.-Improvement of Instructional Services	<u>672,501.00</u>	<u>0.30</u>	<u>672,501.30</u>	<u>668,607.48</u>	<u>3,893.82</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	295,222.00	-	295,222.00	200,896.76	94,325.24
Supplies & Materials	65,385.00	-	65,385.00	51,418.28	13,966.72
Total Undistributed Expenditures - Educational Media Services - School Library	<u>360,607.00</u>	<u>-</u>	<u>360,607.00</u>	<u>252,315.04</u>	<u>108,291.96</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Education Services	35,000.00	-	35,000.00	17,987.75	17,012.25
Other Purchased Services (400-500 series)	20,000.00	-	20,000.00	7,998.87	12,001.13
Total Undistributed Expenditures - Instructional Staff Training Services	<u>55,000.00</u>	<u>-</u>	<u>55,000.00</u>	<u>25,986.62</u>	<u>29,013.38</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	185,800.00	-	185,800.00	175,860.80	9,939.20
Legal Services	50,000.00	(8,000.00)	42,000.00	31,424.00	10,576.00
Audit Fees	28,000.00	(5,000.00)	23,000.00	14,000.00	9,000.00
Other Purchased Professional Services	19,000.00	-	19,000.00	3,000.00	16,000.00
Communications/Telephone	29,000.00	28,000.00	57,000.00	54,591.38	2,408.62
Other Purchased Services (400-500 series)	23,732.00	280.00	24,012.00	23,846.00	166.00
General Supplies	17,050.00	-	17,050.00	11,427.16	5,622.84
Judgments Agt. School Dist.	-	-	-	-	-
Miscellaneous Expenditures	32,500.00	(280.00)	32,220.00	30,779.76	1,440.24
Total Undistributed Expenditures - Support Services - General Administration	<u>385,082.00</u>	<u>15,000.00</u>	<u>400,082.00</u>	<u>344,929.10</u>	<u>55,152.90</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	343,212.00	-	343,212.00	343,211.44	0.56
Salaries of Other Professional Staff	123,501.00	301.00	123,802.00	123,501.04	300.96
Salaries of Secretarial and Clerical Assistants	107,590.00	(300.00)	107,290.00	90,723.85	16,566.15
Purchased Professional and Technical Services	116,258.00	(10,000.00)	106,258.00	90,247.48	16,010.52
Supplies & Materials	41,075.00	70,000.00	111,075.00	35,600.83	75,474.17
Total Undistributed Expenditures - Support Services - School Administration	<u>731,636.00</u>	<u>60,001.00</u>	<u>791,637.00</u>	<u>683,284.64</u>	<u>108,352.36</u>
Undist. Expend.-Central Services					
Salaries	369,446.00	50.00	369,496.00	368,984.62	511.38
Purchased Technical Services	29,500.00	-	29,500.00	25,836.00	3,664.00
Sale/Lease-back Payments	63,866.49	25,000.00	88,866.49	41,263.47	47,603.02
Supplies and Materials	17,445.00	22,000.00	39,445.00	11,912.53	27,532.47
Miscellaneous Expenditures	3,500.00	-	3,500.00	2,205.97	1,294.03
Total Undist. Expend. Central Services	<u>483,757.49</u>	<u>47,050.00</u>	<u>530,807.49</u>	<u>450,202.59</u>	<u>80,604.90</u>
Undist. Expend.-Admin. Info. Technology					
Salaries	35,700.00	90.00	35,790.00	35,787.44	2.56
Purchased Professional Services	15,000.00	-	15,000.00	-	15,000.00
Total Undist. Expend. Admin. Info. Technology	<u>50,700.00</u>	<u>90.00</u>	<u>50,790.00</u>	<u>35,787.44</u>	<u>15,002.56</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	359,404.00	(5,000.40)	354,403.60	330,227.05	24,176.55
Cleaning, Repair and Maintenance Service	198,338.33	50,050.00	248,388.33	224,170.47	24,217.86
General Supplies	60,525.00	(9,000.00)	51,525.00	44,640.42	6,884.58
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>618,267.33</u>	<u>36,049.60</u>	<u>654,316.93</u>	<u>599,037.94</u>	<u>55,278.99</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
Undist. Expend. - Custodial Services					
Salaries	665,614.00	(29,999.60)	635,614.40	590,126.74	45,487.66
Cleaning, Repair and Maintenance Service	21,500.00	-	21,500.00	11,889.25	9,610.75
Other Purchased Property Services	68,250.00	(2,500.00)	65,750.00	63,313.23	2,436.77
Insurance	88,360.00	1,270.00	89,630.00	89,628.00	2.00
General Supplies	126,117.00	(35,000.00)	91,117.00	88,029.60	3,087.40
Energy(Electricity)	505,000.00	(15,000.00)	490,000.00	489,134.79	865.21
Energy(Gas)	200,000.00	(111,000.00)	89,000.00	73,697.29	15,302.71
Other Objects	4,000.00	2,500.00	6,500.00	6,364.41	135.59
Total Undistributed Expenditures - Custodial Services	<u>1,678,841.00</u>	<u>(189,729.60)</u>	<u>1,489,111.40</u>	<u>1,412,183.31</u>	<u>76,928.09</u>
Undis. Expend.- Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	138,000.00	(20,000.00)	118,000.00	94,583.69	23,416.31
General Supplies	63,500.00	(27,400.00)	36,100.00	14,007.65	22,092.35
Total Care and Upkeep of Grounds	<u>201,500.00</u>	<u>(47,400.00)</u>	<u>154,100.00</u>	<u>108,591.34</u>	<u>45,508.66</u>
Undist. Expend. - Security					
Salaries	70,326.00	(12,600.00)	57,726.00	56,767.25	958.75
General Supplies	5,500.00	16,000.00	21,500.00	21,278.39	221.61
Total Security	<u>75,826.00</u>	<u>3,400.00</u>	<u>79,226.00</u>	<u>78,045.64</u>	<u>1,180.36</u>
Total Undistributed Expenditures Operations and Maintenance of Plant	<u>2,574,434.33</u>	<u>(197,680.00)</u>	<u>2,376,754.33</u>	<u>2,197,858.23</u>	<u>178,896.10</u>
Undist. Expend. - Student Transportation Serv.					
Sal. for Pupil Trans(Bet. Home & School)-Reg.	271,111.00	(2,380.91)	268,730.09	262,500.74	6,229.35
Sal. for Pup. Trans. (Bet. Home & School) - Spc.	37,290.00	(829.00)	36,461.00	36,388.66	72.34
Sal. for Pupil Trans(Other than Bet. Home & Sch)	90,000.00	(5,710.00)	84,290.00	83,277.92	1,012.08
Cleaning, Repair and Maint. Services	3,000.00	(80.00)	2,920.00	542.50	2,377.50
Rental Payments - School Buses	240,000.00	(1,000.00)	239,000.00	221,241.20	17,758.80
Contracted Services - (Other than Home & Sch)-Vend	62,563.97	(20,000.42)	42,563.55	22,055.04	20,508.51
Contr. Serv. - (Spc Ed. Students) -Vendors	325,480.06	-	325,480.06	266,768.07	58,711.99
Contr. Serv. - Aid in Lieu Payments - NonPublic Sch	6,000.00	10,000.00	16,000.00	15,028.00	972.00
Supplies & Materials	125,000.00	(10,000.00)	115,000.00	50,754.03	64,245.97
Other Objects	20,000.00	-	20,000.00	17,331.77	2,668.23
Total Undistributed Expenditures - Student Transportation Services	<u>1,180,445.03</u>	<u>(30,000.33)</u>	<u>1,150,444.70</u>	<u>975,887.93</u>	<u>174,556.77</u>
Unallocated Benefits - Employee Benefits					
Social Security Contribution	343,500.00	10,400.00	353,900.00	345,524.42	8,375.58
Other Retirement Contributions - PERS	405,000.00	(65,000.00)	340,000.00	336,126.00	3,874.00
Unemployment Compensation	75,000.00	-	75,000.00	52,285.40	22,714.60
Workmen's Compensation	239,159.00	(1,678.00)	237,481.00	231,041.00	6,440.00
Health Benefits	3,167,926.00	81,800.00	3,249,726.00	3,234,600.98	15,125.02
Tuition Reimbursement	37,325.00	-	37,325.00	21,804.50	15,520.50
Other Employee Benefits	6,000.00	-	6,000.00	3,546.60	2,453.40
Total Unallocated Benefits	<u>4,273,910.00</u>	<u>25,522.00</u>	<u>4,299,432.00</u>	<u>4,224,928.90</u>	<u>74,503.10</u>
On-Behalf TPAF Pension (Non-Budgeted)				938,082.00	(938,082.00)
On-behalf TPAF Postretirement Contributions (Non-Budgeted)				1,116,996.00	(1,116,996.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				831,221.17	(831,221.17)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,886,299.17</u>	<u>(2,886,299.17)</u>
Total Personal Services - Employee Benefits	<u>4,273,910.00</u>	<u>25,522.00</u>	<u>4,299,432.00</u>	<u>7,111,228.07</u>	<u>(2,811,796.07)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>14,542,284.85</u>	<u>(80,158.05)</u>	<u>14,462,126.80</u>	<u>15,785,016.30</u>	<u>(1,322,889.50)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>26,430,295.85</u>	<u>(183,106.00)</u>	<u>26,247,189.85</u>	<u>27,130,495.03</u>	<u>(883,305.18)</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 9 - 12	139,500.00	98,106.00	237,606.00	236,644.24	961.76
Undistributed- Maint & Plant Svc	40,000.00	-	40,000.00	33,479.88	6,520.12
Total Equipment	<u>179,500.00</u>	<u>98,106.00</u>	<u>277,606.00</u>	<u>270,124.12</u>	<u>7,481.88</u>
Undistributed:					
Facilities Acquisition and Construction Services					
Construction Services	7,000.00	-	7,000.00	3,960.00	3,040.00
Total Facilities acquisition and Construction Services	<u>7,000.00</u>	<u>-</u>	<u>7,000.00</u>	<u>3,960.00</u>	<u>3,040.00</u>
TOTAL CAPITAL OUTLAY	<u>186,500.00</u>	<u>98,106.00</u>	<u>284,606.00</u>	<u>274,084.12</u>	<u>10,521.88</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	15,000.00	-	15,000.00	7,942.50	7,057.50
Total Summer School	<u>15,000.00</u>	<u>-</u>	<u>15,000.00</u>	<u>7,942.50</u>	<u>7,057.50</u>
TOTAL SPECIAL SCHOOLS	<u>15,000.00</u>	<u>-</u>	<u>15,000.00</u>	<u>7,942.50</u>	<u>7,057.50</u>
Transfer of Funds to Charter Schools	505,762.00	(10,000.00)	495,762.00	449,735.00	46,027.00
TOTAL EXPENDITURES	<u>27,137,557.85</u>	<u>(95,000.00)</u>	<u>27,042,557.85</u>	<u>27,862,256.65</u>	<u>(819,698.80)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,742,268.85)</u>	<u>95,000.00</u>	<u>(1,647,268.85)</u>	<u>798,937.99</u>	<u>2,446,206.84</u>
Other Financing Sources (Uses):					
Transfer to Food Service Fund	(201,004.00)	(95,000.00)	(296,004.00)	(296,004.00)	-
Cancellation of Prior Year Receivables				(49,273.34)	(49,273.34)
Total Other Financing Sources:	<u>(201,004.00)</u>	<u>(95,000.00)</u>	<u>(296,004.00)</u>	<u>(345,277.34)</u>	<u>(49,273.34)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,943,272.85)	-	(1,943,272.85)	453,660.65	2,396,933.50
Fund Balance July 1	3,795,782.32		3,795,782.32	3,795,782.32	-
Fund Balance June 30	<u>\$ 1,852,509.47</u>	<u>-</u>	<u>1,852,509.47</u>	<u>4,249,442.97</u>	<u>2,396,933.50</u>
Recapitulation of Fund Balance:					
Nonspendable Fund Balance:					
None				-	
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				1,303,632.06	
Excess Surplus - Current Year				2,132,469.53	
Committed Fund Balance:					
None				-	
Assigned Fund Balance:					
Year End Encumbrances				11,964.29	
Designated for Subsequent Year's Expenditures				251,125.94	
Unassigned Fund Balance				<u>550,251.15</u>	
				4,249,442.97	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				691,756.00	
Fund Balance per Governmental Funds (GAAP)				<u>3,557,686.97</u>	

