

SCHOOL DISTRICT

OF

FAIR HAVEN



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

FAIR HAVEN BOARD OF EDUCATION

FAIR HAVEN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY

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

FAIR HAVEN SCHOOL DISTRICT

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INTRODUCTORY SECTION

Fair Haven Board of Education

Sean McNeil
Superintendent
(732)747-2294

224 Hance Road
Fair Haven, New Jersey 07704-

Valery Petrone
Business Administrator
(732) 747-0324

November 15, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Fair Haven School district of the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organization chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulation, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15 -08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment". Information related to this single audit including the auditor's report on compliance and on internal control over financial reporting and findings and questioned costs are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Fair Haven School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District

are included in this report. The Fair Haven Board of Education and its two elementary schools constitute the District's reporting entity.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2016/17	1022	(0.001)
2015/16	1023	0.59
2014/15	1016	0.00
2013/14	1016	(2.4)
2012/13	1041	1.75
2011/12	1023	0.79
2010/11	1015	(.09)
2009/10	1016	2.63
2008/09	990	(1.03)
2007/08	1015	0.50
2006/07	1010	1.84

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

3. **MAJOR INITIATIVES:** During the 2016-17 school year the district completed a full audit of its curriculum in all content areas. This audit led to the successful redesign of all curriculum in the grades k-8 in the following content areas: ELA, Math, Sciences, Innovation, with improvements made to Social Studies, and health and PE. The District also began the important work of replacing our teacher evaluation system with Danielson as well as on improving many other District offerings. We also completed a total redesign of our elementary and middle school schedules and instituted a formal RTI program in our Pre-K - 3 school.

Technology

In the area of technology we continued the work begun in the 2014 -2015 school year on the integration of technology for instructional purposes, as well as part of our professional support and growth efforts. Through the transition to Google Apps for Education (GAPE), along with the purchase and use of Chromebooks in grades 2 through 8, our staff members were able to expand their instructional practices to address all types of learners in engaging and fun ways in our efforts to meet the State and Core Curriculum standards in effective and efficient ways. We also began the important work on developing a district technology plan.

Curriculum and Instruction

During the 2016-17 school year the district completed a full audit of its curriculum in all content areas. This audit led to the successful redesign of all curriculum in the grades

K-8 in the following content areas: ELA, Math, Sciences, Innovation, with improvements made to Social Studies, and health and PE. The District also began the important work of replacing our teacher evaluation system with the Charlotte Danielson FFT 2013 as well as on improving many other District offerings. We also completed a total redesign of our elementary and middle school schedules. We created, for the first time, leveled course offerings for our Middle School students in the areas of Foreign Language and Math. To improve our Science offerings in grades 4 & 5, we created a Co-teaching model for science that supports our increased emphasis on science instruction for our students. Finally, we also instituted a formal RTI model in our Prek-3 school including the implementation of a new staff position of Academic Interventionist. This position and program has been an enormous success for us.

Operations

As for the operations of our district, we completed and deployed our Strategic Plan. This huge undertaking was rolled out through several well-attended community meetings. We feel that we are on a pace to complete our Strategic Planning Goals well ahead of our original timeframe. We also continued to examine our safety and security protocols and upgraded based on our needs assessments, and from recommendations made by our local and county law enforcement agencies.

Instructional Practices

Finally, the cornerstone of our instructional practices and growth in student learning opportunities continued to be by way of targeted professional development and training. This not only included staff, but also community members, substitute teachers and our Board of Education, including the commitment by our Board of Education to works towards becoming a certified Board. The large amount of funding dedicated to training and resources in support of quality instruction and learning continued, along with collection and analysis of data to measure the impact of our efforts. We hosted numerous family curriculum nights to support our community with all of the new and exciting curricula and programs that would now be available to them. We also instituted a formal benchmarking system utilizing iReady to determine actionable goals and objectives for all of our students using formative data.

Teachers continue tweeting class happenings and leveraging their Twitter accounts to increase family engagement. Teacher website design continues to evolve through Weebly and Google Classroom in order to enhance student motivation, family connectedness, and public awareness of our school community's accomplishments. Students can be seen actively learning with QR codes, digital photography, iMovie and Aurasma to create augmented reality learning environments. We have further emphasized a cross curricular approach which can be better seen through our district unit plans.

Character Education

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

read these books with our students.

Teaching respect, compassion and empathy in elementary schools is an essential priority. We have partnered with our PTA to implement the "It's OK to be Different" workshops at all grade levels. In PreK and K we utilize "Be A Buddy not a Bully" to build values and social skills around friendship and tolerance. In first grade we study "Understanding Disabilities" to cultivate deeper appreciation for people with visual, auditory and ambulatory differences. In second grade students participate in

"Respect for Different Learners" to examine Learning Disabilities, Attention Deficit Hyperactivity Disorders, Developmental Disabilities and Autism. In third grade students investigate the concepts of diversity through the "Celebrating Cultures" unit which also corresponds to our social studies curriculum. We have also instituted a mindfulness component to our students' daily routine to support in the moment thinking and behaviors to improve overall student outcomes.

Arts Integration

We feel very privileged to continue to be part of The Kennedy Center's Partners in Education program. Joining with the Count Basie Theatre and Red Bank Borough Schools, we have created comprehensive programming to integrate the arts in all subject areas. Teachers are invited to attend different professional development workshops and teaching artists visit our school to showcase and model best practices in artistic techniques, as well as connections to literacy, mathematics and social studies.

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

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

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, this District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund and Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amounts amended for the fiscal year is reflected in the financial section
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles as promulgated by the Governmental Account Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements" – Note 1.
7. **DEBT ADMINISTRATION:** At June 30, 2017, the District's outstanding debt issues include \$ 5,072,086 of general obligation bonds. The General Obligations Bonds which were voter approved were issued in 2005 and 2013. The proceeds of this bond issue were placed in the District's Capital Projects fund to provide funds for construction of additions and renovations to both elementary schools. The proceeds of this bond issue were placed in the District's Capital Projects fund to provide funds for additions and renovations at both schools.
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements"- Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act ("GUPA"). GUPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive, hazard and theft insurance on property and contents and fidelity bonds.

10. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, Part 200, “Audits of State and Local Governments” and the State Treasury Circular Letter 15-08 OMB. The auditor’s report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

Sean McNeil

Sean McNeil
Superintendent

Valery Petrone

Valery Petrone
Business Administrator

FAIR HAVEN BOARD OF EDUCATION**FAIR HAVEN, NEW JERSEY****ROSTER OF OFFICIALS****JUNE 30, 2017****Members of the Board of Education****Term Expires**

Bruce Padula, President	2017
Bennett Coleman, Vice President	2018
Michelle Buckley	2018
Marisa Coar	2019
Sheri D'Angelo	2019
Carol Lang	2019
Jennifer Halcrow	2017
Carlie Jakub	2018
Karen Saad	2017

Other District Officials

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

FAIR HAVEN BOARD OF EDUCATION

FAIR HAVEN, NEW JERSEY

Consultants and Advisors

JUNE 30, 2017

AUDIT FIRM

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

ATTORNEY

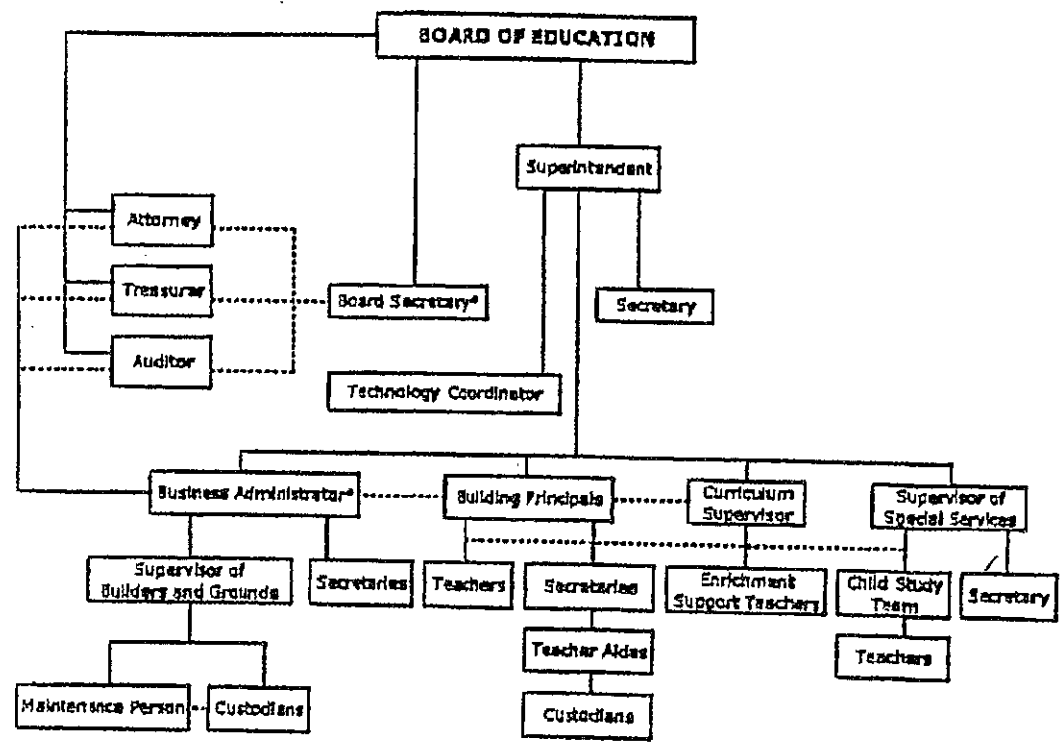
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

OFFICIAL DEPOSITORIES

PNC Bank
Fair Haven, NJ 07704

Ocean First Bank
Toms River, NJ

FAIR HAVEN SCHOOL DISTRICT ORGANIZATIONAL CHART



*One position (dual responsibility)

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

Revised 12/99

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fair Haven School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fair Haven School District, in the County of Monmouth, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 on our consideration of the Fair Haven's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fair Haven Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

November 15, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I

FAIR HAVEN PUBLIC SCHOOL DISTRICT
BOROUGH OF FAIR HAVEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The discussion and analysis of Fair Haven Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2016-2017 fiscal year are as follows:

- General revenues accounted for \$16,827,033 in revenue or 98% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$264,138 or 2% percent to total revenues of \$17,091,171.
- Total assets of governmental activities decreased by \$1,041,927.
- The School District had \$17,774,782 in expenses; only \$264,138 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$16,827,033 were adequate to provide for these programs.
- The General Fund had \$15,968,383 in revenues and \$15,984,508 in expenditures. The General Fund's balance decreased \$16,125 over 2016. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Fair Haven Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2016-2017 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on Exhibit A-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net position comparisons of fiscal year 2017 with 2016.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current and Other Assets	\$ 3,368,571	4,152,103
Capital Assets, Net	<u>11,185,278</u>	<u>11,460,568</u>
Total Assets	<u>\$ 14,553,849</u>	<u>15,612,671</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 1,724,737</u>	<u>658,679</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 185,523</u>	<u>300,288</u>
<u>Liabilities</u>		
Other Liabilities	\$ 363,169	747,297
Long-Term Liabilities	<u>10,417,257</u>	<u>9,237,517</u>
Total Liabilities	<u>\$ 10,780,426</u>	<u>9,984,814</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 6,060,278	5,630,568
Restricted	2,543,999	3,713,535
Unrestricted	<u>(3,291,640)</u>	<u>(3,357,855)</u>
Total Net Position	<u>\$ 5,312,637</u>	<u>5,986,248</u>

Table 2 shows the changes in net position for fiscal year 2017. Revenue and expense comparisons to fiscal year 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 36,447	17,090
Operating Grants and Contributions	237,691	235,724
General Revenues		
Property Taxes	14,293,620	13,978,316
Grants and Entitlements	2,331,261	2,563,087
Other	<u>202,152</u>	<u>223,121</u>
Total Revenues	<u>17,101,171</u>	<u>17,017,338</u>
<u>Program Expenses</u>		
Instruction	6,669,942	5,996,969
Support Services		
Pupils and Instructional Staff	2,200,982	2,068,050
General Administration, School Administration,		
Business	1,155,292	1,131,090
Operations and Maintenance of Facilities	1,589,250	1,762,674
Pupil Transportation	180,977	159,277
Interest on Debt	169,729	194,480
Food Service	25,439	29,635
Miscellaneous (Depreciation, Employee Benefits)	<u>5,783,171</u>	<u>4,485,487</u>
Total Expenses	<u>17,774,782</u>	<u>15,827,662</u>
Other Financing Uses	_____	_____(4,181)
Change in Net Position	<u>\$ (673,611)</u>	<u>1,185,495</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 84% percent of revenues for governmental activities for the Fair Haven Public School District for fiscal year 2017. The District's total revenues were \$17,086,127 for the fiscal year ended June 30, 2017. Federal, state, local grants and other local revenues accounted for another 16%.