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
REVENUES:					
Local Sources	\$ -	11,395.00	11,395.00	5,324.49	(6,070.51)
State Sources	-	-	-	-	-
Federal Sources	372,500.00	253,997.59	626,497.59	558,241.00	(68,256.59)
Total Revenues	372,500.00	265,392.59	637,892.59	563,565.49	(74,327.10)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	158,500.00	(12,789.50)	145,710.50	142,481.75	3,228.75
Other Salaries for Instruction		6,144.00	6,144.00	3,828.00	2,316.00
Tuition	214,000.00	72,170.00	286,170.00	286,170.00	-
General Supplies	-	23,880.76	23,880.76	18,321.13	5,559.63
Total Instruction	372,500.00	89,405.26	461,905.26	450,800.88	11,104.38
Support Services:					
Personal Services - Employee Benefits	-	41,804.31	41,804.31	38,713.49	3,090.82
Purchased Professional Technical Services	-	20,625.00	20,625.00	9,100.00	11,525.00
Other Purchased Services (400-500 series)		106,459.50	106,459.50	60,974.50	45,485.00
Supplies & Materials		7,098.52	7,098.52	3,976.62	3,121.90
Total Support Services	-	175,987.33	175,987.33	112,764.61	63,222.72
Total Outflows	372,500.00	265,392.59	637,892.59	563,565.49	74,327.10
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Year Ended June 30, 2016

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 28,661,194.64	[C-2] 563,565.49
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:		
Encumbrances at June 30, 2016		-
Encumbrances at June 30, 2015		-
Final State Aid payment was delayed until July 2015 is recorded as budgetary revenue but is not recognized under GAAP.	(691,756.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	690,862.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>28,660,300.64</u>	[B-2] <u>563,565.49</u>
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 27,862,256.65	[C-2] 563,565.49
Difference for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP financial reporting purposes:		
Encumbrances at June 30, 2016		-
Encumbrances at June 30, 2015		-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>\$ 27,862,256.65</u>	[B-2] <u>563,565.49</u>

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

REQUIRED SUPPLEMENTARY INFORMATION – PART III

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0390966111%	0.0395145196%	0.0393190486%
District's proportionate of the net pension liability (asset)	\$ 8,776,406.00	\$ 7,398,199.00	\$ 7,514,651.00
District's covered payroll	\$ 2,639,006.00	\$ 2,715,238.00	\$ 2,665,705.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	332.56%	272.47%	281.90%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

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.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 305,088.00	\$ 296,261.00	\$ 289,120.00
Contributions in relation to the contractually required contribution	<u>\$ 305,088.00</u>	<u>\$ 296,261.00</u>	<u>\$ 289,120.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,639,006.00	\$ 2,715,238.00	\$ 2,665,705.00
Contributions as a percentage of covered-employee payroll	11.56%	10.91%	10.85%

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.

MAINLAND REGIONAL HIGH 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>75,505,051.00</u>	<u>61,173,497.00</u>	<u>57,086,684.00</u>
Total	<u>\$ 75,505,051.00</u>	<u>\$ 61,173,497.00</u>	<u>\$ 57,086,684.00</u>
District's covered payroll	\$ 11,613,249.00	\$ 11,814,673.00	\$ 11,710,559.00
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.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

OTHER SUPPLEMENTARY INFORMATION

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specific purposes.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	Title I Part A	WIB	I.D.E.A B-Basic Reg. Program	Title II	Wellness Grant	Toshiba Foundation Grant	AtlantiCare Garden Grant	Totals
REVENUES:								
Local Sources								
State Sources	\$ 181,596.00	70,787.25	286,170.00	19,687.75	4,155.35	572.64	596.50	5,324.49
Federal Sources								
Total Revenues	181,596.00	70,787.25	286,170.00	19,687.75	4,155.35	572.64	596.50	563,565.49
EXPENDITURES:								
Instruction:								
Salaries	132,008.00	10,473.75						142,481.75
Other Salaries for Instruction		3,828.00						3,828.00
Tuition			286,170.00					286,170.00
General Supplies	13,485.76				3,666.23	572.64	596.50	18,321.13
Total Instruction	145,493.76	14,301.75	286,170.00	-	3,666.23	572.64	596.50	450,800.88
Support Services:								
Personal Services - Employee Benefits	36,102.24			2,611.25				38,713.49
Purchased Professional Technical Services		9,100.00		13,589.00				9,100.00
Other Purchased Services (400-500 series)		47,385.50		3,487.50	489.12			60,974.50
Supplies & Materials								3,976.62
Total Support Services	36,102.24	56,485.50		19,687.75	489.12			112,764.61
Total Outflows	181,596.00	70,787.25	286,170.00	19,687.75	4,155.35	572.64	596.50	563,565.49
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-	-	-	-

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

CAPITAL PROJECTS FUND
DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Funds
Summary Schedule of Project Expenditures
For the Year Ended June 30, 2016

Project Title/Issue	Date	Original Appropriations	GAAP Expenditures to Date		Unexpended Balance June 30, 2016
			Prior Years	Current Years	
Issuance of Bonds which were issued to for improvements and renovations to and furnishings and equipment for the School District including installation of Solar Panels	2009	40,415,000.00	38,991,780.71	777,695.69	645,523.60
		<u>\$ 40,415,000.00</u>	<u>38,991,780.71</u>	<u>777,695.69</u>	<u>645,523.60</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Funds
Summary Schedule of Project Revenues, Expenditures, and
Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2016

Revenues and Other Financing Sources:

State Sources - SCC Grant	\$	-
Bond Proceeds and Transfers		-
Contribution from Private Sources		-
Transfer from Capital Reserve		-
Transfer from Capital Outlay		-
		<hr/>
Total Revenues		<hr/> <hr/> -

Expenditures and Other Financing Uses:

Salaries		-
Purchased Professional and Technical Services		-
Construction Services		47,514.24
Equipment Purchases		-
Contingency		30,181.45
Capitalized Interest		-
Transfer to Debt Service Fund		700,000.00
		<hr/>
Total Expenditures		<hr/> <hr/> 777,695.69
Excess (deficiency) of revenues over (under) expenditures		(777,695.69)
Fund balance - beginning		1,423,219.29
Fund balance - ending	\$	<hr/> <hr/> 645,523.60

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Funds
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Cost of Improvements and renovations to and Furnishings and equipment for
the School District Including Installation of Solar Panels
From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant			-	
Bond Proceeds and Transfers	\$ 40,415,000.00		40,415,000.00	40,415,253.00
Contribution from Private Sources			-	
Transfer from Capital Reserve			-	
Transfer from Capital Outlay			-	
Total Revenues	<u>40,415,000.00</u>	<u>-</u>	<u>40,415,000.00</u>	<u>40,415,253.00</u>
Expenditures and Other Financing Uses:				
Salaries	8,886.90		8,886.90	10,000.00
Purchased Professional and Technical Services	3,978,217.16		3,978,217.16	4,288,889.74
Construction Services	32,473,593.74	47,514.24	32,521,107.98	33,061,128.97
Equipment Purchases	1,570,312.22		1,570,312.22	2,595,558.29
Capitalized Interest	885,109.39		885,109.39	-
Contingency		30,181.45	30,181.45	459,676.00
Transfer to Debt Service Fund	75,661.30	700,000.00	775,661.30	
Total Expenditures	<u>38,991,780.71</u>	<u>777,695.69</u>	<u>39,769,476.40</u>	<u>40,415,253.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,423,219.29</u>	<u>(777,695.69)</u>	<u>645,523.60</u>	<u>-</u>
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		4/20/1999		
Bonds Authorized	\$ 40,415,253.00			
Bonds Issued	40,415,000.00			
Original Authorized Cost	40,415,253.00			
Additional Authorized Cost				
Revised Authorized Cost	40,415,253.00			
Percentage Increase over Original Authorized Cost		0.00%		
Percentage Completion		99.00%		
Original Target Completion Date		Sept.-11		
Revised Target Completion Date		Mar.-14		

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

FIDUCIARY FUNDS
DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Scholarship Fund – This is a nonexpendable trust fund in which expenses are limited to the amounts earned on the trust principal.

Unemployment Fund – This is an expendable trust fund used to pay unemployment compensation insurance claims.

Memorial Fund – This is an expendable trust fund used to provide assistance to the families of students who died in an accident.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments, and/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the school.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

Athletic Fund – This agency fund is used to account for student funds held at the school.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2016**

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 84,730.22	314,406.65	399,136.87
Total Assets	<u>84,730.22</u>	<u>314,406.65</u>	<u>399,136.87</u>
LIABILITIES			
Payable to District		26,132.37	26,132.37
Payable to Student Groups		288,274.28	288,274.28
Total Liabilities	<u>-</u>	<u>314,406.65</u>	<u>314,406.65</u>
Net Position			
Reserve for Scholarships	<u>\$ 84,730.22</u>		<u>84,730.22</u>
Total Net Position			<u>84,730.22</u>
Total Liabilities and Net Position			<u><u>399,136.87</u></u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

	<u>Private Purpose Trust</u>	<u>Totals</u>
ADDITIONS		
Contributions:		
Other	\$ 3,455.00	3,455.00
Total Contributions	<u>3,455.00</u>	<u>3,455.00</u>
Investments Earnings:		
Interest	450.67	450.67
Net Investment Earnings	<u>450.67</u>	<u>450.67</u>
Total Additions	<u>3,905.67</u>	<u>3,905.67</u>
Deductions		
Scholarships Awarded	<u>16,217.93</u>	<u>16,217.93</u>
Total Deductions	<u>16,217.93</u>	<u>16,217.93</u>
Change in Net Position	(12,312.26)	(12,312.26)
Net Position - Beginning of the Year	<u>97,042.48</u>	<u>97,042.48</u>
Net Position - End of the Year	<u>\$ 84,730.22</u>	<u>84,730.22</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Mainland Regional High School: Student Activity Account	\$ 260,249.89	303,037.51	275,531.56	287,755.84
Athletic Account	2,430.44	71,000.30	72,912.30	518.44
Payable to District	23,466.37	587.06	-	24,053.43
Total Assets	<u>\$ 286,146.70</u>	<u>374,624.87</u>	<u>348,443.86</u>	<u>312,327.71</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 2,106.83	17,103,880.41	17,103,908.30	2,078.94
Total Assets	2,106.83	17,103,880.41	17,103,908.30	2,078.94
 LIABILITIES:				
Payroll Deductions & Withholding	-	7,605,580.88	7,605,580.88	-
Net Payroll	-	9,497,742.73	9,497,742.73	-
Payable to District	2,106.83	556.80	584.69	2,078.94
Total Liabilities	\$ 2,106.83	17,103,880.41	17,103,908.30	2,078.94

LONG-TERM DEBT SCHEDULES

The long-term schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2016

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance June 30, 2015	Increased	Decreased	Balance June 30, 2016
			Date	Amount	Interest Rate	June 30, 2015				
Refunding Bonds - Series 2005	6/1/2005	\$ 8,125,000.00				\$ 760,000.00		760,000.00	-	
General Obligation Bonds - Series A	10/15/2009	\$ 11,770,000.00	10/15/2016	1,220,000.00	2.500%	6,405,000.00		1,165,000.00	5,240,000.00	
			10/15/2017	1,275,000.00	2.625%					
			10/15/2018	1,335,000.00	2.750%					
			10/15/2019	1,410,000.00	2.750%					
General Obligation Bonds - Series B	10/15/2009	\$ 28,645,000.00	10/15/2020	1,675,000.00	4.600%	28,645,000.00			28,645,000.00	
			10/15/2021	2,360,000.00	4.625%					
			10/15/2022	2,450,000.00	4.750%					
			10/15/2023	2,760,000.00	4.875%					
			10/15/2024	2,885,000.00	5.125%					
			10/15/2025	3,015,000.00	5.375%					
			10/15/2026	3,150,000.00	5.375%					
			10/15/2027	3,290,000.00	5.500%					
			10/15/2028	3,450,000.00	5.625%					
			10/15/2029	3,610,000.00	5.625%					
Refunding Bonds Series A	6/25/2015	\$ 3,815,000.00	8/1/2016	795,000.00	2.000%	3,815,000.00		65,000.00	3,750,000.00	
			8/1/2017	800,000.00	2.000%					
			8/1/2018	790,000.00	2.000%					
			8/1/2019	775,000.00	2.250%					
			8/1/2020	590,000.00	2.500%					
Refunding Bonds Series B	6/25/2015	\$ 1,375,000.00	4/1/2017	165,000.00	1.400%	1,375,000.00		165,000.00	1,210,000.00	
			4/1/2018	165,000.00	1.850%					
			4/1/2019	165,000.00	2.350%					
			4/1/2020	170,000.00	2.700%					
			4/1/2021	175,000.00	3.000%					
			4/1/2022	180,000.00	3.250%					
			4/1/2023	190,000.00	3.500%					
						\$ 41,000,000.00		2,155,000.00	38,845,000.00	

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2016

Description	Amount of Original Issue	Balance July 1, 2015	Issued Current Year	Retired Current Year	Balance June 30, 2016
TV Studio Equipment	241,076.28	\$ 98,968.40		48,054.58	50,913.82
Technology Equipment	417,801.41	332,817.52		81,361.60	251,455.92
		\$ <u>431,785.92</u>	<u>-</u>	<u>129,416.18</u>	<u>302,369.74</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,716,365.00		1,716,365.00	1,716,364.50	0.50
State Sources:					
Debt Service Aid Type II	1,022,997.00		1,022,997.00	1,022,997.00	-
Total - State Sources	1,022,997.00	-	1,022,997.00	1,022,997.00	-
Total Revenues	2,739,362.00	-	2,739,362.00	2,739,361.50	0.50
EXPENDITURES:					
Regular Debt Service:					
Interest on Early Retirement Bonds	73,925.00	(48,489.14)	25,435.86	25,413.08	22.78
Redemption of Principal - Early Retirement Bonds	135,000.00	38,839.33	173,839.33	165,000.00	8,839.33
Interest	1,318,036.00	(55,350.19)	1,262,685.81	1,225,026.06	37,659.75
Redemption of Principal	1,925,000.00	65,000.00	1,990,000.00	1,990,000.00	-
Total Regular Debt Service	3,451,961.00	-	3,451,961.00	3,405,439.14	46,521.86
Total Expenditures	3,451,961.00	-	3,451,961.00	3,405,439.14	46,521.86
Excess (Deficiency) of Revenues Over (Under) Expenditures	(712,599.00)	-	(712,599.00)	(666,077.64)	46,522.36
Other Financing Sources(Uses):					
Operating Transfers In:					
Transfer from Capital Projects	712,599.00		712,599.00	700,000.00	12,599.00
Transfer from Capital Reserve		-	-	-	-
Total Other Financing Sources	712,599.00	-	712,599.00	700,000.00	12,599.00
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	33,922.36	(33,922.36)
Fund Balance, July 1	88,260.04	-	88,260.04	88,260.04	-
Fund Balance, June 30	\$ 88,260.04	-	88,260.04	122,182.40	(33,922.36)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$		-	33,922.36	(33,922.36)