Business-Type Activities

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

- Food service expenses exceeded revenues by \$10,395.
- Charges for services represent \$12,429 of revenue. This represents amount paid by patrons for daily food services.

Governmental Activities

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

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2017, it reported a combined net position of \$5,255,371. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The School Board' Funds (Continued)

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

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

Capital Assets

At June 30, 2017, the School Board had approximately \$11,185,278 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2017 fiscal year.

	Governmental Activities
Table II	
Capital Assets at June 30, 2017	
Land	\$ 439,000
Buildings	10,322,822
Machinery and Equipment	<u>423,456</u>
Total	<u>\$ 11,185,278</u>

Debt Administration

At June 30, 2017, the School District had \$10,747,257 in outstanding debt. Of this amount \$249,182 is for compensated absences and the balance of \$5,125,000 is for bonds for school construction.

The District also had \$5,373,075 in deferred pension liability.

Economic Factors and Next Year's Budget

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

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

Economic Factors and Next Year's Budget (Continued)

The \$(3,295,245) of unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(3,295,245).

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

In conclusion, the Fair Haven Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Valery Petrone, School Business Administrator/Board Secretary at Fair Haven Board of Education, 224 Hance Road, Fair Haven, NJ 07704.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

FAIR HAVEN SCHOOL DISTRICT**STATEMENT OF NET POSITION****Exhibit A-1****JUNE 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 578,619	2,543	581,162
Receivables, Net	778,472	1,062	779,534
Restricted Assets:			
Cash and Cash Equivalents	2,007,875		2,007,875
Capital Assets-Not Depreciated	439,000		439,000
Capital Assets, Net	10,692,617	53,661	10,746,278
Total Assets	<u>14,496,583</u>	<u>57,266</u>	<u>14,553,849</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>1,724,737</u>		<u>1,724,737</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>185,523</u>		<u>185,523</u>
<u>Liabilities</u>			
Deferred Revenue	12,437		12,437
Accounts Payable	20,732		20,732
Noncurrent Liabilities:			
Due Within One Year	330,000		330,000
Due Beyond One Year	10,417,257		10,417,257
Total Liabilities	<u>10,780,426</u>	<u>-</u>	<u>10,780,426</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	6,006,617	53,661	6,060,278
Restricted For:			
Debt Service	1		1
Capital Projects	536,123		536,123
Other Purposes	2,007,875		2,007,875
Unrestricted	<u>(3,295,245)</u>	<u>3,605</u>	<u>(3,291,640)</u>
Total Net Position	<u>\$ 5,255,371</u>	<u>57,266</u>	<u>5,312,637</u>

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

FAIR HAVEN SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 4,583,325			(4,583,325)		(4,583,325)
Special Education	2,009,995		12,406	(1,997,589)		(1,997,589)
Other Instruction	76,622			(76,622)		(76,622)
Support Services:						
Tuition	24,018	24,018		-		-
Student & Instruction Related Services	2,176,964		222,671	(1,954,293)		(1,954,293)
School Administrative Services	419,478			(419,478)		(419,478)
General and Business Administrative Services	735,814			(735,814)		(735,814)
Plant Operations and Maintenance	1,589,250			(1,589,250)		(1,589,250)
Pupil Transportation	180,977			(180,977)		(180,977)
Unallocated Employee Benefits	4,680,970			(4,680,970)		(4,680,970)
Capital Outlay	761,652			(761,652)		(761,652)
Unallocated Depreciation	340,549			(340,549)		(340,549)
Interest on Long-Term Debt	169,729			(169,729)		(169,729)
Total Government Activities	<u>17,749,343</u>	<u>24,018</u>	<u>235,077</u>	<u>(17,490,248)</u>	<u>-</u>	<u>(17,490,248)</u>
Business-Type Activities:						
Food Service	25,439	12,429	2,614		(10,396)	(10,396)
Total Business-Type Activities	<u>25,439</u>	<u>12,429</u>	<u>2,614</u>	<u>-</u>	<u>(10,396)</u>	<u>(10,396)</u>
Total Primary Government	<u>17,774,782</u>	<u>36,447</u>	<u>237,691</u>	<u>(17,490,248)</u>	<u>(10,396)</u>	<u>(17,500,644)</u>

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

FAIR HAVEN SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Exhibit A-2
Sheet 2 of 2

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				13,413,000		13,413,000
Taxes Levied for Debt Service				880,620		880,620
Federal and State Aid Not Restricted				2,331,261		2,331,261
Tuition				181,208		181,208
Investment Earnings and Miscellaneous Income				20,943	1	20,944
Total General Revenues and Transfers				<u>16,827,032</u>	<u>1</u>	<u>16,827,033</u>
Change in Net Position				(663,216)	(10,395)	(673,611)
Net Position - Beginning				<u>5,918,587</u>	<u>67,661</u>	<u>5,986,248</u>
Net Position - Ending				<u>\$ 5,255,371</u>	<u>57,266</u>	<u>5,312,637</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects	Debt Service Fund	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 2,570,238	16,255		1	2,586,494
Interfund Receivable	1,368				1,368
Receivables From Other Governments	240,981		537,491		778,472
Total Assets	\$ 2,812,587	16,255	537,491	1	3,366,334
Liabilities and Fund Balance					
Liabilities:					
Deferred Revenue	\$ -	12,437			12,437
Interfund Payable			1,368		1,368
Accounts Payable	3,546	3,818			7,364
Total Liabilities	3,546	16,255	1,368	-	21,169
Fund Balance:					
Restricted For:					
Emergency Reserve	250,000				250,000
Designated for Subsequent Years Expenditures - BOE	150,400				150,400
Designated for Subsequent Years Expenditures- Excess Surplus	484,092				484,092
Excess Surplus	500,000				500,000
Maintenance Reserve	369,837				369,837
Capital Reserve Account	250,000				250,000
Committed To:					
Other Purposes	342,550		536,123		878,673
Unassigned:					
Debt Service				1	1
Capital Projects					-
General Fund	462,162				462,162
Total Fund Balances	2,809,041	-	536,123	1	3,345,165
Total Liabilities and Fund Balance	\$ 2,812,587	16,255	537,491	1	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,652,433 and the accumulated depreciation is \$7,520,816.

11,131,617

Deferred outflow of resources - contributions to the pension plan

1,724,737

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

(185,523)

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

(10,747,257)

Accrued interest

(13,368)

Net position of governmental activities

\$ 5,255,371

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

FAIR HAVEN SCHOOL DISTRICT

Exhibit B-2

Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 13,413,000			880,620	14,293,620
Tuition Charges	205,226				205,226
Miscellaneous	20,943				20,943
Total Local Sources	<u>13,639,169</u>	-	-	880,620	14,519,789
State Sources	2,329,214			2,047	2,331,261
Federal Sources		235,077			235,077
Total Revenues	<u>15,968,383</u>	<u>235,077</u>	<u>-</u>	<u>882,667</u>	<u>17,086,127</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	4,583,325				4,583,325
Special Education Instruction	1,997,589	12,406			2,009,995
Other Instruction	76,622				76,622
Support Services and Undistributed Costs:					
Tuition	24,018				24,018
Student and Instruction Related Services	1,954,293	222,671			2,176,964
School Administrative Services	419,478				419,478
General and Business Administrative Services	735,814				735,814
Plant Operations and Maintenance	1,589,250				1,589,250
Pupil Transportation	180,977				180,977
Unallocated Benefits	4,352,053				4,352,053
Debt Service:					
Principal				705,000	705,000
Interest and Other Charges				177,667	177,667
Capital Outlay	71,089		763,066		834,155
Total Expenditures	<u>15,984,508</u>	<u>235,077</u>	<u>763,066</u>	<u>882,667</u>	<u>17,865,318</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,125)</u>	<u>-</u>	<u>(763,066)</u>	<u>-</u>	<u>(779,191)</u>
Net Change in Fund Balances	(16,125)	-	(763,066)	-	(779,191)
Fund Balance - July 1	<u>2,825,166</u>	<u>-</u>	<u>1,299,189</u>	<u>1</u>	<u>4,124,356</u>
Fund Balance - June 30	<u>\$ 2,809,041</u>	<u>-</u>	<u>536,123</u>	<u>1</u>	<u>3,345,165</u>

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

FAIR HAVEN SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	(779,191)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(340,549)	
Capital Outlay	<u>72,503</u>	(268,046)
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.		705,000
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		1,066,058
Pension Related Deferrals		114,765
Net Pension Liability		(1,494,078)
Accrued Interest		7,938
Compensated Absences and Other Liabilities		<u>(15,662)</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(663,216)</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2017

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,543
Accounts Receivable:	
State	9
Federal	119
Other	934
Total Current Assets	<u>3,605</u>
Noncurrent Assets:	
Equipment	73,444
Less: Accumulated Depreciation	<u>(19,783)</u>
Total Noncurrent Assets	<u>53,661</u>
Total Assets	<u>\$ 57,266</u>
<u>Net Position</u>	
Investment in Capital Assets	\$ 53,661
Unrestricted	<u>3,605</u>
Total Net Position	<u>\$ 57,266</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2017

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 12,429
Total Operating Revenue	<u>12,429</u>
Operating Expenses:	
Cost of Food - Reimbursable Programs	14,445
Depreciation	7,244
Salaries	3,750
Total Operating Expenses	<u>25,439</u>
Operating (Loss)/Profit	(13,010)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	150
Federal Sources:	
National School Lunch Program	2,249
National School Lunch HHFKA Program	215
Interest Revenue	1
Total Non-Operating Revenues	<u>2,615</u>
Change in Net Position	(10,395)
Net Position, July 1	<u>67,661</u>
Net Position, June 30	<u>\$ 57,266</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2017

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 12,429
Payments to Suppliers	(24,480)
Net Cash Used by Operating Activities	<u>(12,051)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	150
Federal Sources	2,464
Net Cash Provided by Noncapital Financing Activities	<u>2,614</u>
Cash Flows from Investing Activities:	
Interest	<u>1</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(9,436)
Cash and Cash Equivalents July 1	<u>11,979</u>
Cash and Cash Equivalents June 30	<u>\$ 2,543</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (13,010)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	7,244
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	(6,500)
(Increase)/Decrease in Accounts Receivable	215
Net Cash Used by Operating Activities	<u>\$ (12,051)</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2017

	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
Assets:		
Cash and Cash Equivalents	\$ 15,841	61,427
Total Assets	<u>\$ 15,841</u>	<u>61,427</u>
Net Position:		
Held in Trust for Unemployment Claims and Other Purposes	\$ 15,841	61,427
Total Net Position	<u>\$ 15,841</u>	<u>61,427</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSJUNE 30, 2017

	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
<u>Additions</u>		
Contributions	\$ 500	35,624
Total Contributions	<u>500</u>	<u>35,624</u>
Investment Earnings:		
Interest	46	11
Net Investments Earnings	<u>46</u>	<u>11</u>
Total Additions	<u>546</u>	<u>35,635</u>
<u>Deductions</u>		
Scholarship Payments	415	-
Unemployment Claims	-	2,819
Total Deductions	<u>415</u>	<u>2,819</u>
Change in Net Position	131	32,816
Net Position - Beginning of Year	<u>15,710</u>	<u>28,611</u>
Net Position - End of the Year	<u>\$ 15,841</u>	<u>61,427</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
FAIR HAVEN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Fair Haven School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Fair Haven School District had an approximate enrollment at June 30, 2017 of 1,022 students.

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

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

B. Government-Wide Financial Statements

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

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

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

Egan (Stokes) Memorial Fund
Viola L. Sickles Memorial Fund
World Language Award

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

E. Basis of Accounting:

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Basis of Accounting (Continued):

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

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2017 were insignificant.