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

STATISTICAL SECTION

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

Mainland Regional High School District
 Net Position by Component,
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets	(2,786,843.08)	(2,175,968.11)	(1,451,563.93)	(34,105,038.24)	(17,412,005.21)	(2,918,936.75)	1,188,703.93	1,310,493.02	3,038,670.39	3,978,117.34
Restricted	1,192,305.86	1,300,150.16	(140,913.49)	33,851,171.79	18,966,801.56	8,939,132.34	5,016,739.30	6,173,168.18	6,373,036.09	5,507,439.65
Unrestricted*	(1,617,204.95)	(1,407,423.93)	80,534.27	(2,193,072.55)	(694,666.09)	(3,072,315.22)	(2,554,231.67)	(9,917,856.40)	(10,176,591.43)	(10,160,267.46)
Total governmental activities net position	<u>(3,211,742.17)</u>	<u>(2,283,241.88)</u>	<u>(1,511,943.15)</u>	<u>(2,446,939.00)</u>	<u>860,130.26</u>	<u>2,947,880.37</u>	<u>3,851,211.56</u>	<u>(2,434,195.20)</u>	<u>(764,884.95)</u>	<u>(674,710.47)</u>
Business-type activities										
Invested in capital assets	-	-	40,409.74	52,544.38	53,577.98	50,582.18	42,634.21	37,396.04	32,016.68	25,340.13
Restricted	361,289.76	337,270.06	277,391.59	244,389.22	82,334.07	(10,110.95)	(261,300.13)	(537,033.65)	(834,991.06)	(798,529.40)
Unrestricted	<u>361,289.76</u>	<u>337,270.06</u>	<u>317,801.33</u>	<u>296,933.60</u>	<u>135,912.05</u>	<u>(50,528.77)</u>	<u>(218,665.92)</u>	<u>(499,637.61)</u>	<u>(802,974.36)</u>	<u>(773,189.27)</u>
Total business-type activities net position										
District-wide										
Invested in capital assets	(2,786,843.08)	(2,175,968.11)	(1,411,154.19)	(34,052,493.86)	(17,358,427.23)	(2,868,354.57)	1,231,338.14	1,347,889.06	3,070,687.07	4,003,457.47
Restricted	1,192,305.86	1,300,150.16	(140,913.49)	33,851,171.79	18,966,801.56	8,939,132.34	5,016,739.30	6,173,168.18	6,373,036.09	5,507,439.65
Unrestricted	(1,235,915.19)	(1,070,193.87)	357,925.86	(1,948,683.33)	(612,332.02)	(3,173,426.17)	(2,815,531.80)	(10,454,890.05)	(11,011,562.49)	(10,968,796.86)
Total district net position	<u>\$ (2,850,452.41)</u>	<u>(1,945,971.82)</u>	<u>(1,194,141.82)</u>	<u>(2,150,005.40)</u>	<u>995,042.31</u>	<u>2,897,351.60</u>	<u>3,432,545.64</u>	<u>(2,833,832.81)</u>	<u>(1,567,859.33)</u>	<u>(1,447,899.74)</u>

* - Restated Unrestricted in 2014 for the effects of GASB 68

Source: CAFR Schedule A-1

Mainland Regional High School District
 Changes in Net position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Instruction:										
Regular	11,032,137.81	10,900,281.86	11,065,093.09	11,627,356.95	11,202,128.29	11,866,680.24	12,582,152.06	12,333,233.34	13,698,262.27	14,284,417.99
Special education	1,575,136.54	1,899,084.75	2,307,643.15	2,309,311.12	2,456,314.79	2,361,612.50	2,457,093.84	2,424,846.99	2,457,093.84	3,269,801.01
Other special education	1,135,953.95	1,122,333.38	1,148,605.25	1,223,194.71	1,243,807.37	1,317,115.49	1,467,084.87	1,480,153.78	1,660,870.63	1,878,098.02
Support Services:										
Tuition	732,704.93	945,717.20	1,354,606.71	1,436,041.95	1,297,083.72	1,256,855.02	1,323,836.31	1,841,966.62	1,971,053.18	2,364,682.25
Student & instruction related services	2,834,094.11	3,019,422.90	3,242,791.74	3,361,749.67	3,276,987.52	3,226,566.80	3,535,948.86	3,492,446.58	4,103,022.32	4,317,423.00
School administrative services	673,811.62	768,328.92	814,543.83	840,067.64	837,680.58	898,389.38	864,152.59	887,048.18	1,014,425.51	1,113,884.44
Business administrative services	1,063,096.21	1,170,714.44	975,459.80	1,001,857.31	982,383.09	990,316.75	1,051,377.20	1,114,401.80	1,220,125.61	1,354,679.46
Plant operations and maintenance	3,345,460.08	2,538,983.74	2,483,363.92	2,704,665.60	2,363,145.55	2,563,608.57	2,622,138.80	2,900,043.01	3,426,731.49	3,583,250.28
Pupil transportation	726,430.36	881,283.52	884,576.27	973,531.86	908,215.15	984,864.07	1,040,909.30	1,218,237.82	1,303,175.08	1,591,026.51
Special schools	99,942.01	51,014.08	76,416.41	29,500.38	17,954.16	16,422.00	13,400.88	18,111.32	10,338.50	12,949.00
Charter Schools	246,617.00	252,375.00	269,518.00	223,201.00	173,375.00	155,991.00	289,843.00	376,295.00	378,546.00	449,735.00
Interest on long-term debt	487,344.30	479,991.96	450,388.82	864,371.19	1,476,419.72	1,561,304.10	1,507,582.29	1,504,238.14	1,407,697.83	1,210,408.45
Unallocated depreciation	440,509.11	217,564.80	227,789.39	241,083.43	243,574.58	209,958.40	1,507,582.29	1,504,238.14	1,407,697.83	1,210,408.45
Total governmental activities expenses	24,493,237.03	24,247,106.75	25,300,798.38	26,836,532.81	26,481,079.52	27,409,754.32	29,157,659.92	29,591,624.58	32,651,108.26	35,440,455.41
Business-type activities:										
Food service	1,287,744.24	1,253,760.28	1,352,514.43	1,303,792.74	1,265,160.17	1,272,653.63	1,265,994.74	1,343,150.60	1,019,250.67	882,442.41
Aquatic Center	62,601.55	58,318.76	75,895.63	79,711.43	73,409.97	53,151.79	38,686.66	40,496.92	22,772.45	-
Total business-type activities expenses	1,350,345.79	1,312,079.04	1,428,410.06	1,383,504.17	1,338,570.14	1,325,805.42	1,304,681.40	1,383,647.52	1,042,023.12	882,442.41
Total district expenses	25,843,582.82	25,559,185.79	26,728,908.44	28,220,036.98	27,819,649.66	28,735,559.74	30,462,341.32	30,975,272.10	33,693,131.38	36,322,897.82
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	109,988.44	134,725.00	117,055.00	68,000.00	72,929.37	98,090.15	53,474.22	32,177.85	167,420.00	195,894.44
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	52,579.64	39,798.13	103,189.38	30,771.20	850.00	22,450.00	55,426.11	-	-	-
Plant Operation and Maintenance	3,696,411.93	3,754,303.79	3,644,345.30	3,526,084.32	3,661,072.15	3,789,683.93	4,435,022.59	2,652,278.99	5,799,610.22	7,418,106.66
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	3,860,980.01	3,928,826.92	3,864,589.68	3,624,855.52	3,734,851.52	3,910,224.08	4,543,922.92	2,684,456.84	5,927,030.22	7,614,001.10
Business-type activities:										
Charges for services:										
Food service	850,704.64	812,030.67	823,382.89	705,286.04	588,542.26	467,155.80	455,081.06	384,422.73	285,566.80	213,825.05
Aquatic Center	59,720.25	60,193.98	64,149.50	61,629.17	47,163.00	38,008.00	33,737.15	29,381.00	16,224.00	-
Operating grants and contributions	380,738.70	404,062.66	517,194.99	593,576.04	542,402.38	633,154.51	647,093.21	688,495.04	417,548.31	483,661.94
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	1,291,163.59	1,276,287.31	1,404,727.38	1,360,481.25	1,178,107.64	1,138,318.31	1,135,911.42	1,102,298.77	719,339.11	707,486.99
Total district program revenue	5,152,143.60	5,205,114.23	5,269,317.06	4,985,346.77	4,912,959.16	5,048,542.39	5,679,834.34	3,786,756.61	6,646,369.33	8,321,488.09

Mainland Regional High School District
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	(20,652,257.02)	(20,318,279.53)	(21,436,206.70)	(23,211,677.29)	(22,746,228.00)	(23,489,530.24)	(24,613,737.00)	(26,907,167.74)	(26,724,075.04)	(27,826,654.31)
Business-type activities	(59,182.20)	(53,791.73)	(23,382.69)	(23,012.92)	(169,462.50)	(187,467.11)	(188,769.89)	(281,346.75)	(322,695.01)	(174,355.42)
Total district-wide net expense	<u>(20,691,439.22)</u>	<u>(20,372,071.26)</u>	<u>(21,459,589.39)</u>	<u>(23,234,690.21)</u>	<u>(22,915,690.50)</u>	<u>(23,676,997.35)</u>	<u>(24,802,506.89)</u>	<u>(27,188,514.49)</u>	<u>(27,046,770.05)</u>	<u>(28,001,009.73)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	13,953,238.00	14,576,039.00	14,898,251.00	15,394,180.98	16,440,773.00	16,066,746.00	16,388,081.00	16,715,843.00	17,050,159.00	17,391,162.00
Taxes levied for debt service	785,123.00	688,192.00	750,428.00	752,149.01	2,618,852.00	1,861,549.00	2,379,545.00	2,382,319.00	2,386,753.50	1,716,364.50
Unrestricted grants and contributions	5,274,325.03	5,521,125.95	6,448,492.92	5,808,529.68	6,488,913.81	6,896,123.03	6,863,563.74	8,644,646.67	8,698,884.85	8,720,244.28
Payments in lieu of taxes										
Gain (Loss) on Disposal of Capital Assets	(2,084.37)	232,762.43	52,466.70	(1,153.83)	(25.86)	64,986.86	24,531.05	4,637.17	(3,190.93)	(55,562.40)
Investment earnings	146,212.22	139,891.67	224,178.42	224,178.42	172,450.28	697,875.46	121,234.37	292,705.14	393,072.18	489,697.75
Miscellaneous income	155,919.09	88,769.07	57,864.81	98,797.18	328,852.05	697,875.46	121,234.37	292,705.14	(49,273.34)	(49,273.34)
Cancellation of Prior Year Receivables									(112,961.63)	
Cost of Issuance of refunding bonds									(19,328.68)	
Transfers										
Total governmental activities	<u>20,312,732.97</u>	<u>21,246,780.12</u>	<u>22,207,505.43</u>	<u>22,276,681.44</u>	<u>26,049,815.26</u>	<u>25,587,280.35</u>	<u>25,776,955.16</u>	<u>26,040,150.98</u>	<u>28,353,383.29</u>	<u>27,916,628.79</u>
Business-type activities:										
Investment earnings	16,058.01	25,355.66	11,772.03	3,913.95	2,145.19	1,164.61	1,046.29	377.06	18.56	489.96
Gain/(Loss) on Disposal of Capital Assets	18,970.28									(10,237.98)
Cancellation of Prior Year Receivables										(102,338.36)
Cancellation of Prior Year Payables										20,822.91
Transfers										
Total business-type activities	<u>35,028.29</u>	<u>25,355.66</u>	<u>11,772.03</u>	<u>3,913.95</u>	<u>2,145.19</u>	<u>1,164.61</u>	<u>1,046.29</u>	<u>377.06</u>	<u>18.56</u>	<u>286,004.00</u>
Total district-wide	<u>(20,347,761.26)</u>	<u>(21,272,135.78)</u>	<u>(22,219,277.46)</u>	<u>(22,280,695.39)</u>	<u>(26,651,960.45)</u>	<u>(25,588,444.96)</u>	<u>(25,778,001.45)</u>	<u>(26,040,626.04)</u>	<u>(28,412,735.53)</u>	<u>(28,121,368.32)</u>
Changes in Net Position										
Governmental activities	(319,524.05)	928,500.29	771,298.73	(834,995.85)	3,303,587.26	2,087,750.11	1,163,218.16	1,132,983.24	1,669,310.25	90,174.48
Business-type activities	(24,153.91)	(10,436.07)	(11,610.65)	(19,098.97)	(158,317.31)	(186,322.50)	(167,723.69)	(280,877.69)	(303,336.77)	29,785.11
Total district	<u>(343,677.96)</u>	<u>918,064.22</u>	<u>759,688.08</u>	<u>(854,094.82)</u>	<u>3,145,269.95</u>	<u>1,901,427.61</u>	<u>995,494.47</u>	<u>852,011.55</u>	<u>1,365,973.48</u>	<u>119,959.59</u>

Source: CAFR Schedule A-2

Mainland Regional High School
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	14,738,361.00	15,264,231.00	15,648,679.00	16,146,330.00	19,059,625.00	17,928,295.00	18,767,626.00	19,098,162.00	19,436,912.50	19,107,526.50
Transportation Fees from Other LEA's	109,988.00	134,725.00	117,055.00	68,000.00	72,930.00	98,090.00	53,474.00	32,177.85	167,420.00	195,894.44
Miscellaneous	354,711.00	288,459.00	213,523.00	353,747.00	502,152.00	785,372.00	201,192.00	297,342.31	393,072.18	489,697.75
State sources	8,616,938.00	8,911,621.83	9,600,867.00	7,429,965.00	9,583,745.00	9,846,760.00	10,679,431.00	10,739,384.10	11,185,752.40	11,585,972.17
Federal sources	355,799.00	363,807.91	491,971.00	1,904,649.00	566,241.00	639,047.00	619,155.00	557,541.56	626,889.67	584,136.77
Total revenue	24,175,797.00	24,942,844.74	26,072,095.00	25,902,691.00	29,784,693.00	29,497,504.00	30,320,878.00	30,724,607.82	31,870,046.75	31,963,227.63
Expenditures										
Instruction:										
Regular instruction	8,317,437.00	8,226,303.32	8,473,146.00	8,990,415.00	8,541,159.00	8,980,479.00	9,082,236.00	9,211,832.32	9,370,886.17	8,638,712.16
Special education instruction	1,174,394.00	1,407,315.88	1,737,973.00	1,747,012.00	1,845,926.00	1,765,221.00	2,019,817.00	1,840,594.77	1,673,729.58	2,005,597.85
Other instruction	892,932.00	882,316.46	912,341.00	976,033.00	982,780.00	1,034,913.00	1,101,470.00	1,123,974.18	1,131,235.60	1,151,969.60
Support Services:										
Tuition	732,705.00	945,717.20	1,354,607.00	1,436,042.00	1,297,084.00	1,256,855.00	1,323,836.00	1,398,154.74	1,342,665.72	1,450,425.16
Student & instruction related services	2,229,828.00	2,298,039.30	2,520,448.00	2,630,038.00	2,580,351.00	2,500,032.00	2,595,778.00	2,650,960.51	2,794,946.10	2,648,177.75
School administrative services	499,358.00	594,395.78	635,759.00	656,868.00	647,208.00	662,979.00	633,051.00	673,318.73	691,018.58	683,284.64
Business administrative services	920,242.00	955,249.30	901,086.00	824,534.00	801,591.00	801,620.00	809,687.00	845,892.73	831,139.84	830,919.13
Plant operations and maintenance	1,993,085.00	2,271,937.54	2,152,642.00	2,107,016.00	1,963,637.00	2,111,873.00	2,066,406.00	2,201,293.36	2,334,262.18	2,197,868.23
Pupil transportation	644,912.00	791,954.00	803,822.00	881,369.00	803,836.00	879,448.00	890,687.00	924,710.02	887,712.48	975,887.93
Unallocated employee benefits	4,865,598.00	4,966,779.97	4,799,414.00	4,830,008.00	4,793,238.00	5,285,569.00	6,203,732.00	6,185,572.24	6,677,627.46	7,111,228.07
Special schools	74,066.00	51,014.00	57,297.00	22,241.00	13,433.00	12,195.00	9,394.00	13,747.50	7,042.50	7,942.50
Charter Schools	246,617.00	252,375.00	269,518.00	223,201.00	173,375.00	155,991.00	289,843.00	376,295.00	378,546.00	449,735.00
Capital outlay	998,374.00	157,825.50	271,604.00	7,961,126.00	16,688,797.00	11,374,712.00	3,662,566.00	384,491.93	755,242.13	351,779.81
Debt service:										
Principal	560,000.00	605,000.00	700,000.00	735,000.00	1,775,000.00	1,820,000.00	1,875,000.00	1,930,000.00	1,995,000.00	2,155,000.00
Interest and other charges	501,998.00	473,803.75	442,808.00	408,676.00	1,615,221.00	1,568,305.00	1,519,951.00	1,510,604.59	1,452,210.91	1,250,439.14
Total Expenditures	24,651,546.00	24,880,027.00	26,032,465.00	34,429,579.00	44,522,636.00	40,210,192.00	34,083,454.00	31,271,442.62	32,323,265.25	31,908,956.97
Excess (Deficiency) of revenues over (under) expenditures	(475,749.00)	62,817.74	39,630.00	(8,526,888.00)	(14,737,943.00)	(10,712,688.00)	(3,762,576.00)	(546,834.80)	(513,218.50)	54,270.66
Other Financing Sources (Uses)										
Capital Leases (non budgeted)										
Transfers	321,012.00	75,000.00		282,894.00			241,076.00		417,801.41	-
Cancellation of Prior Year Receivables									(19,328.68)	(296,004.00)
Other Financing Sources - Bond Principal				40,415,000.00						(49,273.34)
Total other financing sources (uses)	321,012.00	75,000.00	-	40,697,894.00	-	-	241,076.00	-	398,472.73	(345,277.34)
Net change in fund balances	(154,737.00)	137,817.74	39,630.00	(8,526,888.00)	(14,737,943.00)	(10,712,688.00)	(3,521,500.00)	(546,834.80)	(114,745.77)	(291,006.68)
Debt service as a percentage of noncapital expenditures	4.49%	4.36%	4.44%	4.32%	12.18%	11.75%	11.16%	11.14%	10.92%	10.79%

Source: CAFR Schedule B-2

Exhibit J-5

**Mainland Regional High School
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years**
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Clean Energy			Rentals	Aquatic	Miscellaneous	Totals
		Credits						
2007	142,649.43	-	-	52,579.64		142,747.93	337,977.00	
2008	139,891.67	-	-	39,798.13		155,919.09	335,608.89	
2009	52,468.70	-	-	103,189.38		88,769.07	244,427.15	
2010	224,178.42	-	-	30,771.20		57,864.81	312,814.43	
2011	172,450.26	-	-	850.00		102,279.18	275,579.44	
2012	64,986.86	519,560.00		22,450.00		328,852.05	935,848.91	
2013	24,531.00	50,000.00		55,426.00		178,315.14	308,272.14	
2014	4,637.17	47,325.00		35,713.75		71,235.00	158,910.92	
2015	5,956.04	207,325.00		66,711.05		113,080.09	393,072.18	
2016	8,482.66	359,722.50		29,555.12	30,110.00	56,502.98	484,373.26	