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

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

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

G. Encumbrances:

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Encumbrances (Continued):

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

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. Accumulated depreciation for fiscal year 2017, fiscal year 2017 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

Capital asset activity for the year ended June 30, 2017 was as follows:

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

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets that are				
Not Being Depreciated:				
Land	\$ 439,000	_____	_____	439,000
Total Capital Assets Not	439,000	_____	_____	439,000
Being Depreciated				
Capital Assets -- Being Depreciated:				
Site Improvements & Buildings	17,389,667			17,389,667
Machinery & Equipment	757,385	66,381	_____	823,766
Totals at Historical Cost	18,147,052	66,381	_____	18,213,433
Less: Accumulated				
Depreciation for				
Site Improvements & Buildings	(6,792,538)	(274,307)		(7,066,845)
Machinery & Equipment	(393,851)	(66,242)	6,122	(453,971)
Total Accumulated Depreciation	(7,186,389)	(340,549)	6,122	(7,520,816)
Total Capital Assets Being				
Depreciated, Net of Accumulated				
Depreciation	10,960,663	(274,168)	6,122	10,692,617
Governmental Activities				
Capital Assets, Net	\$ 11,399,663	(274,168)	6,122	11,131,617
Business Type-Activities:				
Equipment	\$ 73,444			73,444
Less: Accumulated Depreciation				
Equipment	(12,539)	(7,244)	_____	(19,783)
Business Type Activities				
Capital Assets (Net)	\$ 60,905	(7,244)	_____	53,661
Depreciation expense was charged to governmental functions as follows:				
Unallocated				\$340,549

NOTE 1: Summary of Significant Accounting Policies (Continued)**K. Accrued Salaries and Wages**

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

L. Compensated Absences

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

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

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

M. Deferred Revenue

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

N. Long-Term Obligations

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

O. Fund Equity

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**P. Tuition Receivable**

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

Q. Tuition Payable

Tuition charges for the fiscal year 2016-2017 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

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

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

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

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

As of June 30, 2017, the District's deposits and investments are summarized as follows:

FDIC	\$ 334,516
GUPDA	<u>3,204,295</u>
	<u>\$ 3,538,811</u>

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Interest Bearing Checking Accounts	<u>\$ 2,941,229</u>
Total	<u>\$ 2,941,229</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2017 was \$2,941,229 and the bank balance was \$3,538,811. Of the bank balance \$334,516 was covered by federal depository insurance and \$3,204,295 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Custodial Credit Risk – Deposits

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

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Long-Term</u> <u>Portion</u>	<u>2017-18</u> <u>Payment</u>
Pension Liability	\$ 3,878,997	1,494,078		5,373,075	5,373,075	
Compensated Absences Payable	233,520	15,662		249,182	249,182	
Bonds Payable	<u>5,830,000</u>		(705,000)	<u>5,125,000</u>	<u>4,795,000</u>	<u>330,000</u>
	<u>\$ 9,942,517</u>	<u>1,509,740</u>	<u>(705,000)</u>	<u>10,747,257</u>	<u>10,417,257</u>	<u>330,000</u>

A. Bonds Payable

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017/2018	\$ 330,000	160,417	490,417
2018/2019	340,000	150,518	490,518
2019/2020	350,000	136,917	486,917
2020/2021	375,000	122,918	497,918
2021/2022	380,000	107,917	487,917
2023-2027	2,130,000	338,525	2,468,525
2028-2030	<u>1,220,000</u>	<u>70,675</u>	<u>1,290,675</u>
	<u>\$ 5,125,000</u>	<u>1,087,887</u>	<u>6,212,887</u>

Bonds issued 4/15/2005 for \$3,415,000 at interest from 3.25% to 5.00% maturing 7/15/2017 with a balance of \$0 at June 30, 2017.

Bonds issued 1/23/2013 for \$8,140,000 at interest of 4.25% maturing 6/1/2030 with a balance of \$5,125,000 at June 30, 2017.

NOTE 4: Pension Plans

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

NOTE 4: Pension Plans (Continued)

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

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

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

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

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

NOTE 4: Pension Plans (Continued)

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	\$ 166,467	100%	0
6/30/16	149,567	100%	0
6/30/15	150,251	100%	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	\$ 1,202,374	100%	0
6/30/16	1,009,869	100%	0
6/30/15	866,588	100%	0

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$1,202,374 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$475,917 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

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

For the year ended June 30, 2017, the District recognized pension expense of \$166,467. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 99,923	
Changes of Assumptions	1,113,014	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	204,880	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	140,453	185,523
District Contributions Subsequent to the Measurement Date	<u>166,467</u>	<u> </u>
Total	<u>\$ 1,724,737</u>	<u>185,523</u>

\$1,724,737 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2016 and 2015 are as follows:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Collective Deferred Outflows of Resources	\$ 1,724,737	658,679
Collective Deferred Inflows of Resources	185,523	300,288
Collective Net Pension Liability	5,373,075	3,878,997
District's Proportion	.01814%	.01728%

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

The components of the collective net pension liability of the participating employers as of June 30, 2016 were as follows:

	2016		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 36,295,189,928	49,474,698,146	85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$ 29,390,685,705</u>	<u>29,617,131,759</u>	<u>59,007,817,464</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	19.02%	40.14%	31.20%

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

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

NOTE 4: Pension Plans (Continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

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

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal years. State employer contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, 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:

	<u>2016</u>		
	<u>At 1% Decrease (3.90%)</u>	<u>At Current Discount Rate (4.90%)</u>	<u>At 1% Increase (5.90%)</u>
State	\$ 34,422,851,197	29,390,685,705	25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
Total	<u>\$ 70,715,189,252</u>	<u>59,007,817,464</u>	<u>49,352,744,647</u>
	<u>2015</u>		
	<u>At 1% Decrease (3.90%)</u>	<u>At Current Discount Rate (4.90%)</u>	<u>At 1% Increase (5.90%)</u>
State	\$ 27,802,122,942	23,722,135,537	20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
Total	<u>\$ 55,702,235,475</u>	<u>46,170,131,656</u>	<u>38,191,749,890</u>

NOTE 4: Pension Plans (Continued)**Teachers Pensions and Annuity Fund (TPAF)****Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 101,746,770,000	89,182,662,000
Plan Fiduciary Net Position	<u>22,717,862,967</u>	<u>25,604,797,560</u>
Net Pension Liability	<u>\$ 79,028,907,033</u>	<u>63,577,864,440</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2016</u>	<u>2015</u>
District's Liability	<u>\$ 45,292,859</u>	<u>39,153,716</u>
District's Proportion	.05731%	.06158%

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvements on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign – Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds – Equity Hedge	3.75%	4.72%
Hedge Funds – Distressed	3.75%	3.49%

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2016 (2.22%, 3.22%, 4.22%)	\$ 94,378,176,033	79,028,907,033	66,494,248,033
2015 (3.13%, 4.13%, 5.13%)	75,559,915,440	63,577,864,440	53,254,610,440

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

NOTE 6: Contingent Liabilities

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

NOTE 7: Equity Balance

At June 30, 2017, the General Fund equity balance was as follows:

Restricted Fund Balance:	
Designated for Subsequent Year's Expenditures by the BOE	\$ 150,400
Maintenance Reserve	369,837
Emergency Reserve	250,000
Excess Surplus – Designated for Subsequent Year's Expenditures	484,092
Capital Reserve	250,000
Excess Surplus	500,000
Committed Fund Balance:	
Year End Encumbrances	342,550
Unassigned Fund Balance	<u>503,051</u>
	<u>\$ 2,849,930</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2017-2018 budget and expended therefrom.

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

2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures Per the CAFR	\$ 15,984,508
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(1,678,291)</u>
Adjusted 16-17 General Fund Expenditures	<u>\$ 14,306,217</u>
2% of Adjusted 2016-17 General Fund Expenditures	<u>\$ 286,124</u>
Enter Greater of Above or \$250,000	\$ 286,124
Increased by Allowable Adjustment	<u>216,927</u>
Maximum Unassigned Fund Balance	<u>\$ 503,051</u>

Section 2

Total General Fund – Fund Balance @ 6-30-17	\$ 2,849,930
Decreased by:	
Reserved for Encumbrances	(342,550)
Designated for Subsequent Years Expenditures – Excess Surplus	(484,092)
Designated for Subsequent Years Expenditures – BOE	(150,400)
Other Reserves	<u>(869,837)</u>
Total Unassigned Fund Balance	<u>\$ 1,003,051</u>
Excess Surplus	<u>\$ 500,000</u>

NOTE 7: Equity Balance (Continued)

Designated for Subsequent Years Expenditures – Excess Surplus	\$ 484,092
Reserved Fund Balance – Excess Surplus	<u>500,000</u>
	<u>\$ 984,092</u>

Section 3**Detail of Allowable Adjustment**

Extraordinary Aid	\$ 209,324
Non-Public Transportation Aid	<u>7,603</u>
	<u>\$ 216,927</u>

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 369,837
Emergency Reserve	250,000
Capital Reserve	<u>250,000</u>
Total Other Restricted Fund Balance	<u>\$ 869,837</u>

NOTE 8: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 0	22,785	46,917	20,737
2015-2016	0	11,660	3,786	28,611
2016-2017	0	35,635	2,819	61,427

NOTE 9: Capital Reserve Account

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

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	<u>\$ 250,000</u>
Ending Balance, June 30, 2017	<u>\$ 250,000</u>

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

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district's LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

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

NOTE 10: Fair Values of Financial Instruments

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

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

NOTE 11: Fund Balance Appropriated

General Fund – Of the \$2,849,930 General Fund fund balance at June 30, 2017, \$342,550 is reserve for encumbrances; \$369,837 is reserved for maintenance; \$250,000 is reserved for emergency reserve; \$484,092 is excess surplus designated for subsequent years expenditures in the 2016-2017 budget; \$250,000 has been reserved in the Capital Reserve Account; \$500,000 is reserved excess surplus; \$150,400 designated for subsequent year's expenditures by the BOE in the 2017-18 budget; and \$503,051 is unreserved and undesignated.

Debt Service Fund – The Debt Service Fund fund balance at June 30, 2017 of \$1 is designated for subsequent year's expenditures in 2017-18.

NOTE 12: Economic Dependency

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

NOTE 13: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2016. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2017 through November 15, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 13,413,000		13,413,000	13,413,000	-
Tuition From Individuals	27,500		27,500	87,675	60,175
Tuition From Other LEA's	168,396		168,396	117,551	(50,845)
Interest Earned on Investments			-	2,305	2,305
Miscellaneous	6,000		6,000	18,638	12,638
Total Local Sources	<u>13,614,896</u>	<u>-</u>	<u>13,614,896</u>	<u>13,639,169</u>	<u>24,273</u>
State Sources:					
Special Education Aid	377,743		377,743	377,743	-
Extraordinary Aid			-	209,324	209,324
Transportation Aid	11,599		11,599	11,599	
Security Aid	16,914		16,914	16,914	
PARCC Readiness Aid	9,715		9,715	9,715	
Per Pupil Growth Aid	9,715		9,715	9,715	
Professional Learning Growth Aid	9,470		9,470	9,470	-
Other State Aid - Non Public Transportation			-	7,603	7,603
TPAF Pension (On Behalf-Non-Budgeted)			-	1,202,374	1,202,374
TPAF Social Security (Reimbursed - Non-Budgeted)				475,917	475,917
Total State Sources	<u>435,156</u>	<u>-</u>	<u>435,156</u>	<u>2,330,374</u>	<u>1,895,218</u>
Total Revenues	<u>14,050,052</u>	<u>-</u>	<u>14,050,052</u>	<u>15,969,543</u>	<u>1,919,491</u>