Source: District Records

Mainland Regional High School
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	% of Estimated County Equalized Value
Linwood													
2007	14,714,500	666,666,400	749,400	34,600	90,209,200	-	-	772,374,100	-	649,680	773,023,780	0.610	66%
2008	14,566,200	674,167,700	749,400	34,600	88,426,600	-	-	777,944,500	-	640,011	778,584,511	0.620	62%
2009	14,640,900	676,693,900	749,400	34,600	87,663,100	-	-	779,781,900	-	664,394	780,446,294	0.647	62%
2010	14,155,200	683,099,000	749,400	34,600	86,453,100	-	-	784,491,300	-	653,040	785,144,340	0.733	62%
2011	14,266,300	679,556,600	749,400	34,600	97,700,800	-	-	792,307,700	-	653,040	792,960,740	0.776	65%
2012	14,045,800	677,447,400	749,400	34,600	96,181,000	-	-	788,458,200	-	584,044	789,042,244	0.784	70%
2013	13,303,800	668,610,000	749,400	34,600	96,528,400	-	-	792,307,700	-	577,697	792,960,740	0.799	75%
2014	17,950,900	860,628,300	841,900	38,300	129,366,000	-	-	1,008,825,400	-	591,504	1,009,416,904	0.629	99%
2015	18,239,300	845,963,100	876,200	38,300	120,935,300	-	-	986,052,200	-	-	986,052,200	0.648	99%
2016	17,525,500	842,409,500	876,200	38,300	117,900,700	-	-	978,750,200	-	-	978,750,200	0.645	104%
Northfield													
2007	15,766,600	414,370,800	352,700	3,600	118,874,000	-	542,900	549,910,600	-	894,826	550,805,426	0.803	47%
2008	15,284,000	416,990,500	352,700	3,600	119,606,500	-	542,900	552,780,200	-	908,717	553,688,917	0.832	45%
2009	13,200,000	417,113,000	352,700	3,600	119,013,600	-	542,900	550,225,800	-	936,223	551,162,023	0.849	44%
2010	21,365,600	756,993,900	595,200	3,600	213,519,700	-	987,100	993,465,100	-	2,073,817	995,538,917	0.503	91%
2011	19,249,500	755,519,900	595,200	3,600	208,739,300	-	987,100	985,094,600	-	-	985,094,600	0.514	95%
2012	18,334,400	753,809,400	595,200	3,600	204,787,300	-	987,100	978,517,000	-	1,580,553	980,097,553	0.521	99%
2013	17,878,900	746,034,200	595,200	3,600	198,988,500	-	987,100	964,487,500	-	1,473,879	965,961,379	0.556	104%
2014	16,018,360	734,732,900	595,200	3,600	192,790,600	-	987,100	945,127,760	-	1,219,927	946,347,687	0.585	106%
2015	15,198,560	726,078,900	595,200	3,600	190,680,100	-	987,100	933,543,460	-	1,193,961	934,737,421	0.627	97%
2016	13,418,260	720,649,800	595,200	3,600	186,264,100	-	982,500	921,913,460	-	-	921,913,460	0.661	100%
Somers Point													
2007	11,367,900	465,068,900	-	-	168,398,000	-	41,028,800	685,863,600	-	1,857,315	687,720,915	0.852	46%
2008	12,735,000	469,806,200	-	-	172,679,800	-	41,205,100	696,426,100	-	1,813,810	698,239,910	0.862	44%
2009	11,560,500	473,264,900	-	-	172,297,300	-	41,205,100	698,327,800	-	1,685,627	700,013,427	0.881	44%
2010	9,673,000	475,701,700	-	-	164,782,600	-	41,205,100	691,362,400	-	1,786,733	693,149,133	0.986	47%
2011	9,424,200	473,997,500	-	-	163,589,400	-	40,397,100	687,408,200	-	1,786,733	689,194,933	1.053	49%
2012	9,416,400	473,012,000	-	-	162,959,800	-	40,397,100	685,785,300	-	1,918,493	687,703,793	1.027	53%
2013	8,351,400	473,381,500	-	-	159,401,300	-	40,372,100	681,506,300	-	1,521,274	683,027,574	1.073	53%
2014	11,663,100	814,795,100	-	-	290,337,600	-	71,576,000	1,188,371,800	-	-	1,188,371,800	0.622	101%
2015	10,206,200	808,079,300	-	-	288,177,000	-	71,576,000	1,178,038,500	-	-	1,178,038,500	0.595	101%
2016	10,385,800	804,520,400	-	-	285,895,900	-	71,576,000	1,172,378,100	-	-	1,172,378,100	0.594	104%

Source: County Abstract of Rates & Municipal Tax Assessor

* Reassessed

** Revalued

**Mainland Regional High School
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years**
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Mainland Regional High School				Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	County Local Health	County Library	Local School	Municipal Local Purpose	
Linwood										
2007	0.580	0.030	0.610	0.370	0.030	0.019	-	1.217	0.823	3.069
2008	0.589	0.031	0.620	0.363	0.032	0.019	-	1.273	0.892	3.199
2009	0.615	0.032	0.647	0.400	0.008	0.028	-	1.291	0.922	3.296
2010	0.696	0.037	0.733	0.437	0.008	0.028	-	1.340	0.954	3.500
2011	0.739	0.037	0.776	0.468	0.008	0.029	-	1.380	0.926	3.587
2012	0.747	0.037	0.784	0.454	0.008	0.029	-	1.381	0.944	3.600
2013	0.695	0.104	0.799	0.545	0.009	0.028	-	1.417	0.999	3.797
2014	0.553	0.076	0.629	0.402	0.005	0.031	-	1.116	0.843	3.026
2015	0.566	0.082	0.648	0.458	0.002	0.012	-	1.203	0.902	3.225
2016	0.588	0.057	0.645	0.442	0.002	0.021	-	1.162	0.868	3.140
Northfield										
2007	0.764	0.039	0.803	0.521	0.044	0.026	-	1.516	1.178	4.088
2008	0.803	0.029	0.832	0.570	0.044	0.026	-	1.569	1.268	4.309
2009	0.820	0.029	0.849	0.559	0.039	0.011	-	1.643	1.327	4.428
2010	0.485	0.018	0.503	0.294	0.006	0.019	-	0.949	0.799	2.570
2011	0.496	0.018	0.514	0.326	0.006	0.020	-	0.965	0.792	2.623
2012	0.503	0.018	0.521	0.322	0.006	0.021	-	0.980	0.792	2.642
2013	0.487	0.069	0.556	0.392	0.006	0.020	-	1.006	0.802	2.782
2014	0.515	0.070	0.585	0.374	0.005	0.029	-	1.047	0.826	2.866
2015	0.553	0.074	0.627	0.465	0.002	0.013	-	1.069	0.889	3.065
2016	0.602	0.059	0.661	0.445	0.002	0.021	-	1.053	0.893	3.075
Somers Point										
2007	0.810	0.042	0.852	0.516	0.038	0.027	0.065	1.254	1.084	3.836
2008	0.472	0.390	0.862	0.649	0.043	0.027	0.066	1.226	1.169	4.042
2009	0.485	0.396	0.881	0.563	0.046	0.039	0.064	1.226	1.226	4.045
2010	0.542	0.444	0.986	0.560	0.011	0.037	0.062	1.248	1.251	4.155
2011	0.609	0.444	1.053	0.628	0.011	0.039	0.063	1.247	1.274	4.315
2012	0.583	0.444	1.027	0.599	0.011	0.038	0.061	1.264	1.294	4.294
2013	0.941	0.132	1.073	0.767	0.012	0.039	0.063	1.306	1.390	4.650
2014	0.542	0.080	0.622	0.396	0.005	0.031	0.039	0.768	0.839	2.700
2015	0.520	0.075	0.595	0.447	0.002	0.012	0.030	0.827	0.881	2.794
2016	0.542	0.052	0.594	0.444	0.002	0.021	0.032	0.824	0.906	2.823

Source: Atlantic County Abstract of Ratables A4F Forms

* Reassessed
** Revalued

Exhibit J-8

Mainland Regional High School
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
CCC Atlantic LLC	\$ 21,000,000	1	2.15%	\$ 4,809,000	6	0.62%
Central Square	7,981,000	2	0.82%	7,528,400	2	0.97%
Brandell Estates LLC	7,500,000	3	0.77%	7,065,500	3	0.91%
CPL	6,829,900	4	0.70%	9,208,000	1	1.19%
Central Park East	6,000,000	5	0.61%	5,388,200	5	0.70%
Linwood Golf & Country Club	3,068,000	6	0.31%	6,690,800	4	0.87%
Linwood Professional Plaza	3,019,700	7	0.31%	2,436,600	7	0.32%
Alexon Enterprises	2,490,500	8	0.25%	2,024,000	8	0.26%
Central Properties	1,637,200	9	0.17%			0.00%
Versha, LLC	1,581,800	10	0.16%			0.00%
Individual Taxpayer #1			0.00%	1,497,200	9	0.19%
South Jersey Radio			0.00%	1,449,100	10	0.19%
Totals	\$ 61,108,100		6.24%	\$ 48,096,800		6.22%

District Assessed Value \$ 978,750,200

District Assessed Value \$ 773,023,780

Source: District CAFR & Municipal Tax Assessor

Exhibit J-8

Mainland Regional High School
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Max Gurwicz	\$ 8,078,800	1	0.88%	\$ 5,653,200	2	1.03%
Jack Trocki Dev Corp	6,471,000	2	0.70%	3,138,400	6	0.57%
Jack Trocki Dev Corp	5,299,100	3	0.57%	3,000,000	7	0.54%
Kensington Square, LLC	4,964,300	4	0.54%	5,650,000	3	1.03%
Milljer, LLC	4,570,400	5	0.50%	4,000,000	5	0.73%
ACG of NJ	4,000,000	6	0.43%			0.00%
2605 Shore Road, LLC	3,786,300	7	0.41%			0.00%
Antebi Properties LLC	3,500,000	8	0.38%			0.00%
322 Tilton Road, LLC	3,372,900	9	0.37%			0.00%
Atlantic City Country Club	2,500,000	10	0.27%	8,214,500	1	1.49%
Atlantic City Country Club (Rear)				5,300,000	4	0.96%
Network 1001 LLC				1,898,200	10	0.34%
SJS-450 Tilton Road, LP				2,188,500	8	0.40%
301 Tilton Road Associates				2,036,700	9	0.37%
	<u>\$ 46,542,800</u>		<u>5.05%</u>	<u>\$ 41,079,500</u>		<u>7.46%</u>
	District Assessed Value		\$ 921,913,460			\$ 550,805,426

Source: District CAFR & Municipal Tax Assessor

Exhibit J-8

Mainland Regional High School
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Brahin/Somers Point Builders	\$ 42,715,800	1	3.64%	\$ 24,574,400	1	3.57%
Village Plaza LLC	23,486,000	2	2.00%	9,000,000	2	1.31%
Sea Aire Apartments LLC	14,760,000	3	1.26%	9,005,000	3	1.31%
Harbor Cove Marina	10,326,000	4	0.88%			0.00%
West America LTD	10,272,000	5	0.88%	5,250,000	10	0.76%
Related Somers Point LLC	10,244,000	6	0.87%	5,800,000	8	0.84%
Acme Markets	9,506,000	7	0.81%	6,100,000	7	0.89%
Ocean Heights Manor (Estate)	9,260,100	8	0.79%			0.00%
Streamwood Associates/Atlantis	8,835,000	9	0.75%			0.00%
Shore Memorial Hospital	8,742,100	10	0.75%			0.00%
Scarborough/Harbor Cove				8,744,300	4	1.27%
WWW Associates				5,491,000	9	0.80%
EQI Financial Partners LP				7,098,000	6	1.03%
Plantation Bay, LLC				8,100,000	5	1.18%
	<u>\$ 148,147,000</u>		<u>12.64%</u>	<u>\$ 89,162,700</u>		<u>12.96%</u>

Somers Point

District Assessed Value \$ 1,172,378,100

\$ 687,720,915

Source: District CAFR & Municipal Tax Assessor

**Mainland Regional High School
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	14,738,361.00	14,738,361.00	100%	-
2008	15,264,231.00	15,264,231.00	100%	-
2009	15,648,679.00	15,648,679.00	100%	-
2010	16,146,330.00	16,146,330.00	100%	-
2011	19,059,625.00	19,059,625.00	100%	-
2012	17,928,295.00	17,928,295.00	100%	-
2013	18,767,626.00	18,767,626.00	100%	-
2014	19,098,162.00	19,098,162.00	100%	-
2015	19,436,912.50	19,436,912.50	100%	-
2016	19,107,526.50	19,107,526.50	100%	-

Source: Certificate and Report of School Taxes (A4F form)
CAFR Reports

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 the amount voted upon or certified prior to the end of the school year.

**Mainland Regional High School
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Bond		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases					
2007	11,875,000	-	386,558	-	-	12,261,558	1.21%	463		
2008	11,270,000	-	306,407	-	-	11,576,407	1.11%	438		
2009	10,570,000	-	214,161	-	-	10,784,161	1.07%	407		
2010	50,250,000	-	327,449	-	-	50,577,449	4.80%	1,908		
2011	48,475,000	-	195,210	-	-	48,670,210	4.56%	1,837		
2012	46,655,000	-	86,968	-	-	46,741,968	4.18%	1,762		
2013	44,780,000	-	211,690	-	-	44,991,690	4.04%	1,699		
2014	42,850,000	-	144,324	-	-	42,994,324	3.86%	1,624		
2015	41,000,000	-	431,786	-	-	41,431,786	3.70%	1,569		
2016	38,845,000	-	302,370	-	-	39,147,370	3.45%	1,495		

Source: District CAFR Schedules I-1, I-2

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

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

Exhibit J-11

Mainland Regional High School
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	11,875,000	-	11,875,000	0.59%	448
2008	11,270,000	-	11,270,000	0.56%	426
2009	10,570,000	-	10,570,000	0.52%	399
2010	50,250,000	-	50,250,000	2.03%	1,895
2011	48,475,000	-	48,475,000	1.96%	1,830
2012	46,655,000	-	46,655,000	1.90%	1,758
2013	44,780,000	-	44,780,000	1.83%	1,691
2014	42,850,000	-	42,850,000	1.36%	1,618
2015	41,000,000	-	41,000,000	1.32%	1,552
2016	38,845,000	-	38,845,000	1.26%	1,484

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-13.

Exhibit J-12

Mainland Regional High School District
 Direct and Overlapping Governmental Activities Debt,
 As of June 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
City of Linwood, City of Northfield, City of Somers Point	\$ 32,795,382.00	100.00%	\$ 32,795,382.00
Other Debt			
County of Atlantic	164,136,199.00	8.20%	13,459,168.32
Subtotal, Overlapping Debt			<u>46,254,550.32</u>
Mainland Regional High School District Direct Debt			<u>38,845,000.00</u>
Total Direct and Overlapping Debt			<u><u>\$ 85,099,550.32</u></u>

Sources:
 Annual Debt Statement- Cities of Linwood, Northfield and Somers Point

Mainland Regional High School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	96,357,347	108,805,514	117,150,357	118,139,449	115,952,273	109,597,470	103,946,879	100,053,452	97,505,909	95,518,214
Total net debt applicable to limit	11,875,000	11,270,000	10,570,000	50,250,000	48,475,000	46,655,000	44,780,000	42,850,000	41,000,000	38,845,000
Legal debt margin	84,482,347	97,535,514	106,580,357	67,889,449	67,477,273	62,942,470	59,166,879	57,203,452	56,505,909	56,673,214
Total net debt applicable to the limit as a percentage of debt limit	12.32%	10.36%	9.02%	42.53%	41.81%	42.57%	43.08%	42.83%	42.05%	40.67%

	2013	2014	2015
Equalized valuation basis	3,274,612,799	3,184,140,287	3,093,068,300
	3,274,612,799	3,184,140,287	3,093,068,300
			\$ 9,651,821,386
Average equalized valuation of taxable property	\$ 3,183,940,462		
Debt limit (3% of average)	95,518,214		
Net bonded school debt	38,845,000		
Legal debt margin	\$ 56,673,214		

Source: Abstract of Ratables and District Records CAFR Schedule J-7

**Mainland Regional High School
Demographic and Economic Statistics,
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars) (a)	Per Capita Personal Income	Unemployment Rate
Linwood	2007	7,229	277,239	38,351	3.7%
	2008	7,213	283,976	39,370	4.6%
	2009	7,225	275,814	38,175	8.3%
	2010	7,092	281,879	39,746	8.5%
	2011	7,087	285,337	40,262	8.6%
	2012	7,090	298,482	42,099	9.0%
	2013	7,073	297,766	42,099	7.2%
	2014	7,073	297,766	42,099	7.2%
	2015	7,052	299,181	42,425	6.6%
	2016	6,973	302,182	43,336	5.8%
Northfield	2007	7,889	302,551	38,351	3.1%
	2008	7,882	310,314	39,370	3.8%
	2009	7,898	301,506	38,175	7.0%
	2010	8,624	342,770	39,746	7.1%
	2011	8,616	346,897	40,262	7.2%
	2012	8,641	363,777	42,099	7.6%
	2013	8,620	362,893	42,099	9.9%
	2014	8,620	362,893	42,099	9.9%
	2015	8,604	365,025	42,425	8.6%
	2016	8,521	369,266	43,336	7.5%
Somers Point	2007	11,390	436,818	38,351	5.3%
	2008	11,341	446,495	39,370	6.6%
	2009	11,354	433,439	38,175	11.8%
	2010	10,795	429,058	39,746	12.1%
	2011	10,787	434,306	40,262	12.2%
	2012	10,804	454,838	42,099	12.2%
	2013	10,785	454,038	42,099	9.4%
	2014	10,785	454,038	42,099	9.4%
	2015	10,756	456,323	42,425	10.7%
	2016	10,688	463,175	43,336	9.0%

Source: NJ Dept of Labor and Workforce Development
Labor Report of Per Capita Income, Atlantic County

(a) Personal income has been estimated based upon the municipal population and per capita personal income presented

Mainland Regional High School
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular instruction	130	135	131	136	131	125	125	125	129	115
Special education instruction										
Other special education instruction	7	12	14	14	17	17	17	17	16	16
Support Services:										
Student & instruction related services	21	22	22	22	23	20	20	20	20	20
General administrative services	2	4	4	4	4	4	4	4	4	4
School administrative services	13	13	13	12	12	14	14	14	14	9
Business administrative services	8	8	8	7	9	9	9	9	9	9
Plant operations and maintenance	20	19	19	20	19	18	16	16	17	17
Pupil transportation	12	11	12	13	13	15	13	15	15	15
Food Service	25	25	25	25	25	25	25	25	25	1
Total	238	249	248	253	253	247	243	245	249	206

Source: District Personnel Records
 DOE Budget Support Document

Mainland Regional High School
 Operating Statistics,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADE)	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	1,634	21,879,282	13,390	3.25%	146	11:1	1,606	1,594	88.00%	99.25%
2008	1,639	22,933,418	13,992	4.50%	150	11:1	1,638	1,536	1.97%	93.78%
2009	1,635	23,794,474	14,553	4.01%	153	11:1	1,662	1,540	1.48%	92.66%
2010	1,644	24,372,616	14,825	1.87%	149	11:1	1,581	1,465	-4.87%	92.66%
2011	1,644	23,721,775	14,429	-2.67%	139	11:1	1,514	1,409	-4.23%	93.03%
2012	1,510	24,726,899	16,375	13.49%	131	11:1	1,466	1,382	-3.16%	94.28%
2013	1,432	26,150,273	18,261	11.52%	125	11:1	1,380	1,294	-5.88%	93.77%
2014	1,468	26,150,273	17,814	-2.45%	125	11:1	1,398	1,320	1.30%	94.42%
2015	1,385	28,120,812	20,304	13.98%	129	11:1	1,334	1,273	-4.58%	95.43%
2016	1,385	28,151,738	20,326	0.11%	115	11:1	1,298	1,237	-2.70%	95.30%