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Pre-School/Kindergarten - Salaries of Teachers	224,795	9,610	234,405	233,932	473
Grades 1-5 - Salaries of Teachers	2,509,394	(152,655)	2,356,739	2,211,606	145,133
Grades 6-8 - Salaries of Teachers	1,473,421	24,237	1,497,658	1,497,043	615
Regular Programs - Undistributed Instruction:					
Other Salaries For Instruction	59,700	17,433	77,133	76,513	620
Other Purchased Services	31,854		31,854	31,853	1
General Supplies	223,414	146,712	370,126	211,514	158,612
Textbooks	63,000	294,359	357,359	301,394	55,965
Other Objects	26,000	(13,800)	12,200	7,765	4,435
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	4,705	11,705	11,705	-
Total Regular Programs - Instruction	<u>4,618,578</u>	<u>330,601</u>	<u>4,949,179</u>	<u>4,583,325</u>	<u>365,854</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	66,008	4,862	70,870	70,326	544
Other Salaries for Instruction	127,184	1,150	128,334	126,411	1,923
General Supplies	750	300	1,050	329	721
Total Learning and/or Language Disabilities	<u>193,942</u>	<u>6,312</u>	<u>200,254</u>	<u>197,066</u>	<u>3,188</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,167,096	(30,230)	1,136,866	1,086,276	50,590
General Supplies	2,600		2,600		2,600
Total Resource Room/Resource Center	<u>1,169,696</u>	<u>(30,230)</u>	<u>1,139,466</u>	<u>1,086,276</u>	<u>53,190</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Autism:					
Salaries of Teachers	250,326	4,130	254,456	233,311	21,145
Other Salaries for Instruction	298,500	21,394	319,894	302,152	17,742
General Supplies	3,000		3,000	272	2,728
Total Autism	<u>551,826</u>	<u>25,524</u>	<u>577,350</u>	<u>535,735</u>	<u>41,615</u>
Pre-School Disabilities - Part Time					
Salaries of Teachers	67,178	655	67,833	67,259	574
Other Salaries for Instruction	131,036	(13,206)	117,830	111,253	6,577
Purchased Professional Educational Services	5,500	(5,500)	-		-
Total Pre-School Handicapped	<u>203,714</u>	<u>(18,051)</u>	<u>185,663</u>	<u>178,512</u>	<u>7,151</u>
Total Special Education - Instruction	<u>2,119,178</u>	<u>(16,445)</u>	<u>2,102,733</u>	<u>1,997,589</u>	<u>105,144</u>
Bilingual Education					
Salaries of Teachers	1,320		1,320		1,320
Total Basic Skills/Remedial - Instruction	<u>1,320</u>	<u>-</u>	<u>1,320</u>	<u>-</u>	<u>1,320</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	35,000	131	35,131	35,131	-
Supplies and Materials	500		500		500
Total School Sponsored Co-Curricular	<u>35,500</u>	<u>131</u>	<u>35,631</u>	<u>35,131</u>	<u>500</u>
School Sponsored Athletics - Instruction:					
Salaries	18,750	15,975	34,725	34,714	11
Supplies and Materials	5,500	500	6,000	5,731	269
Other Objects	1,550	(200)	1,350	1,046	304
Total School Sponsored Athletics - Instruction	<u>25,800</u>	<u>16,275</u>	<u>42,075</u>	<u>41,491</u>	<u>584</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Instruction	<u>6,800,376</u>	<u>330,562</u>	<u>7,130,938</u>	<u>6,657,536</u>	<u>473,402</u>
Undistributed Expenditures-Instruction:					
Tuition to Private Schools for Handicapped - Within State	83,842	(80,753)	3,089	2,665	424
Tuition-Other	<u> </u>	<u>21,353</u>	<u>21,353</u>	<u>21,353</u>	<u>-</u>
Total Undistributed Expenditures-Instruction	<u>83,842</u>	<u>(59,400)</u>	<u>24,442</u>	<u>24,018</u>	<u>424</u>
Undistributed Expenditures - Health:					
Salaries	134,471	1,860	136,331	136,236	95
Purchased Professional and Technical Services	6,500	1,650	8,150	7,995	155
Supplies and Materials	<u>3,000</u>	<u>1,000</u>	<u>4,000</u>	<u>3,410</u>	<u>590</u>
Total Undistributed Expenditures - Health:	<u>143,971</u>	<u>4,510</u>	<u>148,481</u>	<u>147,641</u>	<u>840</u>
Undistributed Expenditures - Other Support Services					
Students - Related Services:					
Salaries of Teachers	338,242	(19,570)	318,672	318,589	83
Purchased Professional Educational Services	82,853	4,950	87,803	87,761	42
Supplies and Materials	<u>750</u>	<u>2,600</u>	<u>3,350</u>	<u>3,198</u>	<u>152</u>
Total Undistributed Expenditures - Other Support Services			-		
Students - Related Services	<u>421,845</u>	<u>(12,020)</u>	<u>409,825</u>	<u>409,548</u>	<u>277</u>
Undistributed Expenditures - Other Support Services					
Students - Extra. Services					
Salaries	<u>21,300</u>	<u>34,176</u>	<u>55,476</u>	<u>55,476</u>	<u>-</u>

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Supp. Serv.					
Students - Regular					
Salaries of Other Professional Staff	88,997	8,950	97,947	97,939	8
Supplies and Materials	250		250	100	150
Total Undistributed Expenditures-Other Supp. Serv. - Reg.	<u>89,247</u>	<u>8,950</u>	<u>98,197</u>	<u>98,039</u>	<u>158</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.:					
Salaries of Other Professional Staff	393,214	8,923	402,137	401,648	489
Salaries of Secretarial and Clerical Assts.	42,500	(1,150)	41,350	41,345	5
Other Purchased Professional and Technical Services	14,000	490	14,490	11,445	3,045
Miscellaneous Purchased Services	5,750	3,300	9,050	8,390	660
Supplies and Materials	4,000	600	4,600	4,463	137
Other Objects	750		750	580	170
Total Undistributed Expenditures-Other Sup. Serv.	<u>460,214</u>	<u>12,163</u>	<u>472,377</u>	<u>467,871</u>	<u>4,506</u>
Undistributed Expenditures-Impvmt of Inst. Serv.					
Salaries of Supervisors of Instruction	233,070	73,615	306,685	303,455	3,230
Salaries of Other Professional Staff	57,033	(56,971)	62		62
Other Purchased Professional and Technical Services	9,100	(6,026)	3,074	3,000	74
Other Purchased Services	4,000	(474)	3,526	3,253	273
Supplies and Materials	5,000	7,825	12,825	9,123	3,702
Other Objects	1,200		1,200	375	825
Total Undistributed Expenditures-Impvmt. of Inst. Serv	<u>309,403</u>	<u>17,969</u>	<u>327,372</u>	<u>319,206</u>	<u>8,166</u>

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	142,349	(33,372)	108,977	105,726	3,251
Salaries of Technology Coordinators	171,900		171,900	171,868	32
Purchased Professional and Technical Services	47,000	65,905	112,905	109,831	3,074
Supplies and Materials	25,750	(9,289)	16,461	10,851	5,610
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>386,999</u>	<u>23,244</u>	<u>410,243</u>	<u>398,276</u>	<u>11,967</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Purchased Professional-Educational Services	20,000	2,255	22,255	22,254	1
Other Purchased Services	25,500	10,490	35,990	35,982	8
Total Undistributed Expenditures - Instructional Staff Training Serv.	<u>45,500</u>	<u>12,745</u>	<u>58,245</u>	<u>58,236</u>	<u>9</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	221,250	(3,128)	218,122	217,074	1,048
Legal Services	47,000	25,590	72,590	72,590	-
Audit Fees	10,500		10,500	10,000	500
Communications/Telephone	41,000	19,456	60,456	59,511	945
Other Purchased Services (400-500 Series)	46,105	(2,821)	43,284	41,278	2,006
Supplies and Materials	4,000	(2,000)	2,000	2,000	-
BOE Supplies	800		800	773	27
BOE Dues and Fees	10,500	(750)	9,750	8,995	755
Miscellaneous Expenditures	10,250	2,250	12,500	12,322	178
Total Undistributed Expenditures - Supp. Serv. General Administration	<u>391,405</u>	<u>38,597</u>	<u>430,002</u>	<u>424,543</u>	<u>5,459</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	246,978	1,425	248,403	247,979	424
Salaries of Secretarial/Clerical Assistants	144,749	(5,000)	139,749	139,590	159
Other Purchased Services	3,000	4,225	7,225	7,018	207
Supplies and Materials	23,000	729	23,729	23,441	288
Other Objects	3,000	(1,000)	2,000	1,450	550
Total Undistributed Expend.-Supp. Serv.-School Admin.	<u>420,727</u>	<u>379</u>	<u>421,106</u>	<u>419,478</u>	<u>1,628</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Salaries	108,287		108,287	107,415	872
Cleaning, Repair and Maintenance Services	402,000	26,589	428,589	213,235	215,354
Total Undistributed Expenditures-Allow. Maint. School Fac.	<u>510,287</u>	<u>26,589</u>	<u>536,876</u>	<u>320,650</u>	<u>216,226</u>
Undistributed Expenditures - Other Oper. & Maint. of Plant:					
Salaries	479,569	(25,850)	453,719	452,582	1,137
Cleaning, Repair and Maintenance Services	70,000	(5,000)	65,000	62,888	2,112
Purchased Professional And Technical Services	235,000	43,234	278,234	249,841	28,393
Other Purchased Property Services	84,500	2,525	87,025	83,246	3,779
Insurance	74,000	(3,374)	70,626	70,612	14
Misc. Purchased Services	6,500	45	6,545	3,512	3,033
General Supplies	77,040		77,040	66,507	10,533
Energy - Electricity	195,000	(32,850)	162,150	162,145	5
Energy - Natural Gas	105,000	(23,215)	81,785	81,599	186
Other Objects	2,100	(350)	1,750	1,708	42
Total Undistributed Expend. - Other Oper. & Main. of Plant	<u>1,328,709</u>	<u>(44,835)</u>	<u>1,283,874</u>	<u>1,234,640</u>	<u>49,234</u>
Security:					
Salaries	33,550		33,550	33,280	270
Purchased Professional and Technical Services	2,000	(1,278)	722	680	42
Total Security	<u>35,550</u>	<u>(1,278)</u>	<u>34,272</u>	<u>33,960</u>	<u>312</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	1,874,546	(19,524)	1,855,022	1,589,250	265,772
Undistributed Expenditures - Student Transportation Serv:					
Contr. Serv. (Other Than Between Home & School)-Vendors	13,500	3,680	17,180	17,150	30
Contr. Serv. (Between Home & School)-Joint Agreement	56,800	32,338	89,138	89,138	-
Contr. Serv. (Special Education Students)-Joint Agreements	65,000	2,815	67,815	67,813	2
Contr. Services Aid in Lieu - Non-Public	7,072		7,072	6,876	196
Total Undistributed Expenditures - Student Transportation Services	142,372	38,833	181,205	180,977	228
Undistributed Expenditures - Central Services					
Support Services:					
Salaries	253,634	996	254,630	254,630	-
Purchased Professional Services	33,000	15,465	48,465	48,458	7
Other Purchased Services	6,300	(2,500)	3,800	3,341	459
Supplies and Materials	5,000	(1,605)	3,395	3,352	43
Other Objects	1,400	90	1,490	1,490	-
Total Undistributed Expenditures - Business and Other Support Services	299,334	12,446	311,780	311,271	509
Regular Programs-Instruction - Employee Benefits					
Health Benefits	2,087,981	(289,277)	1,798,704	1,736,685	62,019
Tuition Reimbursement	15,500	21,400	36,900	36,893	7
Total Regular Programs - Instruction - Employee Benefits	2,103,481	(267,877)	1,835,604	1,773,578	62,026

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services-Gen'l Adm.-Employee Benefits					
Health Benefits	51,885	1,082	52,967	52,967	-
Total Support Services-Gen'l Adm.-Employee Benefits	<u>51,885</u>	<u>1,082</u>	<u>52,967</u>	<u>52,967</u>	<u>-</u>
Unallocated Benefits:					
Social Security Contributions	225,000	(2,731)	222,269	222,268	1
Other Retirement Contributions - PERS	185,500	(18,344)	167,156	166,467	689
Unemployment Compensation	30,000	(3,690)	26,310	10,850	15,460
Workmen's Compensation	89,213	3,349	92,562	92,192	370
Health Benefits	362,286	(20,600)	341,686	322,714	18,972
Attendance Compensation	52,308	(15,597)	36,711	32,726	3,985
Total Unallocated Benefits	<u>944,307</u>	<u>(57,613)</u>	<u>886,694</u>	<u>847,217</u>	<u>39,477</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,202,374	(1,202,374)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	475,917	(475,917)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,678,291</u>	<u>(1,678,291)</u>
Total Undistributed Expenditures	<u>8,190,378</u>	<u>(211,340)</u>	<u>7,979,038</u>	<u>9,255,883</u>	<u>(1,276,845)</u>
Total Current Expense	<u>14,990,754</u>	<u>119,222</u>	<u>15,109,976</u>	<u>15,913,419</u>	<u>(803,443)</u>
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Other Purchased Professional Technical Services		19,259	19,259		19,259
Assessment for Debt Service on SDA Funding	16,759		16,759	16,759	-
Equipment-Business			-		-
Equipment-Plant		54,330	54,330	54,330	-
Total Capital Outlay	<u>16,759</u>	<u>73,589</u>	<u>90,348</u>	<u>71,089</u>	<u>19,259</u>

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Total Expenditures	<u>15,007,513</u>	<u>192,811</u>	<u>15,200,324</u>	<u>15,984,508</u>	<u>(784,184)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(957,461)</u>	<u>(192,811)</u>	<u>(1,150,272)</u>	<u>(14,965)</u>	<u>1,135,307</u>
Fund Balance July 1	<u>2,864,895</u>		<u>2,864,895</u>	<u>2,864,895</u>	
Fund Balance June 30	<u>\$ 1,907,434</u>	<u>(192,811)</u>	<u>1,714,623</u>	<u>2,849,930</u>	<u>1,135,307</u>
Restricted Fund Balance:					
Capital Reserve				\$ 250,000	
Maintenance Reserve				369,837	
Excess Surplus - Designated for Subsequent Years Expenditures				484,092	
Excess Surplus				500,000	
Emergency Reserve				250,000	
Designated for Subsequent Years Expenditures by the BOE				150,400	
Assigned Fund Balance:					
Year End Encumbrances				342,550	
Unassigned Fund Balance				<u>503,051</u>	
				2,849,930	
Reconciliation to Governmental Fund Statement (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis				<u>(40,889)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,809,041</u>	

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	<u>199,402</u>	<u>62,215</u>	<u>261,617</u>	<u>235,077</u>	<u>26,540</u>
Total Revenues	<u>\$ 199,402</u>	<u>62,215</u>	<u>261,617</u>	<u>235,077</u>	<u>26,540</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	28,512	28,512	1,972	26,540
Salaries of Other Professional Staff	184,921	(24,796)	160,125	160,125	
General Supplies		<u>10,434</u>	<u>10,434</u>	<u>10,434</u>	
Total Instruction	<u>184,921</u>	<u>14,150</u>	<u>199,071</u>	<u>172,531</u>	<u>26,540</u>
Support Services:					
Employee Benefits		2,181	2,181	2,181	-
Purchased Professional Educational Services	14,481	1,785	16,266	16,266	
Other Purchased Services		41,542	41,542	41,542	
General Supplies		<u>2,557</u>	<u>2,557</u>	<u>2,557</u>	
Total Support Services	<u>14,481</u>	<u>48,065</u>	<u>62,546</u>	<u>62,546</u>	<u>-</u>
Total Expenditures	<u>\$ 199,402</u>	<u>62,215</u>	<u>261,617</u>	<u>235,077</u>	<u>26,540</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 15,969,543	235,077
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	39,729	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(40,889)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 15,968,383</u>	<u>235,077</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 15,984,508	235,077
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 15,984,508</u>	<u>235,077</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

Exhibit L-1

LAST FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,373,075	3,878,997	3,340,104	3,625,643
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	-	-	-	-
Total	<u>\$ 5,373,075</u>	<u>3,878,997</u>	<u>3,340,104</u>	<u>3,625,643</u>
District's Covered-Employee Payroll	\$ 1,397,135	1,287,294	1,170,827	1,181,671
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	26.00%	33.19%	35.05%	32.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.20%	38.21%	42.74%	40.71%

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 166,467	150,251	143,985	141,335
Contributions in Relation to the Contractually Required Contribution	<u>166,467</u>	<u>150,251</u>	<u>143,985</u>	<u>141,335</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,397,135	1,287,294	1,170,827	1,181,671
Contributions as a Percentage of Covered-Employee Payroll	11.91%	11.67%	12.30%	11.96%

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>45,292,859</u>	<u>39,153,716</u>	<u>33,414,670</u>	<u>30,694,361</u>
Total	<u>\$ 45,292,859</u>	<u>39,153,716</u>	<u>33,414,670</u>	<u>30,694,361</u>
District's Covered-Employee Payroll	\$ 6,175,104	5,749,823	5,858,947	6,049,277
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	13.63%	14.69%	17.53%	19.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

FAIR HAVEN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS

L-4

This schedule is not applicable. _____

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

FAIR HAVEN SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III**

L-5

FOR THE FISCAL YEAR ENDED JUNE 30, 2017**Public Employee's Retirement System (PERS)**

Changes in Benefit Terms – None

Changes in Assumptions – The discount rate changed from 4.90% as of June 30, 2015, to 3.98% as of June 30, 2016, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms – None

Changes in Assumption – The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

FAIR HAVEN SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Title I</u>	<u>Title IIA</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>	<u>Totals June 30, 2017</u>
Revenues:					
Federal Sources	\$ 7,345	16,266	204,224	7,242	235,077
Total Revenue	<u>\$ 7,345</u>	<u>16,266</u>	<u>204,224</u>	<u>7,242</u>	<u>235,077</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 1,972				1,972
General Supplies	3,192			7,242	10,434
Total Instruction	<u>5,164</u>	<u>-</u>	<u>-</u>	<u>7,242</u>	<u>12,406</u>
Support Services:					
Salaries of Other Professional Staff			160,125		160,125
Employee Benefits	2,181				2,181
Purchased Professional Educational Services		16,266			16,266
Other Purchased Services			41,542		41,542
General Supplies			2,557		2,557
Total Support Services	<u>2,181</u>	<u>16,266</u>	<u>204,224</u>	<u>-</u>	<u>222,671</u>
Total Expenditures	<u>\$ 7,345</u>	<u>16,266</u>	<u>204,224</u>	<u>7,242</u>	<u>235,077</u>

CAPITAL PROJECTS FUND – F

FAIR HAVEN SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2017Expenditures

Roof Project - Construction Services

\$ 763,066

Total Expenditures

763,066

Fund Balance - Beginning

1,299,189

Fund Balance - Ending

\$ 536,123

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISVIOLA SICKLES SCHOOL DISTRICT WIDE TELEPHONE SYSTEMFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

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

Additional Project Information

Project Number	1440-060-14-1005
Grant Date	6/11/2015
Original Authorized Cost	\$ 33,606
Additional Authorized Cost	-
Revised Authorized Cost	\$ 33,606
Percentage Completion	38%
Original Target Completion Date	6/30/2016
Revised Target Completion Date	6/30/2016

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2b

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISKNOLLWOOD ELEMENTARY/MIDDLE SCHOOL PHONE SYSTEM REPLACEMENTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

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

Additional Project Information

Project Number	1440-050-14-1004
Grant Date	6/11/2015
Original Authorized Cost	\$ 74,568
Additional Authorized Cost	-
Revised Authorized Cost	\$ 74,568
Percentage Completion	62%
Original Target Completion Date	6/30/2016
Revised Target Completion Date	6/30/2016

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2c

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISKNOLLWOOD ELEMENTARY SCHOOL - PARTIAL ROOF REPLACEMENTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - ROD Grant	513,088		513,088	513,088
Transfer from Capital Reserve	553,807		553,807	553,807
Additional Transfer from Capital Reserve	47,500		47,500	47,500
Transfer from Capital Outlay	168,326		168,326	168,326
Total Revenues	<u>1,282,721</u>		<u>1,282,721</u>	<u>1,282,721</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	45,790	763,066	808,856	1,282,721
Total Expenditures	<u>45,790</u>	<u>763,066</u>	<u>808,856</u>	<u>1,282,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,236,931</u>	<u>(763,066)</u>	<u>473,865</u>	<u>-</u>

Additional Project Information

Project Number	1440-050-14-1003-G04
Grant Date	1/6/2014
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$ 1,282,721
Additional Authorized Cost	-
Revised Authorized Cost	\$ 1,282,721
Percentage Completion	63%
Original Target Completion Date	9/1/2016
Revised Target Completion Date	9/1/2017

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

FAIR HAVEN SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2017

	<u>Agency</u>			<u>Expendable Trusts</u>			<u>Totals 2017</u>
	<u>Student Activity</u>	<u>Agency Account</u>	<u>Net Salary Account</u>	<u>Scholarship Fund</u>	<u>Other Trust</u>	<u>Unemployment Compensation</u>	
Assets:							
Cash and Cash Equivalents	\$ 65,661	207,281	1,835	15,841	147	61,427	352,192
Total Assets	\$ 65,661	207,281	1,835	15,841	147	61,427	352,192
Liabilities and Net Position:							
Liabilities:							
Due to Student Groups	\$ 65,661						65,661
Payroll Withholdings		207,281	1,835				209,116
Total Liabilities	65,661	207,281	1,835	-	-	-	274,777
Net Position:							
Unreserved				15,841	147	61,427	77,415
Total Net Position	-	-	-	15,841	147	61,427	77,415
Total Liabilities and Net Position	\$ 65,661	207,281	1,835	15,841	147	61,427	352,192

FAIR HAVEN SCHOOL DISTRICT

EXPENDABLE TRUST FUNDS

Exhibit H-2

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Other Trusts</u>	<u>Totals</u>
Additions:				
Local Sources:				
Contributions	\$ 500	35,624		36,124
Interest on Investments	46	11		57
Total Additions	<u>546</u>	<u>35,635</u>	<u>-</u>	<u>36,181</u>
Deductions:				
Scholarship Payments	415			415
Other Payments				-
Unemployment Claims		2,819		2,819
Total Deductions	<u>415</u>	<u>2,819</u>	<u>-</u>	<u>3,234</u>
Change in Net Position	131	32,816	-	32,947
Net Position, July 1	<u>15,710</u>	<u>28,611</u>	<u>147</u>	<u>44,468</u>
Net Position, June 30	<u>\$ 15,841</u>	<u>61,427</u>	<u>147</u>	<u>77,415</u>

FAIR HAVEN SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary Schools: Knollwood/Sickles	\$ 64,221	104,993	103,553	65,661
Total All Schools	<u>\$ 64,221</u>	<u>104,993</u>	<u>103,553</u>	<u>65,661</u>

FAIR HAVEN SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Assets:				
Cash and Cash Equivalents	\$ 223,385	4,689,275	4,705,379	207,281
Total Assets	<u>\$ 223,385</u>	<u>4,689,275</u>	<u>4,705,379</u>	<u>207,281</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 223,385	4,689,275	4,705,379	207,281
Total Liabilities	<u>\$ 223,385</u>	<u>4,689,275</u>	<u>4,705,379</u>	<u>207,281</u>

LONG-TERM DEBT – I

FAIR HAVEN SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2016</u>	<u>Retired</u>	<u>Ending Balance June 30, 2017</u>
School Refunding Bonds	4/15/2005	\$ 3,415,000			4.00%	\$ 390,000	390,000	-
2013 Refunding Bonds	1/23/2013	6,075,000	6/1/2018	\$ 330,000	3.00%	5,440,000	315,000	5,125,000
			6/1/2019	340,000	4.00%			
			6/1/2020	350,000				
			6/1/2021	375,000				
			6/1/2022	380,000				
			6/1/2023	425,000	3.00%			
			6/1/2024	430,000				
			6/1/2025	430,000				
			6/1/2026	425,000	2.25%			
			6/1/2027	420,000	2.40%			
			6/1/2028	415,000	2.50%			
			6/1/2029	405,000	3.00%			
			6/1/2030	400,000				
						<u>\$ 5,830,000</u>	<u>705,000</u>	<u>5,125,000</u>

FAIR HAVEN SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 880,620		880,620	880,620	
State Sources:					
Type II Aid	2,047		2,047	2,047	
Total Revenues	<u>882,667</u>	<u>-</u>	<u>882,667</u>	<u>882,667</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	177,668		177,668	177,667	1
Redemption of Principal	705,000		705,000	705,000	-
Total Expenditures	<u>882,668</u>	<u>-</u>	<u>882,668</u>	<u>882,667</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	-	1
Fund Balance July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

STATISTICAL SECTION

(Unaudited)

FAIR HAVEN SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

J-1

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	2,055,527	2,183,436	2,411,927	2,686,284	3,011,020	3,569,293	3,420,937	4,058,352	5,569,663	6,006,617
Restricted	990,611	1,281,859	1,098,271	1,682,746	2,093,897	2,062,088	1,894,869	2,819,790	3,713,535	2,543,999
Unrestricted	85,809	(59,559)	(117,974)	(45,136)	(53,437)	(14,167)	435,308	(3,329,083)	(3,364,611)	(3,295,245)
Total Governmental Activities Net Position	<u>3,131,947</u>	<u>3,405,736</u>	<u>3,392,224</u>	<u>4,323,894</u>	<u>5,051,480</u>	<u>5,617,214</u>	<u>5,751,114</u>	<u>3,549,059</u>	<u>5,918,587</u>	<u>5,255,371</u>
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt									60,905	53,661
Unrestricted	3,056	5,348	10,361	16,804	21,977	26,740	34,217	12,416	6,756	3,605
Total Business-Type Activities Net Position	<u>3,056</u>	<u>5,348</u>	<u>10,361</u>	<u>16,804</u>	<u>21,977</u>	<u>26,740</u>	<u>34,217</u>	<u>12,416</u>	<u>67,661</u>	<u>57,266</u>
District-Wide:										
Invested in Capital Assets, Net of Related Debt	2,055,527	2,183,436	2,411,927	2,686,284	3,011,020	3,569,293	3,420,937	4,058,352	5,630,568	6,060,278
Restricted	990,611	1,281,859	1,098,271	1,682,746	2,093,897	2,062,088	1,894,869	2,819,790	3,713,535	2,543,999
Unrestricted	88,865	(54,211)	(107,613)	(28,332)	(31,460)	12,573	469,525	(3,316,667)	(3,357,855)	(3,291,640)
Total District Net Position	<u>3,135,003</u>	<u>3,411,084</u>	<u>3,402,585</u>	<u>4,340,698</u>	<u>5,073,457</u>	<u>5,643,954</u>	<u>5,785,331</u>	<u>3,561,475</u>	<u>5,986,248</u>	<u>5,312,637</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses										
Governmental Activities:										
Instruction:										
Regular	6,129,752	5,458,969	4,147,263	3,869,157	3,953,383	3,892,719	3,969,823	4,190,656	4,297,528	4,583,325
Special Education	1,660,714	1,337,278	1,255,410	1,188,595	1,428,028	1,613,189	1,513,991	1,534,886	1,657,194	2,009,995
Other Instruction	213,152	130,209	167,114	35,523	45,959	51,205	50,609	64,371	42,247	76,622
Support Services:										
Tuition	80,292	88,774	88,198	204	11,156	182,822	5,352	120,621	72,132	24,018
Student and Instruction Related Services	2,066,010	2,545,399	1,464,984	1,542,541	1,551,831	1,743,557	1,923,581	1,885,016	1,995,918	2,176,964
School Administration Services	619,080	636,424	356,562	338,806	339,085	342,612	392,114	378,429	382,845	419,478
General Administration	503,952	416,416	631,337	660,757	676,347	702,229	701,658	663,781	748,245	
Central Services	380,078									
Plant Operations and Maintenance	1,525,057	1,350,042	1,356,341	1,489,574	1,529,124	1,337,927	1,371,557	1,454,789	1,912,779	1,589,250
Pupil Transportation	147,129	189,672	187,110	83,950	110,332	171,761	99,214	116,865	159,277	180,977
Unallocated Employee Benefits			3,033,591	3,054,542	3,304,276	3,834,803	3,782,623	3,841,208	3,995,204	4,680,970
Interest on Long-Term Debt	589,253	523,744	503,622	431,255	392,407	303,751	301,975	302,974	194,480	169,729
Unallocated Depreciation		434,909	405,654	305,936	329,135	302,752	285,077	245,988	340,178	340,549
Total Governmental Activities Expenses	<u>13,914,469</u>	<u>13,111,836</u>	<u>13,597,186</u>	<u>13,000,840</u>	<u>13,671,063</u>	<u>14,479,327</u>	<u>14,397,574</u>	<u>14,799,584</u>	<u>15,798,027</u>	<u>16,251,877</u>
Business-Type Activities:										
Food Service	61,678	62,218	60,835	55,265	55,045	41,660	24,598	42,337	29,635	25,439
Total Business-Type Activities	<u>61,678</u>	<u>62,218</u>	<u>60,835</u>	<u>55,265</u>	<u>55,045</u>	<u>41,660</u>	<u>24,598</u>	<u>42,337</u>	<u>29,635</u>	<u>25,439</u>
Total District Expenses	<u>13,976,147</u>	<u>13,174,054</u>	<u>13,658,021</u>	<u>13,056,105</u>	<u>13,726,108</u>	<u>14,520,987</u>	<u>14,422,172</u>	<u>14,841,921</u>	<u>15,827,662</u>	<u>16,277,316</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Program Revenues</u>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	110,369			69,651	55,120	121,650	149,682	120,621		24,018
Operating Grants and Contributions	1,576,905	1,743,737	288,411	343,146	249,542	224,165	218,477	227,462	235,724	235,077
Total Governmental Activities Program Revenues	<u>1,687,274</u>	<u>1,743,737</u>	<u>288,411</u>	<u>412,797</u>	<u>304,662</u>	<u>345,815</u>	<u>368,159</u>	<u>348,083</u>	<u>235,724</u>	<u>259,095</u>
Business-Type Activities:										
Charges for Services:										
Food Service	48,697	57,584	57,855	53,880	53,946	41,774	28,581	17,022	12,350	12,429
Operating Grants and Contributions	8,729	6,912	7,977	7,099	6,985	4,646	3,491	3,511	4,740	2,614
Total Business-Type Activities Program Revenues	<u>57,426</u>	<u>64,496</u>	<u>65,832</u>	<u>60,979</u>	<u>60,931</u>	<u>46,420</u>	<u>32,072</u>	<u>20,533</u>	<u>17,090</u>	<u>15,043</u>
Total District Program Revenues	<u>1,744,700</u>	<u>1,808,233</u>	<u>354,243</u>	<u>473,776</u>	<u>365,593</u>	<u>392,235</u>	<u>400,231</u>	<u>368,616</u>	<u>252,814</u>	<u>274,138</u>
<u>Net (Expense) Revenue</u>										
Governmental Activities	(12,227,195)	(11,368,099)	(13,308,775)	(12,588,043)	(13,366,401)	(14,133,512)	(14,397,574)	(14,451,501)	(15,562,303)	(17,490,248)
Business-Type Activities	<u>(4,252)</u>	<u>2,278</u>	<u>4,997</u>	<u>5,714</u>	<u>5,886</u>	<u>4,760</u>	<u>7,474</u>	<u>(21,804)</u>	<u>(12,545)</u>	<u>(10,396)</u>
Total District-Wide Net Expense	<u>(12,231,447)</u>	<u>(11,365,821)</u>	<u>(13,303,778)</u>	<u>(12,582,329)</u>	<u>(13,360,515)</u>	<u>(14,128,752)</u>	<u>(14,390,100)</u>	<u>(14,473,305)</u>	<u>(15,574,848)</u>	<u>(17,500,644)</u>

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Revenues and Other Changes										
<u>In Net Position</u>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	10,055,376	10,556,142	11,038,888	11,553,119	11,784,182	12,019,866	12,260,263	12,717,198	13,150,166	13,413,000
Taxes Levied for Debt Service	1,071,827	1,088,508	1,064,129	1,015,731	988,565	996,749	979,287	852,657	828,150	880,620
Unrestricted Grants and Contributions	684,490		1,282,495	945,989	1,277,966	1,741,204	1,561,634	1,740,748	2,563,087	2,331,261
Tuition Received		49,168	28,746					197,298	222,214	181,208
Investment Earnings	66,485									
Miscellaneous Income	11,873	25,926	38,585	11,237	10,129	17,497	19,246	64,978	906	20,943
Adjustment		(3,150)	(158,854)	16,462	40,176	(7,674)				
Total Government Activities	<u>11,890,051</u>	<u>11,716,594</u>	<u>13,293,989</u>	<u>13,542,538</u>	<u>14,101,018</u>	<u>14,767,642</u>	<u>14,820,430</u>	<u>15,572,879</u>	<u>16,764,523</u>	<u>16,827,032</u>
Business-Type Activities:										
Investment Earnings	18	14	16	9	7	3			1	1
Miscellaneous Income	747									
Total Business-Type Activities	<u>765</u>	<u>14</u>	<u>16</u>	<u>9</u>	<u>7</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total District-Wide	<u>11,890,816</u>	<u>11,716,608</u>	<u>13,294,005</u>	<u>13,542,547</u>	<u>14,101,025</u>	<u>14,767,645</u>	<u>14,820,430</u>	<u>15,572,879</u>	<u>16,764,524</u>	<u>16,827,033</u>
<u>Change in Net Position</u>										
Governmental Activities	(337,144)	348,495	(14,786)	954,495	734,617	634,130	386,224	(2,069,530)	2,369,528	(663,216)
Business-Type Activities	(3,487)	2,292	5,013	5,723	5,893	4,763	7,477	(21,801)	55,245	(10,395)
Total District	<u>(340,631)</u>	<u>350,787</u>	<u>(9,773)</u>	<u>960,218</u>	<u>740,510</u>	<u>638,893</u>	<u>393,701</u>	<u>(2,091,331)</u>	<u>2,424,773</u>	<u>(673,611)</u>

FAIR HAVEN SCHOOL DISTRICT

FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund:										
Restricted	\$ 566,384	919,959	725,430	1,304,247	1,718,673	1,642,270	1,792,699	2,859,046	2,414,345	2,007,875
Unrestricted	<u>269,031</u>	<u>266,913</u>	<u>(117,975)</u>	<u>(45,136)</u>	<u>(53,437)</u>	<u>(14,167)</u>	<u>435,308</u>	<u>223,005</u>	<u>410,821</u>	<u>801,166</u>
Total General Fund	<u>\$ 835,415</u>	<u>1,186,872</u>	<u>607,455</u>	<u>1,259,111</u>	<u>1,665,236</u>	<u>1,628,103</u>	<u>2,228,007</u>	<u>3,082,051</u>	<u>2,825,166</u>	<u>2,809,041</u>
All Other Governmental Funds:										
Restricted	\$ 3,150									
Unreserved, Reported In:										
Capital Projects Fund	513,745	361,899	361,197	361,197	361,197	361,197		64,905	1,299,189	536,123
Debt Service Fund	<u>1,231</u>	<u>1</u>	<u>11,645</u>	<u>17,302</u>	<u>14,027</u>	<u>58,621</u>	<u>102,170</u>	<u>51,920</u>	<u>1</u>	<u>1</u>
Total All Other Governmental Funds	<u>\$ 518,126</u>	<u>361,900</u>	<u>372,842</u>	<u>378,499</u>	<u>375,224</u>	<u>419,818</u>	<u>102,170</u>	<u>116,825</u>	<u>1,299,190</u>	<u>536,124</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Tax Levy	\$ 11,127,203	11,644,650	12,103,017	12,568,850	12,772,747	13,016,615	13,239,550	13,569,855	13,978,316	14,293,620
Tuition Charges	110,369	49,168	28,746	69,651	55,120	121,650	149,682	317,919	222,214	205,226
Interest Earnings	66,485	13,303	2							
Miscellaneous	11,873	12,623	38,583	10,168	10,129	17,497	19,246	64,978	2,039	20,943
State Sources	2,070,104	1,544,500	1,282,495	954,970	1,277,966	1,741,204	1,561,634	1,740,748	2,563,087	2,331,261
Federal Sources	191,291	199,237	288,411	343,146	249,542	224,028	218,477	227,462	234,591	235,077
Total Revenues	<u>13,577,325</u>	<u>13,463,481</u>	<u>13,741,254</u>	<u>13,946,785</u>	<u>14,365,504</u>	<u>15,120,994</u>	<u>15,188,589</u>	<u>15,920,962</u>	<u>17,000,247</u>	<u>17,086,127</u>
Expenditures										
Instruction:										
Regular Instruction	4,070,055	5,376,074	4,097,828	3,900,729	3,957,476	3,901,736	3,969,823	4,190,656	4,305,761	4,583,325
Special Education Instruction	1,103,765	1,337,278	1,255,410	1,188,595	1,428,028	1,613,189	1,513,991	1,534,886	1,657,194	2,009,995
Other Instruction	81,284	69,969	104,138	35,523	45,959	51,205	50,609	64,371	42,247	76,622
School Sponsored/Other Instructional	59,363	60,240	62,976							
Community Services										
Support Services:										
Tuition	80,292	88,774	88,198	204	11,156	182,822	5,352	120,621	72,132	24,018
Student and Instruction Related Services	1,407,797	1,195,361	1,464,984	1,542,541	1,551,831	1,743,557	1,880,665	1,885,016	1,995,918	2,176,964
General Administration	393,372	416,416	356,562	338,806	339,085	342,612	392,114	378,429	382,845	735,814
School Administrative Services	405,618	636,424	631,337	660,757	676,347	702,229	701,658	663,781	748,245	419,478
Central Services	265,043									
Plant Operations and Maintenance	1,260,962	1,350,042	1,356,341	1,489,574	1,529,124	1,337,927	1,371,557	1,454,789	1,762,674	1,589,250
Pupil Transportation	147,129	189,672	187,110	83,950	110,332	171,761	99,214	116,865	159,277	180,977
Other Support Services										
Employee Benefits	2,924,960	1,350,038	3,033,591	3,063,523	3,304,276	3,834,803	3,808,592	3,729,192	3,941,014	4,352,053
Capital Outlay	442,959	151,846	69,955	16,621	30,000	273,404	42,916	157,890	164,430	834,155
Debt Service:										
Principal	541,604	562,791	568,996	580,293	601,658	643,260	669,669	650,000	680,000	705,000
Interest and Other Charges	594,690	529,382	497,542	437,459	398,885	316,508	277,400	254,963	202,118	177,667
Education Jobs					22,766					
Total Expenditures	<u>13,778,893</u>	<u>13,314,307</u>	<u>13,774,968</u>	<u>13,338,575</u>	<u>14,006,923</u>	<u>15,115,013</u>	<u>14,783,560</u>	<u>15,201,459</u>	<u>16,113,855</u>	<u>17,865,318</u>
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	<u>(201,568)</u>	<u>149,174</u>	<u>(33,714)</u>	<u>608,210</u>	<u>358,581</u>	<u>5,981</u>	<u>405,029</u>	<u>719,503</u>	<u>886,392</u>	<u>(779,191)</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>
<u>Other Financing Sources (Uses)</u>										
Proceeds from Borrowing										
Prior Accounts Payable			(129,859)							
Accounts Payable Cancelled					835			153,297		
Proceeds from Refunding										
Payments to Escrow Agent										
Adjustment				16,462	39,341	(7,674)	(404,791)			
Prior Year Adjustment		(3,150)						(4,101)	(4,181)	
Transfer In	333	95	2							
Transfer Out	(333)	(95)	(28,997)							
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,150)</u>	<u>(158,854)</u>	<u>16,462</u>	<u>40,176</u>	<u>(7,674)</u>	<u>(404,791)</u>	<u>149,196</u>	<u>(4,181)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (201,568)</u>	<u>146,024</u>	<u>(192,568)</u>	<u>624,672</u>	<u>398,757</u>	<u>(1,693)</u>	<u>238</u>	<u>868,699</u>	<u>882,211</u>	<u>(779,191)</u>
Debt Service as a Percentage of										
Noncapital Expenditure	8.52%	8.30%	8.40%	8.28%	6.98%	6.39%	6.42%	6.40%	5.53%	5.18%

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2008	\$ -	11,873	11,873
2009		25,831	25,831
2010		10,168	10,168
2011		11,237	11,237
2012		10,129	10,129
2013		17,497	17,497
2014		19,246	19,246
2015		73	73
2016		2,039	2,039
2017		20,943	20,943

Source: District Records

FAIR HAVEN SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

J-6

LAST TEN YEARS
(UNAUDITED)

Calendar Year	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
Dec. 31							
2008	10,976,600	1,088,054,500	0	0	37,360,200	0	0
2009	11,701,300	1,098,504,400	0	0	38,035,100	0	0
2010	8,257,500	1,108,252,100	0	0	38,035,100	0	0
2011	8,336,600	1,112,471,500	0	0	38,126,700	0	0
2012	11,706,700	1,112,721,000	0	0	38,126,700	0	0
2013	10,626,900	1,115,672,200	0	0	39,727,500	0	0
2014*	10,626,900	1,115,672,200	0	0	37,727,500	0	0
2015	9,108,000	1,470,013,900	0	0	50,248,000	0	0
2016	11,427,100	1,510,231,800	0	0	51,014,900	0	0
2017	13,091,211	1,572,206,868	0	0	52,800,422	0	0

	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b	Total Direct Regional Tax Rate
2008	1,136,391,300	0	464,997	1,136,856,297	1,597,417,358	1.024	0.334
2009	1,148,240,800	0	578,174	1,148,818,974	1,615,772,832	1.054	0.358
2010	1,154,544,700	0	593,599	1,155,138,299	1,563,193,686	1.088	0.377
2011	1,158,934,800	0	456,964	1,159,391,764	1,547,281,557	1.102	0.387
2012	1,162,554,400	0	456,964	1,162,554,400	1,510,850,747	1.120	0.396
2013	1,164,027,100	0	448,358	1,164,475,458	1,465,458,025	1.120	0.396
2014*	1,164,026,600	0	448,356	1,164,474,956	1,164,474,956	1.137	0.391
2015	1,529,369,900	0	441,313	1,529,811,213	1,529,811,213	0.932	0.320
2016	1,572,673,800	0	443,518	1,573,117,318	1,573,117,318	0.914	0.326
2017	1,638,098,500	0	0	1,638,098,500	1,638,548,747	0.909	0.340

Source: Municipal Tax Assessor

* 2014 Information not available at time of audit

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

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

b Tax rates are per \$100

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Rate Per \$100 of Assessed Value)

<u>Year Ended</u>	<u>Basic Rate</u>	<u>(a)</u>	<u>General Obligation Debt Service</u>	<u>(b)</u>	<u>(From J-6) Total Direct School Tax Rate</u>	<u>Regional School Rate</u>	<u>Borough of Fair Haven</u>	<u>Monmouth County</u>	<u>Total Direct and Overlapping Tax Rate</u>
2008	0.925		0.099		1.024	0.334	0.481	0.357	2.196
2009	0.961		0.093		1.054	0.358	0.470	0.360	2.242
2010	0.956		0.092		1.048	0.377	0.458	0.326	2.209
2011	0.996		0.088		1.084	0.387	0.457	0.336	2.264
2012	1.010		0.086		1.096	0.396	0.456	0.338	2.286
2013	1.037		0.083		1.120	0.396	0.456	0.378	2.350
2014	1.000		0.083		1.137	0.320	0.404	0.312	2.173
2015	0.849		0.083		0.932	0.320	0.404	0.312	2.287
2016	0.831		0.083		0.914	0.326	0.399	0.272	2.325
2017	0.826		0.083		0.909	0.340	0.405	0.267	1.955

Source: Municipal Tax Collector

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

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

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

RV Property Revaluation

No updates available for 2015

FAIR HAVEN SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2017			(not available)	2008		
	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>	
Taxpayer 1	\$ 5,812,000	1	0.35%	\$ 4,961,100	1	0.44%	
Taxpayer 2	4,054,800	2	0.25%	4,763,400	2	0.42%	
Taxpayer 3	3,981,700	3	0.24%	3,879,400	3	0.34%	
Taxpayer 4	3,958,000	4	0.24%	3,572,700	4	0.32%	
Taxpayer 5	3,928,800	5	0.24%	3,489,300	5	0.31%	
Taxpayer 6	3,701,800	6	0.22%	3,145,700	6	0.28%	
Taxpayer 7	3,678,800	7	0.22%	3,113,800	7	0.28%	
Taxpayer 8	3,660,700	8	0.22%	2,946,900	8	0.26%	
Taxpayer 9	3,642,300	9	0.22%	2,926,100	9	0.26%	
Taxpayer 10	3,628,200	10	0.22%	2,896,100	10	0.26%	
Total	<u>\$ 40,047,100</u>		<u>2.44%</u>	<u>\$ 35,694,500</u>		<u>3.17%</u>	

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	\$ 11,127,203	11,127,203	100%	
2009	11,644,650	11,644,650	100%	
2010	12,103,017	12,103,017	100%	
2011	12,568,850	12,568,850	100%	
2012	12,772,747	12,772,747	100%	
2013	13,016,615	13,016,615	100%	
2014	13,239,550	13,239,550	100%	
2015	13,799,590	13,799,590	100%	
2016	13,978,316	13,978,316	100%	
2017	14,293,620	14,293,260	100%	

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

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

FAIR HAVEN SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

J-10

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year <u>Ending June 30.</u>	Governmental Activities				Business-Type Activities		Total <u>District</u>	Percentage of Personal <u>Income^a</u>	Per <u>Capita^a</u>
	General Obligation <u>Bonds^b</u>	Certificates of <u>Participation</u>	Capital <u>Leases</u>	Bond Anticipation Notes <u>(BANs)</u>	Capital <u>Leases</u>				
2008	10,500,000	N/A	N/A	N/A	N/A	10,500,000	N/A	1,775	
2009	9,975,000	N/A	N/A	N/A	N/A	9,975,000	N/A	1,688	
2010	9,445,000	N/A	N/A	N/A	N/A	9,445,000	N/A	1,591	
2011	8,905,000	N/A	N/A	N/A	N/A	8,905,000	N/A	1,500	
2012	8,345,000	N/A	N/A	N/A	N/A	8,345,000	N/A	54,244	
2013	7,525,000	N/A	N/A	N/A	N/A	7,525,000	N/A	58,355	
2014	7,160,000	N/A	N/A	N/A	N/A	7,160,000	N/A	N/A	
2015	6,510,000	N/A	N/A	N/A	N/A	6,510,000	N/A	N/A	
2016	5,830,000	N/A	N/A	N/A	N/A	5,830,000	N/A	N/A	
2017	5,125,000	N/A	N/A	N/A	N/A	5,125,000	N/A	N/A	

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

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

b

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>General Obligations Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value (a) of Property</u>	<u>Per Capita (b)</u>
2008	\$ 10,500,000		10,500,000	0.92%	1,775
2009	9,975,000		9,975,000	0.88%	1,688
2010	9,445,000		9,445,000	0.82%	1,591
2011	8,905,000		8,905,000	0.77%	1,500
2012	8,345,000		8,345,000	0.00%	54,244
2013	7,525,000		7,525,000	0.00%	58,355
2014	7,160,000		7,160,000	0.00%	N/A
2015	6,510,000		6,510,000	0.00%	N/A
2016	5,830,000		5,830,000	0.00%	N/A
2017	5,125,000		5,125,000	0.00%	N/A

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Fair Haven	not available	100.000%	N/A
Monmouth County General Obligation Debt	not available	0.000%	N/A
Subtotal, Overlapping Debt			-
Fair Haven School District Direct Debt			<u>5,125,000</u>
 Total Direct and Overlapping Debt			 <u><u>\$ 5,125,000</u></u>

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

Debt Outstanding data provided by each governmental unit.

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

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

FAIR HAVEN SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN YEARS

<u>Year</u>	<u>Equalized Valuation Basis</u>
2016	\$ 1,609,773,129
2015	1,527,123,046
2014	1,471,352,604
	<u>\$ 4,608,248,779</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,536,082,926</u>
Debt Limit (3% of Average Equalization Value)	\$ 46,082,488
Total Net Debt Application to Limit	<u>5,125,000</u>
Legal Debt Margin	<u>\$ 40,957,488</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 43,861,519	46,683,581	46,890,665	46,157,515	46,157,515	45,060,985	44,240,849	44,524,663	44,639,337	46,082,488
Total Net Debt Applicable to Limit	<u>10,746,534</u>	<u>10,183,743</u>	<u>9,269,454</u>	<u>8,345,000</u>	<u>8,345,000</u>	<u>7,525,000</u>	<u>7,440,000</u>	<u>6,510,000</u>	<u>5,830,000</u>	<u>5,125,000</u>
Legal Debt Margin	<u>\$ 33,114,985</u>	<u>36,499,838</u>	<u>37,621,211</u>	<u>37,812,515</u>	<u>37,812,515</u>	<u>37,535,985</u>	<u>36,800,849</u>	<u>38,014,663</u>	<u>38,809,337</u>	<u>40,957,488</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	24.50%	21.81%	19.77%	18.08%	18.08%	16.69%	16.82%	14.60%	13.06%	0.00%

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

No updates available for 2015

FAIR HAVEN SCHOOL DISTRICT

J-14

DEMOGRAPHIC AND ECONOMIC STATISTICS

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	5,910	N/A	57,353	3.5%
2009	5,920	N/A	54,771	3.4%
2010	5,937	N/A	Unavailable	2.9%
2011	6,121	N/A	50,215	N/A
2012	6,128	N/A	54,244	5.90%
2013	6,088	N/A	58,355	6.10%
2014	6,081	N/A	57,578	7.80%
2015	5,995	N/A	Unavailable	N/A
2016	6,089	N/A	55,400	5.70%
2017	6,075	N/A	65,104	2.90%

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

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

US Census Bureau

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

Information Not Available

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:										
Regular	62.7	85.8	85.6	85.5	86.4	85.0	87.0	87.0	73.0	70.0
Special Education	11.9	11.0	12.5	13.0	13.5	13.5	15.0	17.0	20.0	18.0
Support Services:										
Student and Instruction Related Services	19.4	21.3	21.3	21.3	21.0	20.4	29.0	21.0	38.0	35.0
General Administration	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	4.0	4.0
School Administrative Services	8.0	8.0	8.0	8.0	8.0	8.0	6.0	6.0	2.0	2.0
Other Administrative Services	1.0	2.0	2.0	2.0	2.0	2.0	3.0	4.0	4.0	4.0
Plant Operations and Maintenance	9.5	9.5	9.5	9.5	9.5	8.5	8.5	8.5	8.5	9.0
Other Support Services	6.0	6.0	6.0	6.0	6.0	4.0	4.5	4.5	4.5	5.0
Total	<u>123.5</u>	<u>148.6</u>	<u>149.9</u>	<u>150.3</u>	<u>151.4</u>	<u>146.4</u>	<u>158.0</u>	<u>154.0</u>	<u>154.0</u>	<u>147.0</u>

Source: District Personnel Records

OPERATING STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teacher Staff (b)</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	1,015	12,199,640	12,019	5.55%	74	13.7	1,010.5	967.4	0.78%	95.73%
2009	990	12,070,288	12,192	1.42%	97	10.3	982.4	976.5	1.03%	99.40%
2010	1,016	12,419,317	12,224	0.26%	86	11.8	1,009.7	966.1	2.78%	95.70%
2011	1,015	12,288,929	12,107	-0.95%	98	10.3	1,012.8	967.2	0.31%	95.50%
2012	1,025	12,911,384	12,596	0.00%	100	10.3	1,023.2	984.2	1.76%	96.01%
2013	1,041	13,931,050	13,382	6.24%	99	10.5	1,041.0	1,001.2	1.74%	96.18%
2014	1,030	13,793,575	13,392	0.01%	102	10.0	1,027.7	1,016.5	1.01%	96.79%
2015	1,016	14,137,095	13,914	3.80%	-	-	-	-	0.00%	0.00%
2016	1,023	14,595,933	14,268	2.50%	-	-	-	-	0.00%	0.00%
2017	1,022	14,562,937	14,249	-0.13%	-	-	-	-	0.00%	0.00%

Source: District Records.

Note: Enrollment based on annual October District count.

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

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

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

2015 information not available

FAIR HAVEN SCHOOL DISTRICT

J-18

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

<u>District Building</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Elementary:										
Knollwood Elementary:										
Square Feet	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441
Capacity (Students)	637	637	637	637	637	637	637	637	637	637
Enrollment	550	532	560	556	556	591	591	591	588	591
Viola L. Sickles Elementary:										
Square Feet	31,446	31,446	31,446	31,446	31,446	31,446	31,446	31,446	31,446	31,446
Capacity (Students)	458	458	458	458	458	458	458	458	458	458
Enrollment	460	460	456	459	459	450	450	450	435	431

Number of Schools at June 30, 2015:

Elementary = 2

Source: District Records

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

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF REQUIRED MAINTENANCE

J-19

LAST TEN FISCAL YEARS

<u>Year</u>	<u>*School Facilities Project # (s)</u>	<u>Viola L. Sickles</u>		<u>Knollwood</u>	<u>Total</u>
		<u>SP 1440-050-05-2000</u>	<u>SP 1440-060-05-1000</u>	<u>SP 1440-050-05-2000</u>	
2008		\$	35,369	65,695	101,064
2009			63,600	126,975	190,575
2010			83,495	55,942	139,437
2011			47,200	129,005	176,205
2012			49,142	92,013	141,155
2013			62,333	145,443	207,776
2014			67,450	124,704	192,154
2015			78,610	158,130	236,740
2016			85,922	184,186	270,108
2017			118,566	144,653	263,219
Total School Facilities		\$	691,687	1,226,746	1,918,433

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

Source: District Records

FAIR HAVEN SCHOOL DISTRICTINSURANCE SCHEDULE

J-20

JUNE 30, 2017

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - MOCSSIF/NJSBAIG		
Property	\$ 450,000,000	5,000
Electronic Data Processing	500,000	1,000
Equipment Breakdown	100,000,000	5,000
Crime	100,000	500
Comprehensive General Liability	6,000,000	1,000
Automobile	6,000,000	1,000
Worker's Compensation - MOCSSIF/NJSBAIG	2,000,000	
School Leaders Errors and Omissions - MOCSSIF/NJSBAIG	5,000,000	5,000
Surety Bonds - Selective Insurance		
Board Secretary/Business Administrator	200,000	
Treasurer of School Monies	200,000	

Source: District Records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fair Haven Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fair Haven Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

November 15, 2017

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

K-2

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2017. The Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

November 15, 2017

FAIR HAVEN SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years Balances	Balance at June 30, 2017		
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture															
Passed Through State Department															
of Education:															
National School Lunch Program	10.555	1616NJ304N1099	NA	\$ 2,249	7/01/2016	6/30/2017	\$ -		2,143	(2,249)			(106)		
National School Lunch Program PB	10.555	1616NJ304N1099	NA	248	7/01/2015	6/30/2016	(18)		18						
National School Lunch Program PB	10.555	1616NJ304N1099	NA	215	7/01/2016	6/30/2017			202	(215)			(13)		
National School Lunch Program	10.555	1616NJ304N1099	NA	4,309	7/01/2015	6/30/2016	(356)		356						
Total U.S. Department of Agriculture							(374)	-	2,719	(2,464)	-	-	(119)	-	-
U.S. Department of Education:															
Passed Through State Department															
of Education:															
Title I	84.010A	S010A150030	NA	33,885	7/01/2016	6/30/2017			7,345	(7,345)					
Title IIA	84.367A	S367A150029	NA	17,037	7/01/2015	6/30/2016	(589)		589						
Title IIA	84.367A	S367A150029	NA	16,266	7/01/2016	6/30/2017			16,266	(16,266)					
I.D.E.A. Basic	84.027	H027A150100	NA	204,224	7/01/2016	6/30/2017			204,224	(204,224)					
I.D.E.A. Preschool	84.173	H173A150114	NA	7,242	7/01/2016	6/30/2017			7,242	(7,242)					
							(589)	-	235,666	(235,077)	-	-	-	-	-
							\$ (963)	-	238,385	(237,541)	-	-	(119)	-	-

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

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program State Department of Education	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2016	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2017			MEMO		
										(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures	
Special Education Aid	17-495-034-5120-089	7-1-16 to 6-30-17	\$ 377,743	\$ -		342,170	(377,743)						(35,573)	377,743	
Transportation Aid	17-495-034-5120-014	7-1-16 to 6-30-17	11,599			10,372	(11,599)						(1,227)	11,599	
Security Aid	17-495-034-5120-084	7-1-16 to 6-30-17	16,914			15,278	(16,914)						(1,636)	16,914	
PARCC Readiness Aid	17-495-034-5120-098	7-1-16 to 6-30-17	9,715			8,897	(9,715)						(818)	9,715	
Per Pupil Growth Aid	17-495-034-5120-097	7-1-16 to 6-30-17	9,715			8,897	(9,715)						(818)	9,715	
Professional Learning Aid	17-495-034-5120-101	7-1-16 to 6-30-17	9,470			8,653	(9,470)						(817)	9,470	
Non-Public Transportation Aid	17-495-034-5120-014	7-1-16 to 6-30-17	7,603								(7,603)			7,603	
Non-Public Transportation Aid On Behalf TPAF Pension Contributions	17-495-034-5095-001	7-1-16 to 6-30-17	1,202,374			1,202,374	(1,202,374)								
Reimbursed TPAF Social Security Contributions	17-495-034-5095-002	7-1-16 to 6-30-17	475,917			451,863	(475,917)					(24,054)		475,917	
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7-1-15 to 6-30-16	445,332	(22,252)		22,252									
Extraordinary Aid	17-495-034-5120-044	7-1-16 to 6-30-17	209,324				(209,324)							209,324	
Extraordinary Aid	16-495-034-5120-044	7-1-15 to 6-30-16	158,912	(158,912)		158,912									
				(191,427)		2,239,931	(2,330,374)				(240,891)			(40,889)	1,128,000
Special Revenue Fund:															
Non-Public Technology	17-100-034-5120-373	7-1-16 to 6-30-17	2,592			2,592								2,592	
Non-Public Nursing	17-100-034-5120-070	7-1-16 to 6-30-17	76			76								76	
Non-Public Security	17-100-034-5120-509	7-1-16 to 6-30-17	1,150			1,150								1,150	
						3,818								3,818	
Food Service:															
National School Lunch Program (State Share)	17-100-010-3360-067	7-1-16 to 6-30-17	150			141	(150)					(9)		150	
National School Lunch Program (State Share)	16-100-010-3360-067	7-1-15 to 6-30-16	183	(13)		13						(9)		150	
				(13)		154	(150)								
Debt Service Fund:															
State Debt Service Aid	17-495-034-5120-017	7-1-16 to 6-30-17	2,047			2,047	(2,047)							2,047	
Capital Projects Fund:															
SDA Grant	1440-060-14-1005	7-1-14 to 6-30-15	13,442	(13,442)		6,792						(6,650)			
SDA Grant	1440-050-14-1004	7-1-14 to 6-30-15	513,088	(513,088)								(513,088)			
SDA Grant	1440-050-14-1003	7-1-14 to 6-30-15	29,827	(29,827)		12,074						(17,753)			
Total Capital Project Fund				(556,357)		18,866						(537,491)			
				\$ (747,797)		2,264,816	(2,332,571)				(778,391)		3,818	(40,889)	1,130,197
							1,202,374								
							\$ (1,130,197)								

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

BOARD OF EDUCATION

K-5

FAIR HAVEN SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2017****NOTE 1: General**

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

NOTE 2: Basis of Accounting

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

NOTE 3: Relationship to General Purpose Financial Statements

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 2,330,374		2,047	150	2,332,571
Difference – Budget to “GAAP”					
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized					
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)					
	(1,160)	—	—	—	(1,160)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 2,329,214</u>	—	<u>2,047</u>	<u>150</u>	<u>2,331,411</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule of Expenditures of Federal Awards	\$	235,077		2,464	237,541
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>235,077</u>	_____	<u>2,464</u>	<u>237,541</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2017.

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part 1 - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:

Unqualified

N/A

Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

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

 x Yes _____ None Reported

Noncompliance material to general purpose financial statements noted?

_____ Yes x No

Federal Awards

N/A

State Awards

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

\$750,000

Auditee qualified as low-risk auditee?

 x Yes _____ No

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

Unqualified

Internal Control over major programs:

(1) Material Weakness(es) identified?

_____ Yes x No

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

_____ Yes x None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 15-08?

_____ Yes x No

Identification of major programs:

GMIS Number(s)

17-495-034-5120-089

17-495-034-5120-084

17-495-034-5120-098

17-495-034-5120-097

17-495-034-5095-002

17-495-034-5120-014

17-495-034-5120-101

Name of State Program

Special Education Aid (Public Cluster)

Security Aid (Public Cluster)

PARCC Readiness Aid (Public Cluster)

Per Pupil Growth Aid (Public Cluster)

Reimbursed TPAF Social Security

Transportation Aid (Public Cluster)

Professional Learning Growth Aid (Public Cluster)

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017*Part 2 - Financial Statement Findings*

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs*

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

Federal Awards

N/A

State AwardsFinding: NoneInformation on the State Program: N/ACriteria or specific requirement: N/ACondition: N/AQuestioned Costs: N/AContext: N/AEffect: N/A

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

State Awards (Continued)

Cause: N/A

Recommendation: N/A

Management's response: N/A

FAIR HAVEN SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prior Audit Findings:

None