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

Mainland Regional High School
 School Building Information,
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Buildings										
High School										
Square Feet	240,000	240,000	240,000	240,000	240,000	252,500	252,500	252,500	252,500	252,500
Capacity (students)	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524
Enrollment	1,634	1,639	1,635	1,643	1,643	1,510	1,432	1,468	1,385	1,385

Source: District Records, ASSA

Mainland Regional High School
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
(Unaudited)

School Facilities	Project # (s)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Mainland Regional High School	N/A	578,020	730,617	714,714	671,988	529,361	540,755	603,001	578,895	536,197	599,038
Total School Facilities		<u>578,020</u>	<u>730,617</u>	<u>714,714</u>	<u>671,988</u>	<u>529,361</u>	<u>540,755</u>	<u>603,001</u>	<u>578,895</u>	<u>536,197</u>	<u>599,038</u>
Other Facilities											
Grand Total		<u>\$ 578,020</u>	<u>730,617</u>	<u>714,714</u>	<u>671,988</u>	<u>529,361</u>	<u>540,755</u>	<u>603,001</u>	<u>578,895</u>	<u>536,197</u>	<u>599,038</u>

Source: 11-000-261-XXX

**Mainland Regional High School
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Company	Type of Coverage	Amount of Coverage	Deductible
Atlantic and Cape May Counties School Business Officials Joint Insurance Fund	Property- Blanket Building & Contents	\$ 150,000,000	\$ 500
	Inland Marine		
	Crime	500,000	500
	General and Automobile Liability	15,000,000	-
	Educator's Legal Liability	15,000,000	-
	Workers Compensation	Statutory	-
	Boiler and Machinery-Fleet	125,000,000	1,000
	Pollution Legal Liability	3,000,000	25,000
	Cyber Liability	1,000,000	25,000
	Violent Malicious Acts	1,000,000	-
	Disater Management Services	2,000,000	15,000
	Unmanned Aerial Systems Liability (Non-C	1,000,000	-
Commerical Umbrella Liability (shared)	50,000,000	-	
Selective Insurance Company	Business Administrator/Board Secretary	100,000	-
Bollinger Insurance Company	Student Accident Insurance		
	Full Excess Coverage		
	Accident Medical Coverage	5,000,000	-

Source: District Insurance Policies

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

SINGLE AUDIT SECTION

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



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
Mainland Regional High School District
County of Atlantic, 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, and each major fund of the Board of Education of the Mainland Regional High School District, 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, and have issued our report thereon dated November 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education of the Mainland Regional High 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 Mainland Regional High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Mainland Regional High School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Mainland Regional High School District's financial statements are free from material misstatement, we performed tests of its

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

November 28, 2016



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

Honorable President and
Members of the Board of Education
Mainland Regional High School District
County of Atlantic, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Mainland Regional High School District, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Mainland Regional High School District's major federal and state programs for the year ended June 30, 2016. The Board of Education of the Mainland Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Mainland Regional High School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Uniform Guidance and New Jersey OMB 15-08. Those standards, OMB Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Mainland Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Mainland Regional High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Board of Education of the Mainland Regional High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Mainland Regional High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Mainland Regional High School District's internal control over compliance.

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

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

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

November 28, 2016

MANLAIN REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures			Re- ment of Prior Years Balances	Accounts Receivable	Balance at June 30, 2016 Deferred Revenue	Due to Grantor	
									Pass Through		(MEMO) Pass Through to Sub-Recipients					
									Source	Direct						Total
U.S. Department of Health and Human Services:																
Genetic Medical Assistance Program (SEMI)																
	83.778	1605NLSMAP	N/A	7/1/2015 - 6/30/2016	25,895.77	\$ -	-	25,895.77	(25,895.77)	-	(25,895.77)	-	-	-	-	-
Total General Fund																
U.S. Department of Education																
Passed-Through State Department of Health and Human Services:																
Special Revenue Fund:																
Title I, Part A Cluster:																
	84.010A	S010A150030	N/A	7/1/2015 - 6/30/2016	181,586.00	-	-	126,119.00	(181,586.00)	-	(181,586.00)	-	(55,477.00)	-	-	-
	84.387A	S387A150029	N/A	7/1/2015 - 6/30/2016	21,844.00	-	-	4,535.00	(19,687.75)	-	(19,687.75)	-	(15,162.75)	-	-	-
	84.027	H027A150100	N/A	7/1/2015 - 6/30/2016	286,170.00	-	-	250,877.00	(286,170.00)	-	(286,170.00)	-	(35,283.00)	-	-	-
Total Special Education Cluster (IDEA)																
U.S. Department of Labor																
Passed-Through State Department of Education:																
Workforce Investment:																
	17.259	AA387961555A34	N/A	7/1/2015 - 6/30/2016	79,525.00	(3,404.24)	-	68,314.28	(70,787.25)	-	(70,787.25)	(6,800.03)	(9,273.00)	-	-	-
	17.259	AA387961555A34	N/A	7/1/2015 - 6/30/2016	80,359.00	(1,044.98)	-	3,494.24	-	-	-	1,044.98	-	-	-	-
	17.259	AA387961555A34	N/A	7/1/2012 - 6/30/2013	73,000.00	(4,449.20)	-	453,239.52	(558,241.00)	-	(558,241.00)	(5,755.07)	(115,205.75)	-	-	-
Total Special Revenue Fund																
Enterprise Fund:																
U.S. Department of Agriculture																
Passed-Through State Department of Education:																
Food Distribution Program																
	10.550	16161NJ304N1099	N/A	7/1/2015 - 6/30/2016	79,507.62	-	-	79,507.62	(79,507.62)	-	(79,507.62)	-	-	-	-	-
Child Nutrition Cluster:																
	10.555	16161NJ304N1099	N/A	7/1/2015 - 6/30/2016	304,937.15	(16,876.20)	-	288,246.47	(304,937.15)	-	(304,937.15)	-	(16,690.68)	-	-	-
	10.555	16161NJ304N1099	N/A	7/1/2014 - 6/30/2015	203,252.04	-	-	18,976.20	-	-	-	-	(6,306.88)	-	-	-
	10.553	16161NJ304N1099	N/A	7/1/2014 - 6/30/2015	92,988.68	(6,422.43)	-	6,422.43	(102,859.38)	-	(102,859.38)	-	(22,997.56)	-	-	-
	10.553	16161NJ304N1099	N/A	7/1/2014 - 6/30/2015	92,988.68	(25,298.63)	-	410,197.58	(407,886.51)	-	(407,886.51)	-	(22,997.56)	-	-	-
Total Child Nutrition Cluster																
					968,840.49	(23,747.83)	-	489,705.20	(487,404.13)	-	(487,404.13)	(5,755.07)	(138,203.31)	-	-	-
Total Enterprise Fund																

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

MAINLAND REGIONAL HIGH 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	Grant Period	Award Amount	Balance at June 30, 2015		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reapportionment of Prior years' Balances	Balance at June 30, 2016		Due to Grantor	MEMO	
				Deferred Revenue (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue		Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
State Aid - Public Cluster:														
Equalization Aid														
Special Education Aid														
Security Education Aid														
Special Services Aid														
Special Services Aid														
Per Pupil Growth Aid														
PARCC Readiness														
Total State Aid - Public Cluster														
Transportation Aid														
Non-Public Transportation Aid														
Extraordinary Aid														
Extraordinary Aid														
Reimbursable Social Security Contributions														
Reimbursable Social Security Contributions														
Total General Fund														
Special Revenue Fund:														
Worklink														
Tobacco Initiative - REBEL														
Total Special Revenue Fund														
Debt Service Fund:														
Debt Service Aid Type II														
Total Debt Service Fund														
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)														
National School Lunch Program (State Share)														
Total Enterprise Fund														
Total State Financial Assistance														

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

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
K-5 Notes to the Schedules of Financial Assistance
June 30, 2016

Note 1: General

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

Note 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

Note 3: Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,054,184.00 for the general fund and \$0 for the special revenue fund. See the Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented in the tables below:

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
K-5 Notes to the Schedules of Financial Assistance
June 30, 2016
(Continued)

	<u>General fund</u>	<u>Debt Service fund</u>	<u>Food Service fund</u>	<u>Total</u>
State Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 8,508,791.17	1,022,997.00	6,257.81	9,538,045.98
Difference – budget to "GAAP"				
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	690,862.00			690,862.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(691,756.00)			(691,756.00)
On Behalf TPAF payments recognized for GAAP statements not included in the Schedule of Expenditures of State Financial Assistance	2,055,078.00			2,055,078.00
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 10,562,975.17</u>	<u>1,022,997.00</u>	<u>6,257.81</u>	<u>11,592,229.98</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
K-5 Notes to the Schedules of Financial Assistance
June 30, 2016
(Continued)

	General Fund	Special Revenue Fund	Food Service Fund	Total
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 25,895.77	558,241.00	487,404.13	1,071,540.90
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-		-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$ 25,895.77</u>	<u>558,241.00</u>	<u>487,404.13</u>	<u>1,071,540.90</u>

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**MAINLAND REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I -- Summary of Auditor's Results

Financial Statement

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____	no
• Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> _____	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____	no

Federal Awards

Internal Control over major programs:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____	no
• Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> _____	none reported

Type of auditor's report issued on compliance major programs	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance	_____ yes	_____ <u>X</u> _____	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____ <u>84.027</u> _____	_____ <u>I.D.E.A. Part B, Basic Regular</u> _____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs:		\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	_____ <u>X</u> _____	yes _____ no

**MAINLAND REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Section II - Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE