

# **Comprehensive Annual Financial Report**

**of the**

**Mainland Regional Board of Education**

**County of Atlantic, New Jersey**

**For the Year Ended June 30, 2017**



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## **INTRODUCTORY SECTION**

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# MAINLAND REGIONAL HIGH SCHOOL

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Linwood, New Jersey 08221-1698  
[www.mainlandregional.net](http://www.mainlandregional.net)  
Phone (609) 927-8058 Fax (609) 927-5956



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**Mark C. Marrone**  
*Superintendent*

**Kim Jensen**  
*Business Administrator*

**Kevin Burns**  
*Principal*

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November 16, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Mainland Regional High School District for the fiscal year ended June 30, 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 operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

## **1. REPORTING ENTITY AND ITS SERVICES:**

Mainland Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mainland Regional High School Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels 9 through 12.

## Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	1,330.0	-3.0%
2015-16	1,385.0	1.0%
2014-15	1,365.0	-7.0%
2013-14	1,468.0	2.5%
2012-13	1,432.0	-5.0%
2011-12	1,510.0	-3.0%
2010-11	1,643.5	0.0%
2009-10	1,643.5	005%
2008-09	1,635.0	-.001%
2007-08	1,638.0	2.00%

### 2. ECONOMIC CONDITION AND OUTLOOK:

Mainland Regional High School is comprised of the following three cities: Linwood, Somers Point and Northfield. The school is located in the City of Linwood. The tax base in the cities of Linwood, Northfield and Somers Point remained stable during the 2016-17 school year.

### 3. MAJOR INITIATIVES:

#### Financial

During the 2016-2017 school year the Business Office continued to conduct all the business of the District efficiently and completed another audit. The District continued as a member of the Atlantic County Cape May County Association of School Business Officials Joint Insurance Program. This jointure offered a cost savings to the District while offering a tremendous level of resources for safety training. Information from the JIF has been utilized by the Mainland Safety Committee throughout the school year.

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

As a result of the 2013-2014 audit, the District was obligated to prepare a RFP for Food Management Services for the 2015-2016 school year. The Mainland Regional High School Board of Education awarded the bid to Nutri Serve Management Inc. to begin to manage the program as of July 1, 2015. The Business Office has continued to work with Nutri Serve to ensure the District's food service program is compliant and efficient.

#### **THE GOALS FOR THE 2017-2018 SCHOOL YEAR**

- A. Continue to conduct all the business of the District efficiently. Complete a successful audit for June 30, 2018.
- B. Continue to attempt to identify future revenue sources to ensure the stability of the financial impact to the District's taxpayers.
- C. Continue to work with Administration and the Board of Education to support the instructional program during difficult funding years.

## Education

The Mainland Regional High School District is a comprehensive, four-year public high school with an enrollment of approximately 1,300 students serving the communities of Somers Point, Northfield and Linwood, New Jersey. The District also participates in school choice, which permits 44 students that reside outside of the sending districts to attend Mainland Regional High School.

A proud, National Blue-Ribbon School of Excellence and New Jersey Department of Education Lighthouse District, we are consistently recognized on both state and national levels as a high performing school committed to academic excellence and preparing students for college and career. We have been ranked as one of the top 100 high schools in the state by New Jersey Monthly, and Niche Best Schools listed Mainland Regional High School as the 38th best high school in New Jersey. In addition, Mainland Regional High School's students maintain the highest average SAT scores (Critical Reading and Math) and the highest Advanced Placement exam participation rate in Atlantic County, NJ.

We embrace an approach to education that prepares students for a rapidly evolving world regardless of their post-secondary plans. Our Program of Studies is organized into College and Career Clusters to encourage student exploration and career awareness and provides curricular offerings designed to foster critical thinking and problem solving, as well as knowledge of emerging technologies in a progressive and future-ready learning facility. The Program of Studies includes more than 220 diverse course offerings organized into nine distinct College and Career Clusters. These clusters are designed to support students in choosing a course of study that not only meets their individual interests, passions and goals, but also prepares them for success. We offer 25 Advanced Placement courses and 38 Honors courses, as well as several Gifted/Talented courses. Students at Mainland Regional High School also have access to dual enrollment courses in conjunction with Stockton University and concurrent enrollment opportunities with Atlantic Cape Community College, which provide students the opportunity to earn college credit while still in high school. Mainland Regional High School is also a Physics First school, enabling all students with a greater opportunity to take more advanced level science courses during their time at the high school.

The academic environment at Mainland Regional High School is very challenging, and the majority of our students meet that challenge by earning exemplary grades. Due to this high level of academic success, class rank does not reflect the achievements and potential of all our students. Therefore, Mainland Regional High School does not report class rank. However, Mainland Regional High School does recognize students for academic achievement using cumulative weighted GPA as follows:

Summa Cum Laude: 5.0 +    Magna Cum Laude: 4.75 - 4.99    Cum Laude: 4.5 - 4.749

The High School's progressive daily bell schedule supports accountability, connectedness and engagement among our students and faculty, providing tremendous freedom and opportunities designed to promote a sense of responsibility that will effectively prepare them for success in college and career. The daily bell schedule was designed to reduce student academic stress while increasing overall skill development and achievement through extended class periods and increased time for students to receive extra academic support. It also provides more time for teachers to engage in professional development and promotes a sense of accountability and responsibility among teachers, students and administrators. The core of this schedule is our unit lunch, during which all students have time to eat, decompress and interact with each other and the staff in a less formal way, creating a greater sense of community and connectedness to the school. More than 30 school districts throughout the State of New Jersey have sent Board members, administrators, faculty, students, and community members to visit Mainland Regional High School to observe and experience the High School's bell schedule and its positive impact on school climate and culture.

As a District, we believe that the connection between student and school is the key to the success of our diverse student population. We are One Family, One School, One Community. We are Mainland.

## DISTRICT STRATEGIC PLANS

The 2017-2022 Mainland Regional High School Strategic District Plan demonstrates the District's ongoing commitment to our students and their families. The Plan's ambitious goals are the foundation for ensuring that we support the varied academic, social, and emotional needs of a diverse student population as we prepare them for post-secondary life.

Strategically leveraging, mobilizing, and utilizing District resources within the domains of finance, facility, technology, and personnel requires alignment of District priorities and initiatives to achieve the goals delineated within the Plan. Focusing and aligning the allocation of District resources mandates fiscal responsibility and accountability. These resource domains support and sustain an engaging, connected, and accountable educational environment in and outside of the classroom.

In addition, the guidance of facilitators, Mr. James Giaquinto and Dr. Robert Previti from the SRI/ETTC of Stockton University, was incredibly helpful in culling and utilizing stakeholder feedback to develop strategic goals that address the District's identified needs and areas for improvement.

The Goals are as follows:

1. **Intervention and Remediation:** Over the next five years, the MRHS District will research and implement prescriptive student-centered instructional strategies and "best practices" for intervention and remediation to close identified achievement gaps, increase student efficacy and support the academic achievement of a diverse student population.
2. **Utilizing Data:** Over the next five years, the MRHS District will increase the collection, access to, and analysis of student data to better inform instructional and programmatic decisions in all areas of the District to improve student achievement.
3. **Career Readiness:** Over the next five years, the MRHS District will develop and refine both traditional and non-traditional course offerings to support and increase students' career awareness and preparation for the workforce as a first transition after high school.
4. **Innovative and Non-Traditional Academic Opportunities:** Over the next five years, the MRHS District will expand innovative and non-traditional academic opportunities, including dual and concurrent enrollment, Option II, work study, independent study, online and off-campus courses, and internships for students to earn credit towards graduation through expanded community and post-secondary partnerships.
5. **Technology and Future Ready School:** Over the next five years, the MRHS District will provide annual training and certification paths for staff and students on identified and emerging technology to enhance the quality of instruction, equitable access, and college and career readiness.
6. **Enrollment and Academic Programming:** Over the next five years, the MRHS District will actively campaign to increase the number of students choosing MRHS as their destination for secondary education and expand program opportunities to keep all eligible regional students for secondary education on campus, regardless of their educational needs, by developing programs that will serve these children.
7. **Articulation:** Over the next five years, the MRHS District will increase articulation with regional sending district administrations, staff and boards of education through selective committees to enhance and coordinate curricular alignment, programs of study and extra-curricular offerings as well as to identify individual prescriptive needs of a diverse student population to maximize their potential.

8. **Stakeholder Feedback and Surveys:** Over the next five years, the MRHS District will, in addition to student performance data, collect and utilize survey data from present students and recent graduates regarding their preparation for college and career to evaluate services, programs, and course options offered at the High School.
9. **Communication:** Over the next five years, the MRHS District will utilize analytic data and stakeholder feedback to ensure that communication via the website, student information system, and the High School's social media platforms, is timely, accurate, and easily accessible.
10. **Supporting the Strategic Plan:** Over the next five years, the MRHS District will generate, leverage, review, and strategically utilize all financial, facility, technological, and human resources to ensure that the strategic goals and priorities delineated within this plan maximize outcomes and opportunities for students, faculty, and the community while continuing to maintain a safe and secure learning environment.

We are confident that the newly developed Strategic Plan and inherent strategic goals will direct and support District initiatives as we continue to meet the needs of our students, their families, and the community.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

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

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

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

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

#### **5. BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

## **6. ACCOUNTING SYSTEM AND REPORTS:**

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

## **7. DEBT ADMINISTRATION:**

At June 30, 2017, the District's outstanding debt issues included \$28,645,000 of general obligation bonds, series 2009B issued on October 15, 2009 and \$6,405,000 of general obligation bonds, series 2009A issued on October 15, 2009. The 2009 bonds were issued to provide funds for Improvements, repairs and equipment to the Districts facilities, including the installation of solar energy panels. On June 25, 2015, the District refunded the 2005 general obligation bonds used for the Early Retirement Plan totaling \$ 5,180,000. The District achieved a net present value savings of 5.1% or \$258,271. The refunding issued general obligation bonds, Series 1 and Series 2 with outstanding balances as of June 30, 2017 totaling \$3,750,000 and \$1,210,000 respectively.

## **8. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in Notes to the Financial Statements, Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **9. RISK MANAGEMENT:**

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

## **10. OTHER INFORMATION:**

- A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Super Circular and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are included in the Single Audit section of this report.

## **11. ACKNOWLEDGMENTS:**

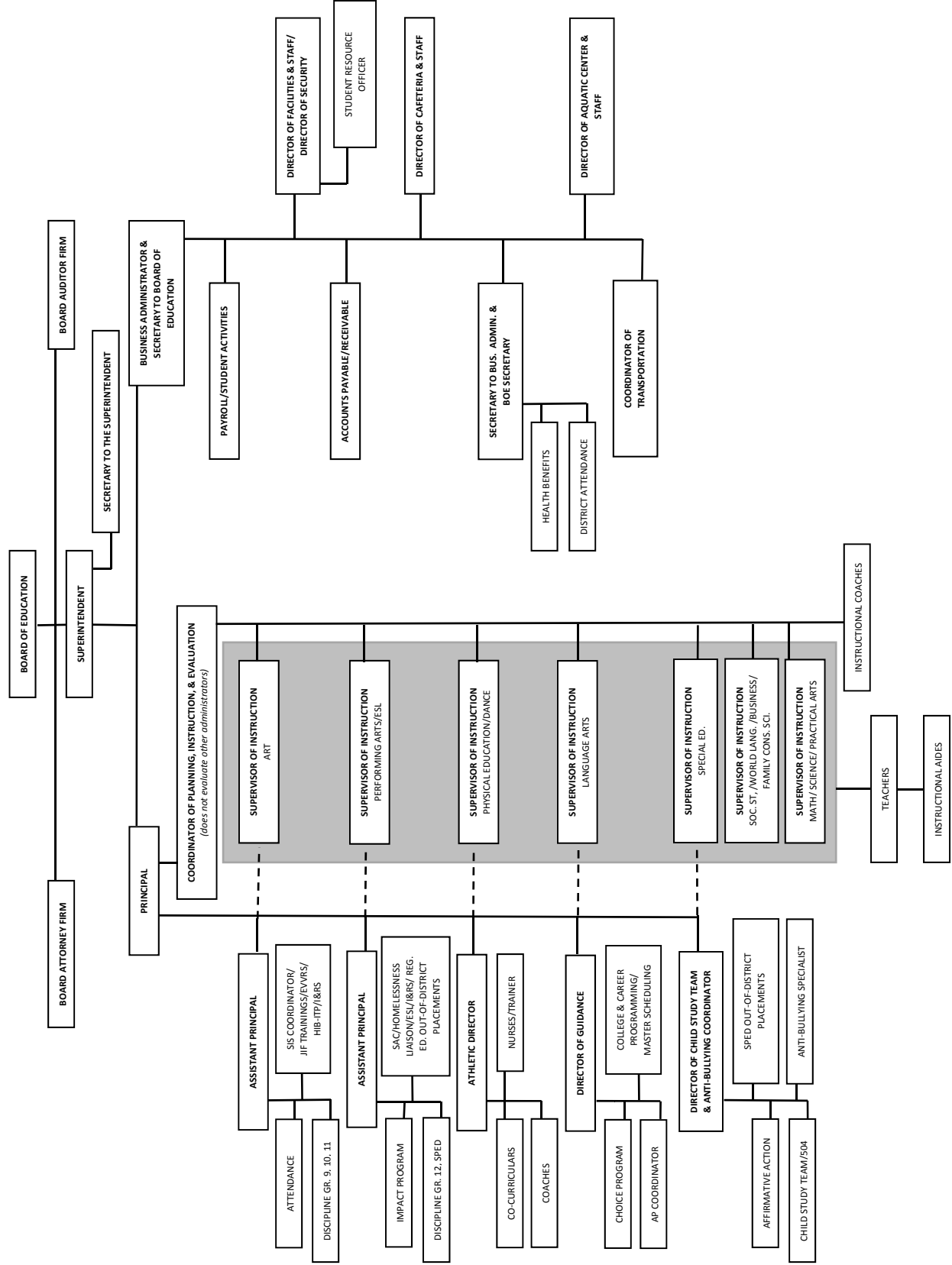
We would like to express our appreciation to the members of the Mainland Regional High School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

*Kim Jensen*

Ms. Kim Jensen  
Business Administrator/Board Secretary

# MAINLAND REGIONAL HIGH SCHOOL DISTRICT ORGANIZATIONAL CHART





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

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

<b>Members of the Board of Education</b>	<b>Term Expires</b>
Jill Ojserkis, Esq., President	2018
Rose Cupo, Vice President	2017
Kevin Milhous	2017
Charles Broomall	2018
Veronica Stillman-Fath	2018
Dennis Sher	2017
Allison Goltra	2019
Albert Becker	2017
Leanne Gray	2019
<b>Other Officials</b>	
Mark Marrone, Superintendent	
Kim Jensen, School Business Administrator/Board Secretary	
Louis Greco, Esq., Solicitor	

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

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORIES**

**OceanFirst Bank**  
1001 Asbury Avenue  
Ocean City, NJ 08244-2520

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

**Beneficial Bank**  
530 Walnut Street  
Philadelphia, PA 19106-3696

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

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

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

**FINANCIAL SECTION**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Mainland Regional High School District, in the County of Atlantic's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017 on our consideration of the Board of Education of the Mainland Regional High School District, in the County of Atlantic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board of Education of the Mainland Regional High School District, in the County of Atlantic's internal control over financial reporting and compliance.

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

*Michael S. Garcia*

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

November 16, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

The discussion and analysis of Mainland Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- In total, Net Position increased \$498,739.49 which represents a 2% increase from 2016.
- General revenues accounted for \$28,943,616.48 in revenue, or, 74% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$10,195,181.42 or 26% of total revenues of \$39,138,797.90.
- Total assets of governmental activities decreased by \$1,246,066.42 as cash and cash equivalents increased by \$709,953.81, receivables decreased by \$702,887.49, and capital assets decreased by \$1,253,162.74.
- The School District had \$38,640,058.41 in expenses; only \$10,195,181.42 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,943,616.48 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$29,105,666.74 in revenues and \$28,637,999.12 in expenditures. The General Fund's fund balance increased \$467,167.62 compared to 2016.

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

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

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED (CONTINUED)**

**Reporting the School District as a Whole**

Statement of Net Position and the Statement of Activities

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

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

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

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

**Reporting the School District's Most Significant Funds**

Fund Financial Statements

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

Governmental Funds

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED (CONTINUED)**

Enterprise Fund

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

**Notes to the Financial Statements**

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

**The School District as a Whole**

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

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

Table 1 provides a summary of the School District's Net Position for 2017 and 2016.

**Table 1  
Net Position**

	2017	2016
Assets		
Current and Other Assets	\$ 3,828,821.24	\$ 3,731,973.06
Capital Assets	41,897,259.67	43,150,827.21
Total Assets	45,726,080.91	46,882,800.27
Deferred outflows of resources	3,124,896.26	1,267,261.59
Liabilities		
Long-Term Liabilities	49,219,179.34	48,869,104.19
Other Liabilities	481,262.08	521,367.41
Total Liabilities	49,700,441.42	49,390,471.60
Deferred inflows of resources	99,696.00	207,490.00
Net Position		
Invested in Capital Assets	5,063,381.70	4,003,457.47
Restricted	6,372,927.76	5,507,439.65
Unrestricted	(12,385,469.71)	(10,958,796.86)
Total Net Position	\$ (949,160.25)	\$ (1,447,899.74)

The District's combined Net Position was (\$949,160.25) on June 30, 2017. This is an increase of 34% from the prior year.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED (CONTINUED)**

Table 2 shows changes in Net Position for fiscal year 2017 and 2016.

**Table 2  
Changes in Net Position**

	2017	2016
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 228,667.91	\$ 409,719.49
Operating Grants and Contributions	9,966,513.51	7,911,768.60
General Revenues:		
Property Taxes	19,664,012.31	19,107,526.50
Grants and Entitlements	8,777,010.68	8,720,244.28
Other	502,593.49	293,598.54
Total Revenues	39,138,797.90	36,442,857.41
<b>Program Expenses</b>		
Instruction	21,671,848.84	19,442,318.02
Support Services:		
Pupils and Instructional Staff	6,361,822.74	6,682,105.25
General Administration, School Administration, Business Operations and Maintenance of Facilities	7,025,346.58	6,051,913.18
Pupil Transportation	1,601,006.42	1,591,026.51
Interest on Debt	1,224,894.14	1,210,408.45
Food Service	755,139.69	882,442.41
Other	-	462,684.00
Total Expenses	38,640,058.41	36,322,897.82
Increase in Net Position	\$ 498,739.49	\$ 119,959.59

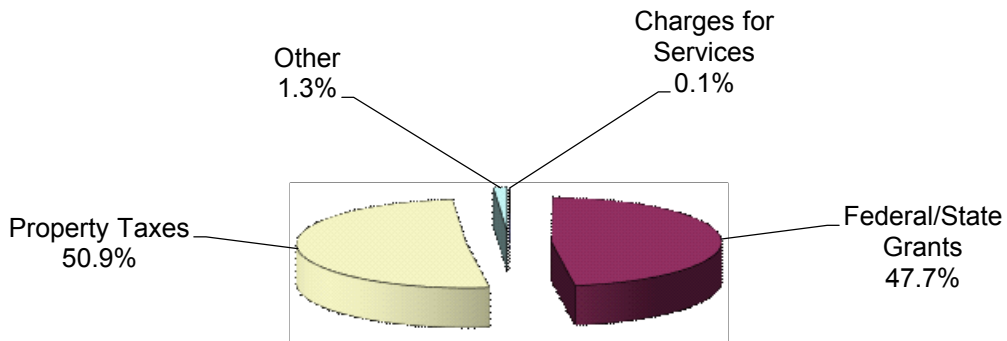
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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED (CONTINUED)**

**Governmental Activities**

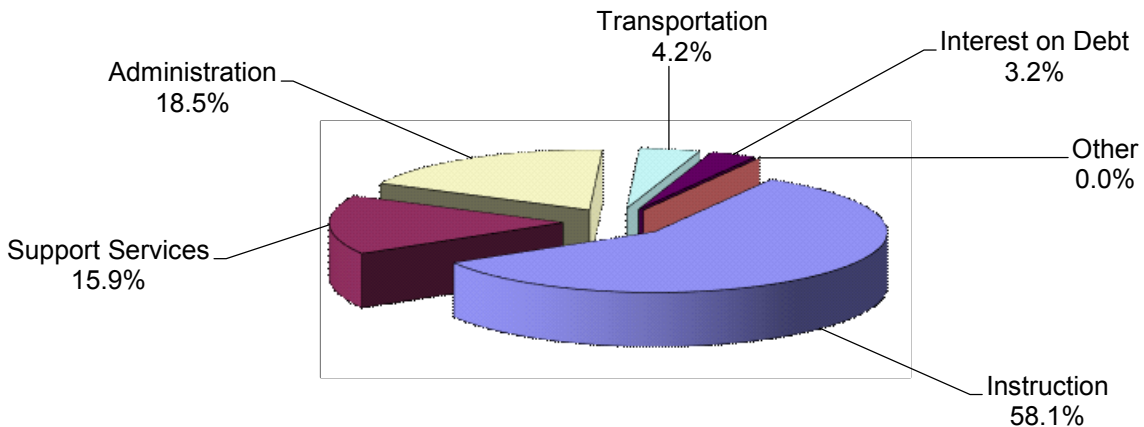
Property taxes made up 50.9% of revenues for governmental activities for the Mainland Regional High School District for fiscal year 2017. The District's total revenues were \$38,622,224.89 for the year ended June 30, 2017. Federal, state, and local grants accounted for another 47.7% of revenue, as illustrated in the following chart.

**Sources of Revenue for Fiscal Year 2017**



The total cost of all program and services was \$37,884,918.72. Instruction comprises 58.1% of district expenses.

**Expenses for Fiscal Year 2017**



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED (CONTINUED)**

**Business-Type Activities**

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

- Food service revenues exceeded expenses by \$53,833.32.
- Charges for services are \$189,771.91. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$323,053.46.

**Governmental Activities**

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

**Table 3**

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	\$ 22,021,357.21	15,919,114.20	19,442,318.02	15,064,608.88
Support Services:				
Pupils and Instructional Staff	6,012,314.37	4,722,821.99	6,682,105.25	5,204,941.18
General Administration, School Administration, Business Operations and Maintenance of Facilities	7,025,346.58	5,191,530.35	6,051,913.18	4,816,190.79
Pupil Transportation	1,601,006.42	1,144,201.99	1,591,026.51	1,070,265.03
Interest and Fiscal Charges	1,224,894.14	1,224,894.14	1,210,408.45	1,210,408.45
Other	-	-	462,684.00	460,039.98
Total Expenses	<u>\$ 37,884,918.72</u>	<u>28,202,562.67</u>	<u>35,440,455.41</u>	<u>27,826,454.31</u>

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

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

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

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

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

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

"Other" includes special schools and charter schools.



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED (CONTINUED)**

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$32,632,086.89 and expenditures were \$32,564,006.50. The net change in fund balance for the year was most significant in the General Fund with an increase of \$467,167.62.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Local Sources	\$ 20,201,754.16	61.91%	\$ 408,635.47	2.06%
State Sources	11,874,681.21	36.39%	288,709.04	2.49%
Federal Sources	553,551.52	1.70%	(30,585.25)	-5.24%
Total	<u>\$ 32,629,986.89</u>	100.00%	<u>\$ 666,759.26</u>	2.09%

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2017, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 12,109,088.33	37.52%	\$ 312,808.72	2.65%
Undistributed expenditures	16,212,759.90	50.24%	314,978.99	1.98%
Capital Outlay	191,035.54	0.59%	(160,744.27)	-45.69%
Special Schools	9,941.19	0.03%	1,998.69	25.16%
Charter Schools	331,753.00	1.03%	(117,982.00)	-26.23%
Debt Service:				
Principal	2,180,000.00	6.76%	25,000.00	1.16%
Interest	1,234,928.54	3.83%	(15,510.60)	-1.24%
Total	<u>\$ 32,269,506.50</u>	100.00%	<u>\$ 360,549.53</u>	1.13%

Changes in expenditures were the results of varying factors.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED (CONTINUED)**

**Capital Assets**

At the end of the fiscal year 2017, the School District had \$41,872,324.34 invested in land, building and equipment. Table 4 shows fiscal year 2017 balances compared to 2016.

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

	2017	2016
Land	\$ 1,076,079.00	1,076,079.00
Building and Building Improvements	39,782,095.51	40,939,035.90
Machinery and Equipment	1,039,085.16	1,135,712.31
Total	\$ 41,897,259.67	43,150,827.21

Overall capital assets decreased \$1,253,567.54 from fiscal year 2016 to fiscal year 2017.

**Debt Administration**

At June 30, 2017, the School District had \$37,725,987.34 of outstanding debt. Of this amount, \$844,402.93 is for compensated absences; \$168,877.97 for various capital leases; and \$36,665,000 of serial bonds and \$47,706.44 of premium on bonds.

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

	2017	2016
2009A General Obligation Bonds	\$ 4,020,000.00	5,240,000.00
2009B General Obligation Bonds	28,645,000.00	28,645,000.00
2015 Refunding Bonds Series A	2,955,000.00	3,750,000.00
2015 Refunding Bonds Series B	1,045,000.00	1,210,000.00
Total	\$ 36,665,000.00	38,845,000.00

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

**For the Future**

The Mainland Regional High School District is presently in good financial condition. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges, as community demographics and social emotional needs of students continue to change while State funding is either flat or decreased. For the 2017-2018 School year, the District will continue to be a School Choice District and will be accepting out of district students from surrounding communities.

**Contacting the School District's Management**

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

## **BASIC FINANCIAL STATEMENTS**

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## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,079,800.86	2,825.25	3,082,626.11
Receivables, Net	672,491.04	15,933.89	688,424.93
Internal Balances	732,511.65	(732,511.65)	-
Due from Fiduciary Accounts	28,313.40		28,313.40
Inventory		29,456.80	29,456.80
Capital Assets			
Land	1,076,079.00		1,076,079.00
Capital Assets being Depreciated, net	40,796,245.34	24,935.33	40,821,180.67
Total Assets	<u>46,385,441.29</u>	<u>(659,360.38)</u>	<u>45,726,080.91</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Refunding Bonds	72,180.26		72,180.26
Deferred outflows related to pensions	3,052,716.00		3,052,716.00
Total Deferred outflows of Resources	<u>3,124,896.26</u>	<u>-</u>	<u>3,124,896.26</u>
<b>LIABILITIES</b>			
Accounts Payable	110,965.53	59,995.57	170,961.10
Accrued Interest Payable	301,622.92		301,622.92
Noncurrent Liabilities			
Due Within One Year	2,336,727.94		2,336,727.94
Due Beyond One Year	35,389,259.40		35,389,259.40
Net Pension Liability	11,493,192.00		11,493,192.00
Total Liabilities	<u>49,640,445.85</u>	<u>59,995.57</u>	<u>49,700,441.42</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows related to pensions	99,696.00		99,696.00
Total Deferred Inflow of Resources	<u>99,696.00</u>	<u>-</u>	<u>99,696.00</u>
<b>NET POSITION</b>			
Invested in Capital Assets	5,038,446.37	24,935.33	5,063,381.70
Restricted for:			
Debt Service	33,923.71		33,923.71
Capital Projects	334,695.06		334,695.06
Other Purposes	6,004,308.99		6,004,308.99
Unrestricted	(11,641,178.43)	(744,291.28)	(12,385,469.71)
Total Net Position	<u>\$ (229,804.30)</u>	<u>(719,355.95)</u>	<u>(949,160.25)</u>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Function/Programs	Expenses	Indirect Costs Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
Instruction:								
Regular	\$ 12,609,768.10	3,396,973.40		4,618,853.46		(11,387,888.04)		(11,387,888.04)
Special Education	2,822,345.37	763,012.78		935,860.94		(2,649,477.21)		(2,649,477.21)
Other Special Instruction	1,637,150.39	442,598.80		542,873.98		(1,536,875.21)		(1,536,875.21)
Support Services:								
Tuition	1,297,599.21	-		58,816.99		(1,238,782.22)		(1,238,782.22)
Student & Instruction Related Services	3,711,359.91	1,003,355.25		1,230,675.39		(3,484,039.77)		(3,484,039.77)
School Administrative Services	782,535.76	211,556.25		259,486.43		(734,605.58)		(734,605.58)
Plant Operation and Maintenance	3,562,932.07	963,228.22		1,181,457.18		(3,344,703.11)		(3,344,703.11)
Pupil Transportation	1,260,290.57	340,715.85	38,896.00	417,908.43		(1,144,201.99)		(1,144,201.99)
Business and Other Support Services	1,184,789.83	320,304.45		392,872.62		(1,112,221.66)		(1,112,221.66)
Special Schools	13,976.78	3,778.59		4,634.63		(13,120.74)		(13,120.74)
Charter Schools	331,753.00					(331,753.00)		(331,753.00)
Interest on Long-Term Debt	1,224,894.14					(1,224,894.14)		(1,224,894.14)
Unallocated Benefits	7,445,523.59	(7,445,523.59)				(0.00)		(0.00)
Total Governmental Activities	<u>37,884,918.72</u>	<u>-</u>	<u>38,896.00</u>	<u>9,643,460.05</u>	<u>-</u>	<u>(28,202,562.67)</u>	<u>-</u>	<u>(28,202,562.67)</u>
<b>Business-Type Activities:</b>								
Food Service	755,139.69		189,771.91	323,053.46		(242,314.32)		(242,314.32)
Aquatic Center	-		-	-		-		-
Total Business-Type Activities	<u>755,139.69</u>	<u>-</u>	<u>189,771.91</u>	<u>323,053.46</u>	<u>-</u>	<u>(242,314.32)</u>	<u>(242,314.32)</u>	<u>(242,314.32)</u>
<b>Total Primary Government</b>	<u>\$ 38,640,058.41</u>	<u>-</u>	<u>228,667.91</u>	<u>9,966,513.51</u>	<u>-</u>	<u>(28,202,562.67)</u>	<u>(242,314.32)</u>	<u>(28,444,876.99)</u>
<b>General Revenues:</b>								
Taxes:								
Property Taxes, Levied for General Purposes, Net						17,652,029.00		17,652,029.00
Taxes Levied for Debt Service						2,011,983.31		2,011,983.31
Federal and State Aid not Restricted						8,777,010.68		8,777,010.68
Investment Earnings							1,647.64	1,647.64
Miscellaneous Income						498,845.85		498,845.85
Transfers						(294,500.00)		(294,500.00)
Cancellation of Prior Year Payables						2,100.00		2,100.00
Total General Revenues, Special Items, Extraordinary Items and Transfers						<u>28,647,468.84</u>	<u>296,147.64</u>	<u>28,943,616.48</u>
Change in Net Position						<u>444,906.17</u>	<u>53,833.32</u>	<u>498,739.49</u>
Net Position - Beginning						<u>(674,710.47)</u>	<u>(773,189.27)</u>	<u>(1,447,899.74)</u>
Net Position - Ending						<u>(229,804.30)</u>	<u>(719,355.95)</u>	<u>(949,160.25)</u>

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



## **FUND FINANCIAL STATEMENTS**

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

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,410,645.54	-	669,155.32	-	3,079,800.86
Due from Other Funds	1,388,225.34	1,823.27		33,923.71	1,423,972.32
Receivables from Other Governments	130,391.74	241,882.00		-	372,273.74
Other Receivables	295,717.30	4,500.00		-	300,217.30
Total Assets	<u>4,224,979.92</u>	<u>248,205.27</u>	<u>669,155.32</u>	<u>33,923.71</u>	<u>5,176,264.22</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	110,214.60	750.93			110,965.53
Interfunds Payable	89,910.73	238,776.28	334,460.26		663,147.27
Unearned Revenue		8,678.06			8,678.06
Total Liabilities	<u>200,125.33</u>	<u>248,205.27</u>	<u>334,460.26</u>	<u>-</u>	<u>782,790.86</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Designated for Subsequent Year's Expenditures	2,132,469.53				2,132,469.53
Excess Surplus - Current Year	1,739,369.93				1,739,369.93
Capital Projects			334,695.06		334,695.06
Debt Service				33,923.71	33,923.71
Committed to:					
Other Purposes					-
Assigned to:					
Designated by the BOE for Subsequent Year's Expenditures	54,206.59				54,206.59
Other Purposes	98,808.54				98,808.54
Unassigned:					
General Fund	0.00				0.00
Total Fund Balances	<u>4,024,854.59</u>	<u>-</u>	<u>334,695.06</u>	<u>33,923.71</u>	<u>4,393,473.36</u>
Total Liabilities and Fund Balances	<u>\$ 4,224,979.92</u>	<u>248,205.27</u>	<u>669,155.32</u>	<u>33,923.71</u>	

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

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

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

41,872,324.34

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

72,180.26

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

(301,622.92)

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds

(8,540,172.00)

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

(37,725,987.34)

Net position of governmental activities

(229,804.30)

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 17,652,029.00			2,011,983.31	19,664,012.31
Transportation Fees from Other LEA's	38,896.00				38,896.00
Miscellaneous	485,409.11	13,436.74			498,845.85
Total Local Sources	18,176,334.11	13,436.74	-	2,011,983.31	20,201,754.16
State Sources	10,870,823.21	-		1,003,858.00	11,874,681.21
Federal Sources	55,909.42	497,642.10			553,551.52
Total Revenues	29,103,066.74	511,078.84	-	3,015,841.31	32,629,986.89
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	8,484,944.34	452,261.85			8,937,206.19
Special Education Instruction	2,007,434.77				2,007,434.77
Other Special Instruction	1,164,447.37				1,164,447.37
Support Services:					
Tuition	1,297,599.21				1,297,599.21
Student & Instruction Related Serv.	2,580,942.50	58,816.99			2,639,759.49
School Administrative Services	556,590.11				556,590.11
Other Administrative Services	842,699.24				842,699.24
Plant Operation and Maintenance	2,534,188.00				2,534,188.00
Pupil Transportation	896,400.26				896,400.26
Employee Benefits	7,445,523.59				7,445,523.59
Special Schools	9,941.19				9,941.19
Transfer to Charter School	331,753.00				331,753.00
Debt Service:					
Principal				2,180,000.00	2,180,000.00
Interest and Other Charges				1,234,928.54	1,234,928.54
Capital Outlay	191,035.54	-	-		191,035.54
Total Expenditures	28,343,499.12	511,078.84	-	3,414,928.54	32,269,506.50
Excess (Deficiency) of Revenues Over Expenditures	759,567.62	-	-	(399,087.23)	360,480.39
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(294,500.00)		(310,828.54)	310,828.54	(294,500.00)
Cancellation of Prior Year Payables	2,100.00				2,100.00
Total Other Financing Sources and Uses	(292,400.00)	-	(310,828.54)	310,828.54	(292,400.00)
Net Changes in Fund Balance	467,167.62	-	(310,828.54)	(88,258.69)	68,080.39
Fund Balance - July 1	3,557,686.97	-	645,523.60	122,182.40	4,325,392.97
Fund Balance - June 30	\$ 4,024,854.59	-	334,695.06	33,923.71	4,393,473.36

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ 68,080.39

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

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

Depreciation expense	(1,266,169.80)	
Capital outlay	13,007.06	(1,253,162.74)

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

Bonds Payable		2,180,000.00
Capital Leases Payable		133,491.77

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

Compensated Absences	40,384.35	
Amortization of premium on refunding bonds	12,834.73	
Amortization of loss on refunding of bonds	(17,435.33)	
		35,783.75

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

	District pension contributions	344,746.00
	Cost of benefits earned, net of employee contributions	(1,078,668.00)
		(733,922.00)

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

14,635.00

Change in Net Position of Governmental Activities

\$ 444,906.17

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2017**

	Business-type Activities - Enterprise Fund	
	Food Service	Total
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,825.25	2,825.25
Intergovernmental A/R - Federal	15,672.95	15,672.95
Intergovernmental A/R - State	260.94	260.94
Inventory	29,456.80	29,456.80
Total Current Assets	48,215.94	48,215.94
Noncurrent Assets:		
Furniture, Machinery & Equipment	294,523.18	294,523.18
Less: Accumulated Depreciation	(269,587.85)	(269,587.85)
Total Noncurrent Assets	24,935.33	24,935.33
Total Assets	73,151.27	73,151.27
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	59,995.57	59,995.57
Interfund Payable	732,511.65	732,511.65
Total Current Liabilities	792,507.22	792,507.22
<b>Net Position</b>		
Invested in Capital Assets	24,935.33	24,935.33
Unrestricted	(744,291.28)	(744,291.28)
Total Net Position	\$ (719,355.95)	(719,355.95)

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2017**

	Business-type Activities - Enterprise Fund	
	Food Service	Total
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 88,773.53	88,773.53
Daily Sales - Non-reimbursable Programs	86,915.68	86,915.68
Special Functions	14,082.70	14,082.70
Miscellaneous	-	-
Total Operating Revenue	189,771.91	189,771.91
Operating Expenses:		
Cost of Sales - reimbursable programs	234,265.78	234,265.78
Cost of Sales - non-reimbursable programs	49,441.56	49,441.56
Salaries	404,720.70	404,720.70
Energy	70.64	70.64
Management Fee	2,714.28	2,714.28
General Supplies	33,442.36	33,442.36
Miscellaneous	27,905.57	27,905.57
Depreciation	2,578.80	2,578.80
Total Operating Expenses	755,139.69	755,139.69
Operating Income (Loss)	(565,367.78)	(565,367.78)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,788.37	4,788.37
Federal Sources:		
National School Lunch Program	226,701.64	226,701.64
Federal Breakfast Program	53,873.24	53,873.24
Food Distribution Program	37,690.21	37,690.21
Interest and Investment Income	1,647.64	1,647.64
Total Nonoperating Revenues (Expenses)	324,701.10	324,701.10
Income (Loss) before Contributions & Transfers	(240,666.68)	(240,666.68)
Capital Contributions		-
Transfers In (Out)	294,500.00	294,500.00
Changes in Net Position	53,833.32	53,833.32
Total Net Position - Beginning	(773,189.27)	(773,189.27)
Total Net Position - Ending	\$ (719,355.95)	(719,355.95)

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

	Business-type Activities - Enterprise Fund	
	Food Service	Total 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 194,771.91	194,771.91
Payments to Employees	(404,720.70)	(404,720.70)
Payments for Supplies	(270,987.29)	(270,987.29)
Net Cash (Used for) Operating Activities	(480,936.08)	(480,936.08)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	4,866.87	4,866.87
Federal Sources	287,899.49	287,899.49
Operating Subsidies and Transfers to Other Funds	(410,888.54)	(410,888.54)
Net Cash Provided by Noncapital Financing Activities	(118,122.18)	(118,122.18)
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of fixed Assets	(2,174.00)	(2,174.00)
Net Cash Provided by (Used for) Noncapital Financing Activities	(2,174.00)	(2,174.00)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and Dividends	1,647.64	1,647.64
Net Cash Provided by Investing Activities	1,647.64	1,647.64
Net (Decrease) in Cash and Cash Equivalents	(599,584.62)	(599,584.62)
Balance - Beginning of Year	602,409.87	602,409.87
Balance - End of Year	\$ 2,825.25	2,825.25
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating (Loss)	\$ (565,367.78)	(565,367.78)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	2,578.80	2,578.80
Donated Commodities Received During the Year	37,690.21	37,690.21
Increase in Accounts Receivable	5,000.00	5,000.00
Increase in Inventories	3,648.95	3,648.95
Increase in Accounts Payable	35,513.74	35,513.74
Total Adjustments	84,431.70	84,431.70
Net Cash (Used for) Operating Activities	\$ (480,936.08)	(480,936.08)

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



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2017**

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 86,309.80	310,389.09
	<u>86,309.80</u>	<u>310,389.09</u>
Total Assets	<u>86,309.80</u>	<u>310,389.09</u>
<b>LIABILITIES</b>		
Payable to District	-	28,313.40
Payable to Student Groups	-	282,075.69
	<u>-</u>	<u>310,389.09</u>
Total Liabilities	<u>-</u>	<u>310,389.09</u>
<b>Net Position</b>		
Held in Trust for Unemployment Claims and Other Purposes		
Reserved for Scholarships	<u>\$ 86,309.80</u>	
Reserve for Memorial Trust		

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2017**

	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Other	\$ 5,390.08
Total Contributions	<u>5,390.08</u>
Investment Earnings:	
Interest	<u>385.85</u>
Net Investment Earnings	<u>385.85</u>
Total Additions	<u>5,775.93</u>
<b>DEDUCTIONS</b>	
Scholarships Awarded	4,196.35
Memorial Trust Disbursements	
Total Deductions	<u>4,196.35</u>
Changes in Net Position	1,579.58
Net Position - Beginning of the Year	84,730.22
Net Position - End of the Year	<u>\$ 86,309.80</u>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

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

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

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

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

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

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

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

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

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

The following fund types are used by the District:

**1. Governmental Funds:**

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

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

**Fund Balances – Governmental Funds**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

**2. Proprietary Funds:**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

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

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

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

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

### **3. Fiduciary Funds:**

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

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

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

## **D. BASIS OF ACCOUNTING**

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

### **1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

### **2. Modified Accrual:**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

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

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

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

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

**2. Investments:**

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

**3. Inventories:**

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2017, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	25,290.40
Supplies		<u>4,166.40</u>
	\$	<u><u>29,456.80</u></u>

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

**4. Capital Assets:**

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

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

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

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

**5. Revenues:**

Substantially, all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

**6. Expenditures:**

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

**7. Compensated Absences:**

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

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

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

**8. Interfund Activity:**

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



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

**9. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

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

Regular Programs - Instruction	
Grades 9-12 Salaries of Teachers	\$ 200,000.00
Special Education - Instruction	
Resources Room/Resource Center	
Salaries of Teachers	\$ (203,050.00)
School Spon. Cocurricular Activities - Instruction	
Salaries	\$ 78,050.05
Undistributed Expenditures - Instruction	
Tuition to County Voc. School District - Regular	\$ 57,000.00
Tuition to County Spec. School District	\$ 71,000.00
Tuition to Private Schools for the Disabled - Within State	\$ (198,000.00)
Undistributed Expenditures - School Admin	
Purchased Prof & Technical Services	\$ (50,000.00)
Undistributed Expenditures - Employee Benefits	
Health Benefits	\$ 70,000.00

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

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

**10. Use of Estimates:**

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

**11. Allocation of Costs:**

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

**12. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
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Teachers' Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

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

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

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

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85 "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86 "Certain Debt Extinguishment Issues." This statement, which is effective for reporting periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District's financial reporting.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk-Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$0 of the government's bank balance of \$3,872,408.29 was exposed to custodial credit risk.

**Investments**

As of June 30, 2017, the District had no investments.

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**Interest Rate Risk.** The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

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

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

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(CONTINUED)**

**NOTE 3. FIXED ASSETS**

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

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,076,079.00	-	-	1,076,079.00
Total capital assets not being depreciated	<u>1,076,079.00</u>	<u>-</u>	<u>-</u>	<u>1,076,079.00</u>
Capital assets being depreciated:				
Buildings and building improvements	49,894,250.40			49,894,250.40
Equipment	6,483,006.85	13,007.06	(5,730.00)	6,490,283.91
Total capital assets being depreciated at historical cost	<u>56,377,257.25</u>	<u>13,007.06</u>	<u>(5,730.00)</u>	<u>56,384,534.31</u>
Less accumulated depreciation for:				
Buildings and building improvements	(8,955,214.50)	(1,156,940.39)	-	(10,112,154.89)
Equipment	(5,372,634.67)	(109,229.41)	5,730.00	(5,476,134.08)
Total accum deprec	<u>(14,327,849.17)</u>	<u>(1,266,169.80)</u>	<u>5,730.00</u>	<u>(15,588,288.97)</u>
Total capital assets being depr, net of accum depr	<u>42,049,408.08</u>	<u>(1,253,162.74)</u>	<u>-</u>	<u>40,796,245.34</u>
<b>Governmental Activities Capital Assets, net</b>	<u>\$ 43,125,487.08</u>	<u>(1,253,162.74)</u>	<u>-</u>	<u>41,872,324.34</u>
<b>Business-Type Activities:</b>				
Equipment	\$ 292,349.18	2,174.00		294,523.18
Less accum depr for:				
Equipment	(267,009.05)	(2,578.80)		(269,587.85)
<b>Business-Type Activities Capital Assets, net</b>	<u>\$ 25,340.13</u>	<u>(404.80)</u>	<u>-</u>	<u>24,935.33</u>

Depreciation expense was charged to governmental functions as follows:

<b>INSTRUCTION</b>	
Regular Instruction	\$ 577,682.02
Special Education	129,756.32
Other Special Education	75,267.40
<b>SUPPORT SERVICES</b>	
Student & instruction related Services	170,628.45
School Administration	35,976.80
Other Administrative Services	54,470.29
Plant Operations	163,804.53
Pupil Transportation	57,941.41
Special Schools	642.58
	<u>\$ 1,266,169.80</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
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**NOTE 4. PENSION PLANS**

*Description of Plans*

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

*Teachers' Pension and Annuity Fund*

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

*Public Employees' Retirement System*

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

*Defined Contribution Retirement Program (DCRP)*

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

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

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Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The School District's contributions to TPAF for the years ending June 30, 2017, 2016, and 2015 were \$1,263,483.00, \$938,082.00, and \$645,855.00 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2017, 2016 and 2015 were \$328,358.00, \$336,126.00 and \$325,752.00 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2017, 2016 and 2015, the State of New Jersey contributed \$1,052,769.00, \$1,116,996.00, and \$1,025,296.00, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$823,093.21, \$831,221.17, and \$867,668.40,, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were sixteen employees enrolled in the DCRP for the year ended June 30, 2017.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

Significant Legislation - Continued

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.

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- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also required the State to make its full pension contribution, defined at 1/7<sup>th</sup> of the required amount, beginning in fiscal year 2012.

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

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



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**NOTE 5 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

At June 30, 2017, the District reported a liability of \$11,493,192.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.03880589180%, which was a decrease of 0.74% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$733,922.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ 213,739.00	
Changes of assumptions	2,380,776.00	
Net difference between projected and actual earnings on pension plan investments	438,246.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	19,955.00	99,696.00
District contributions subsequent to the measurement date	344,746.00	
Total	\$ 3,397,462.00	99,696.00

\$344,746.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (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:

Year ended June 30,	
2017	\$ 668,286.84
2018	668,286.84
2019	763,989.14
2020	639,331.64
2021	213,125.54
Total	\$ 2,953,020.00

**Actuarial Assumptions**

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

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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%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement 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 2014 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 (set back 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 experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% 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. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. 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:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

*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 year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% 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 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 District's proportionate share of the net pension liability to changes in the discount rate.*

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

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 13,866,031	11,493,192	9,507,123

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

*Pension plan fiduciary net position.*

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

**NOTE 6 – TEACHERS' PENSION AND ANNUITY FUND (TPAF)**

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		92,170,789.00
Total	\$	92,170,789.00

The net pension liability was measured as of June 30, 2016 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$5,992,238.00 and revenue of \$5,992,238.00 for support provided by the State. At June 30, 2017, the deferred outflows of resources and deferred inflows of resources attributable to the District related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 324,811.00	157,627.00
Changes of assumptions	18,398,396.00	
Net difference between projected and actual earnings on pension plan investments	1,681,024.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,717,268.00	
District contributions subsequent to the measurement date	933,114.00	
Total	\$ 24,054,613.00	157,627.00

\$933,114.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (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:

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

Year ended June 30,	
2017	\$ 3,373,498.00
2018	3,373,498.00
2019	3,951,986.00
2020	3,695,982.00
2021	3,122,083.00
Thereafter	5,446,825.00
Total	<u>\$ 22,963,872.00</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation 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 assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Pre-retirement, post-retirement and disable mortality rates were based on the experience of TPAF members reflecting mortality improvement 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, 20012 to June 30, 2015.

***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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
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 market equities	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 - Multi Strategy	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 average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.22% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.22%) or 1-percentage point higher (4.22%) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of the net pension liability	\$ -	-	-

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

*Pension plan fiduciary net position.*

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

**NOTE 7. POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2008, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for 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 premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

**NOTE 8. DEFERRED COMPENSATION**

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

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

**NOTE 9. COMPENSATED ABSENCES**

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

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

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

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

**NOTE 10. GENERAL LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Issues or Additions	Payments or Expenditures	Balance June 30, 2017	Amounts Due Within One Year
Compensated Absences	\$ 884,787.28	149,230.00	189,614.35	844,402.93	-
Capital Leases	302,369.74	-	133,491.77	168,877.97	83,812.49
Bonds Payable	38,845,000.00	-	2,180,000.00	36,665,000.00	2,240,000.00
Premium on Bond Sale	60,541.17	-	12,834.73	47,706.44	12,915.45
Net Pension Liability	8,776,406.00	2,716,786.00	-	11,493,192.00	-
	<u>\$ 48,869,104.19</u>	<u>2,866,016.00</u>	<u>2,515,940.85</u>	<u>49,219,179.34</u>	<u>2,336,727.94</u>

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

**Bonds Payable**

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

At June 30, 2017 bonds payable consisted of the following issues:

\$11,770,000 General Obligation Bonds, Series A dated October 15, 2009, due in annual installments through October 15, 2019, bearing interest at varying rates. The balance remaining as of June 30, 2017 is \$4,020,000.

\$28,645,000 General Obligation Bonds, Series B (Taxable Direct Build America Bonds) dated October 15, 2009, due in annual installments through October 15, 2029, bearing interest at varying rates. The balance remaining as of June 30, 2017 is \$28,645,000. Interest on the Build America Bonds are subject to a 35% subsidy from the Federal Government. The federal subsidy would amount to \$8,486,982.00 over the life of the bonds.

\$3,815,000 General Obligation School Refunding Bonds dated June 25, 2015, due in annual installments through August 1, 2020, bearing interest at varying rates. The balance remaining as of June 30, 2017 is \$2,955,000.

On June 25, 2015, the District issued \$3,815,000 in Refunding School Bonds with a net interest cost of 1.80% to advance refund \$3,725,000 of outstanding 2005 school bonds with an average interest rate of 3.85%. The net proceeds of \$3,795,143.75, including a premium on the bonds of \$61,590.55 and net of payments of \$15,704.88 in underwriting fees and \$65,741.92 of issuance costs were used to purchase



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments when due.

\$1,375,000 General Obligation School Refunding Bonds dated June 25, 2015, due in annual installments through April 1, 2023, bearing interest at varying rates. The balance remaining as of June 30, 2017 is \$1,045,000.

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

Debt service requirements on serial bonds payable at June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	2,240,000.00	1,671,904.38	3,911,904.38
2019	2,290,000.00	1,617,861.25	3,907,861.25
2020	2,355,000.00	1,559,621.25	3,914,621.25
2021	2,440,000.00	1,481,025.00	3,921,025.00
2022	2,540,000.00	1,375,300.00	3,915,300.00
2023-2027	14,450,000.00	4,855,781.26	19,305,781.26
2028-2030	10,350,000.00	889,225.00	11,239,225.00
	<u>\$ 36,665,000.00</u>	<u>13,450,718.14</u>	<u>50,115,718.14</u>

Capital Leases

The District is leasing Technology Equipment totaling \$417,801.41 and TV Studio Equipment totaling \$241,076.28 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,	Principal
2018	\$ 86,337.22
2019	86,337.22
Total minimum lease payments	172,674.44
Less amount representing interest	3,796.47
Present value of lease payments	<u>\$ 168,877.97</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

**NOTE 11. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,388,225.34	89,910.73
Special Revenue Fund	1,823.27	238,776.28
Capital Projects Fund		334,460.26
Debt Service Fund	33,923.71	
Enterprise Funds		732,511.65
Agency Funds		28,313.40
Total	<u>\$ 1,423,972.32</u>	<u>1,423,972.32</u>

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

**NOTE 12. FUND BALANCE APPROPRIATED**

General Fund – Of the \$4,024,854.59 General Fund fund balance, at June 30, 2017, \$98,808.54 is reserved for encumbrances; \$3,871,839.46 is reserved as excess surplus in accordance with NJSA 18A:7F-7 of which \$2,132,469.53 has been appropriated as revenue in the 2017-2018 budget and the balance of \$1,739,369.93 will be budgeted in the 2018-2019 budget; \$209,243.47 has been anticipated as revenue in the 2017-2018 budget, however, only \$54,206.59 is shown as committed on the balance sheet since GASB requires that unassigned fund balance cannot be deficit when assigned balances are available; and \$0 is classified as Unassigned, after adjusting the designated for subsequent year’s budget amount of \$155,036.88.

Capital Projects Fund – Of the \$334,695.06 Capital Projects Fund fund balance, at June 30, 2017, \$334,695.06 is restricted for a Capital project for additions and renovations to the High School;

Debt Service Fund - Of the \$33,923.71 Debt Service Fund fund balance, at June 30, 2017, \$33,923.71 is restricted debt service.

**NOTE 13. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, c.73, the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance generated at June 30, 2017 is \$3,871,839.46.

**NOTE 13. RISK MANAGEMENT**

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2017, the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)**

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

**NOTE 14. LITIGATION**

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

**NOTE 15. TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate do to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**NOTE 16. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through November 16, 2017, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

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**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

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**BUDGETARY COMPARISON SCHEDULES**

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 17,652,029.00	-	17,652,029.00	17,652,029.00	-
Transportation Fees from Other LEA's	160,721.00	-	160,721.00	38,896.00	(121,825.00)
Miscellaneous	226,481.00	-	226,481.00	485,409.11	258,928.11
<b>Total Local Sources</b>	<b>18,039,231.00</b>	<b>-</b>	<b>18,039,231.00</b>	<b>18,176,334.11</b>	<b>137,103.11</b>
State Sources:					
Categorical Special Education Aid	894,428.00	-	894,428.00	894,428.00	-
Extraordinary Aid	-	-	-	43,878.00	43,878.00
Equalization Aid	6,194,693.00	-	6,194,693.00	6,194,693.00	-
Categorical Security Aid	43,566.00	-	43,566.00	43,566.00	-
Categorical Transportation Aid	84,661.00	-	84,661.00	84,661.00	-
School Choice Aid	437,096.00	-	437,096.00	437,096.00	-
Non Public School Transportation Costs	-	-	-	2,262.00	2,262.00
PARCC Readiness Aid	14,230.00	-	14,230.00	14,230.00	-
Per Pupil Growth Aid	14,230.00	-	14,230.00	14,230.00	-
Professional Learning Community Aid	13,340.00	-	13,340.00	13,340.00	-
Lead Water Testing for Schools Aid	-	-	-	1,784.00	1,784.00
On-behalf TPAF Pension (Non-Budgeted)	-	-	-	1,263,483.00	1,263,483.00
On-behalf TPAF Post-Retirement Contributions (Non-Budgeted)	-	-	-	1,052,769.00	1,052,769.00
On-behalf TPAF Long-Term Disability Ins. Contrib. (Non-Budgeted)	-	-	-	798.00	798.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	823,093.21	823,093.21
<b>Total State Sources</b>	<b>7,696,244.00</b>	<b>-</b>	<b>7,696,244.00</b>	<b>10,884,311.21</b>	<b>3,188,067.21</b>
Federal Sources:					
Medicaid Reimbursement (SEMI)	14,676.00	-	14,676.00	51,244.19	36,568.19
Medicaid Reimbursement (SEMI) - ARRA	-	-	-	4,665.23	4,665.23
<b>Total Federal Sources</b>	<b>14,676.00</b>	<b>-</b>	<b>14,676.00</b>	<b>55,909.42</b>	<b>41,233.42</b>
<b>Total Revenues</b>	<b>25,750,151.00</b>	<b>-</b>	<b>25,750,151.00</b>	<b>29,116,554.74</b>	<b>3,366,403.74</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>REGULAR PROGRAMS - INSTRUCTION</b>					
Grades 9 - 12 Salaries of Teachers	7,962,502.00	200,000.00	8,162,502.00	8,033,356.94	129,145.06
Regular Programs - Home Instruction	-	-	-	-	-
Salaries of Teachers	185,000.00	-	185,000.00	132,093.75	52,906.25
Regular Programs - Undistributed Instruction	-	-	-	-	-
General Supplies	348,545.00	24,500.00	373,045.00	299,201.72	73,843.28
Textbooks	22,450.00	-	22,450.00	20,041.93	2,408.07
Other Objects	6,000.00	-	6,000.00	250.00	5,750.00
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>8,524,497.00</b>	<b>224,500.00</b>	<b>8,748,997.00</b>	<b>8,484,944.34</b>	<b>264,052.66</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Resource Room/Resource Center					
Salaries of Teachers	1,672,430.00	(203,050.00)	1,469,380.00	1,453,842.44	15,537.56
Other Salaries for Instruction	593,676.00	(7,500.00)	586,176.00	537,104.49	49,071.51
General Supplies	15,000.00	-	15,000.00	9,576.70	5,423.30
Textbooks	12,000.00	-	12,000.00	6,911.14	5,088.86
<b>Total Resource Room/Resource Center</b>	<b>2,293,106.00</b>	<b>(210,550.00)</b>	<b>2,082,556.00</b>	<b>2,007,434.77</b>	<b>75,121.23</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,293,106.00</b>	<b>(210,550.00)</b>	<b>2,082,556.00</b>	<b>2,007,434.77</b>	<b>75,121.23</b>
Bilingual Education - Instruction					
General Supplies	1,100.00	-	1,100.00	49.25	1,050.75
<b>Total Bilingual Education - Instruction</b>	<b>1,100.00</b>	<b>-</b>	<b>1,100.00</b>	<b>49.25</b>	<b>1,050.75</b>
School-Spon. Cocurricular Activities - Instruction					
Salaries	337,518.00	78,050.05	415,568.05	404,836.33	10,731.72
Supplies & Materials	28,080.80	(202.80)	27,878.00	25,843.51	2,034.49
<b>Total School-Spon. Cocurricular Activities - Inst.</b>	<b>365,598.80</b>	<b>77,847.25</b>	<b>443,446.05</b>	<b>430,679.84</b>	<b>12,766.21</b>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
School-Spon. Cocurricular Athletics - Instruction					
Salaries	540,000.00	(20,000.00)	520,000.00	514,974.46	5,025.54
Purchased Services (300-500 series)	77,500.00	22,500.00	100,000.00	98,198.00	1,802.00
Supplies & Materials	121,600.00	(4,424.93)	117,175.07	112,385.69	4,789.38
Other Objects		9,259.00	9,259.00	8,160.13	1,098.87
Total School-Spon. Cocurricular Athletics - Inst.	<u>739,100.00</u>	<u>7,334.07</u>	<u>746,434.07</u>	<u>733,718.28</u>	<u>12,715.79</u>
<b>TOTAL INSTRUCTION</b>	<u>11,923,401.80</u>	<u>99,131.32</u>	<u>12,022,533.12</u>	<u>11,656,826.48</u>	<u>365,706.64</u>
<b>UNDISTRIBUTED EXPENDITURES</b>					
Undistributed Expenditures - Instruction					
Tuition to County Voc. School District - Regular	485,616.00	57,000.00	542,616.00	510,636.00	31,980.00
Tuition to CSSD & Regional Day Schools	656,260.00	71,000.00	727,260.00	661,576.00	65,684.00
Tuition to Private Schools for the Disabled - Within State	459,664.00	(198,000.00)	261,664.00	85,422.21	176,241.79
Tuition to Private Schools for the Disabled & Other LEA - Spl. O/S St.	10,000.00	-	10,000.00		10,000.00
Tuition - State Facilities	39,965.00	-	39,965.00	39,965.00	-
Total Undistributed Expenditures - Instruction	<u>1,651,505.00</u>	<u>(70,000.00)</u>	<u>1,581,505.00</u>	<u>1,297,599.21</u>	<u>283,905.79</u>
Undistributed Expend. - Attend. & Social Worker					
Salaries	31,138.00	5,444.00	36,582.00	36,581.07	0.93
Supplies & Materials		-			-
Total Undist. Expend. - Attend. & Social Worker	<u>31,138.00</u>	<u>5,444.00</u>	<u>36,582.00</u>	<u>36,581.07</u>	<u>0.93</u>
Undistributed Expend. - Health Services					
Salaries	170,760.00	450.00	171,210.00	171,184.55	25.45
Purchased Professional and Technical Services	24,500.00	(200.00)	24,300.00	21,183.20	3,116.80
Supplies & Materials	5,000.00	500.00	5,500.00	5,315.53	184.47
Total Undistributed Expend. - Health Services	<u>200,260.00</u>	<u>750.00</u>	<u>201,010.00</u>	<u>197,683.28</u>	<u>3,326.72</u>
Undistributed Expend.- Speech, OT, PT & Related Services					
Salaries	88,080.00	400.00	88,480.00	88,452.98	27.02
Purchased Professional - Educational Services	52,000.00	-	52,000.00	48,240.00	3,760.00
Supplies and Materials	2,000.00	500.00	2,500.00	1,598.99	901.01
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>142,080.00</u>	<u>900.00</u>	<u>142,980.00</u>	<u>138,291.97</u>	<u>4,688.03</u>
Undist. Expend. -Guidance					
Salaries of Other Professional Staff	522,576.00	3,999.60	526,575.60	521,343.51	5,232.09
Salaries of Secretarial and Clerical Assistants	132,056.00	(11,844.00)	120,212.00	94,890.29	25,321.71
Purchased Professional - Educational Services	13,000.00	-	13,000.00	8,445.00	4,555.00
Supplies & Materials	18,445.00	-	18,445.00	13,346.11	5,098.89
Total Undist. Expend. - Guidance	<u>686,077.00</u>	<u>(7,844.40)</u>	<u>678,232.60</u>	<u>638,024.91</u>	<u>40,207.69</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	460,500.00	-	460,500.00	448,535.03	11,964.97
Salaries of Secretarial and Clerical Assistants	109,090.00	-	109,090.00	108,907.76	182.24
Purchased Professional - Education Services	70,425.00	-	70,425.00	41,801.86	28,623.14
Supplies & Materials	35,000.00	-	35,000.00	24,831.86	10,168.14
Total Undist. Expend. - Child Study Teams	<u>675,015.00</u>	<u>-</u>	<u>675,015.00</u>	<u>624,076.51</u>	<u>50,938.49</u>
Undist. Expend.-Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	523,751.00	2,375.30	526,126.30	499,700.24	26,426.06
Salaries of Secr and Clerical Assist.	141,801.00	1,250.00	143,051.00	143,027.68	23.32
Total Undist. Expend.-Improvement of Instructional Services	<u>665,552.00</u>	<u>3,625.30</u>	<u>669,177.30</u>	<u>642,727.92</u>	<u>26,449.38</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	207,342.00	7,142.00	214,484.00	214,108.43	375.57
Supplies & Materials	71,785.00	(7,897.00)	63,888.00	57,876.46	6,011.54
Total Undistributed Expenditures - Educational Media Services - School Library	<u>279,127.00</u>	<u>(755.00)</u>	<u>278,372.00</u>	<u>271,984.89</u>	<u>6,387.11</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Education Services	31,900.00	(2,700.00)	29,200.00	23,366.93	5,833.07
Other Purchased Services (400-500 series)	13,739.80	4,600.00	18,339.80	8,205.02	10,134.78
Total Undistributed Expenditures - Instructional Staff Training Services	<u>45,639.80</u>	<u>1,900.00</u>	<u>47,539.80</u>	<u>31,571.95</u>	<u>15,967.85</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	186,800.00	(1,000.00)	185,800.00	179,511.40	6,288.60
Legal Services	65,000.00	(4,000.00)	61,000.00	23,715.85	37,284.15
Audit Fees	28,500.00	-	28,500.00	27,500.00	1,000.00
Other Purchased Professional Services	17,000.00	5,000.00	22,000.00	21,345.00	655.00
Communications/Telephone	65,200.00	-	65,200.00	41,982.59	23,217.41
Other Purchased Services (400-500 series)	24,500.00	-	24,500.00	23,261.00	1,239.00
General Supplies	19,375.00	-	19,375.00	11,641.12	7,733.88
Miscellaneous Expenditures	33,500.00	-	33,500.00	22,490.04	11,009.96
Total Undistributed Expenditures - Support Services - General Administration	<u>439,875.00</u>	<u>-</u>	<u>439,875.00</u>	<u>351,447.00</u>	<u>88,428.00</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	356,539.00	(2,400.00)	354,139.00	280,688.25	73,450.75
Salaries of Other Professional Staff	123,501.00	2,400.00	125,901.00	125,876.14	24.86
Salaries of Secretarial and Clerical Assistants	103,090.00	(2,375.00)	100,715.00	99,268.50	1,446.50
Purchased Professional and Technical Services	121,000.00	(50,000.00)	71,000.00	16,276.42	54,723.58
Supplies & Materials	121,400.00	(25,000.00)	96,400.00	34,480.80	61,919.20
Total Undistributed Expenditures - Support Services - School Administration	<u>825,530.00</u>	<u>(77,375.00)</u>	<u>748,155.00</u>	<u>556,590.11</u>	<u>191,564.89</u>
Undist. Expend.-Central Services					
Salaries	376,911.00	755.00	377,666.00	376,638.12	1,027.88
Purchased Technical Services	32,000.00	-	32,000.00	26,566.00	5,434.00
Sale/Lease-back Payments	66,000.00	(5,000.00)	61,000.00	41,334.87	19,665.13
Supplies and Materials	15,000.00	-	15,000.00	8,157.30	6,842.70
Miscellaneous Expenditures	2,700.00	-	2,700.00	1,980.97	719.03
Total Undist. Expend. Central Services	<u>492,611.00</u>	<u>(4,245.00)</u>	<u>488,366.00</u>	<u>454,677.26</u>	<u>33,688.74</u>
Undist. Expend.-Admin. Info. Technology					
Salaries	37,500.00	-	37,500.00	36,574.98	925.02
Total Undist. Expend. Admin. Info. Technology	<u>37,500.00</u>	<u>-</u>	<u>37,500.00</u>	<u>36,574.98</u>	<u>925.02</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	368,645.00	0.60	368,645.60	361,805.01	6,840.59
Cleaning, Repair and Maintenance Service	378,479.60	18,468.28	396,947.88	376,616.68	20,331.20
General Supplies	55,240.00	-	55,240.00	43,891.87	11,348.13
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>802,364.60</u>	<u>18,468.88</u>	<u>820,833.48</u>	<u>782,313.56</u>	<u>38,519.92</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
Undist. Expend. - Custodial Services					
Salaries	627,794.00	(10,000.10)	617,793.90	607,217.29	10,576.61
Cleaning, Repair and Maintenance Service	15,100.00	-	15,100.00	14,634.06	465.94
Other Purchased Property Services	67,586.29	-	67,586.29	58,809.84	8,776.45
Insurance	95,900.00	-	95,900.00	87,406.00	8,494.00
General Supplies	98,000.00	-	98,000.00	76,905.76	21,094.24
Energy(Electricity)	487,000.00	36,500.00	523,500.00	514,053.36	9,446.64
Energy(Gas)	205,000.00	(41,500.00)	163,500.00	122,465.62	41,034.38
Other Objects	7,000.00	-	7,000.00	5,023.82	1,976.18
Total Undistributed Expenditures - Custodial Services	<u>1,603,380.29</u>	<u>(15,000.10)</u>	<u>1,588,380.19</u>	<u>1,486,515.75</u>	<u>101,864.44</u>
Undis. Expend.- Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	137,500.00	10,125.00	147,625.00	144,826.91	2,798.09
General Supplies	60,000.00	(27,025.00)	32,975.00	13,097.42	19,877.58
Total Care and Upkeep of Grounds	<u>197,500.00</u>	<u>(16,900.00)</u>	<u>180,600.00</u>	<u>157,924.33</u>	<u>22,675.67</u>
Undist. Expend. - Security					
Salaries	85,826.00	-	85,826.00	81,031.59	4,794.41
General Supplies	13,510.00	12,900.00	26,410.00	26,402.77	7.23
Total Security	<u>99,336.00</u>	<u>12,900.00</u>	<u>112,236.00</u>	<u>107,434.36</u>	<u>4,801.64</u>
Total Undistributed Expenditures Operations and Maintenance of Plant	<u>2,702,580.89</u>	<u>(531.22)</u>	<u>2,702,049.67</u>	<u>2,534,188.00</u>	<u>167,861.67</u>
Undist. Expend. - Student Transportation Serv.					
Sal. for Pupil Trans(Bet. Home & School)-Reg.	323,994.00	(1,000.00)	322,994.00	266,573.73	56,420.27
Sal. for Pup. Trans. (Bet. Home & School) - Spc.	37,139.00	74.80	37,213.80	37,195.18	18.62
Sal. for Pupil Trans(Other than Bet. Home & Sch)	75,000.00	-	75,000.00	69,921.20	5,078.80
Cleaning, Repair and Maint. Services	3,000.00	-	3,000.00	1,000.00	2,000.00
Rental Payments - School Buses	270,000.00	(5,075.00)	264,925.00	194,496.08	70,428.92
Contracted Services - (Other than Home & Sch)-Vend	61,545.80	(15,000.00)	46,545.80	17,502.43	29,043.37
Contr. Serv. - (Spc Ed. Students) -Vendors	325,000.00	-	325,000.00	212,701.13	112,298.87
Contr. Serv. - Aid in Lieu Payments - NonPublic Sch	12,376.00	5,000.00	17,376.00	15,773.34	1,602.66
Supplies & Materials	150,000.00	(5,000.00)	145,000.00	65,331.49	79,668.51
Other Objects	20,000.00	-	20,000.00	15,905.68	4,094.32
Total Undistributed Expenditures - Student Transportation Services	<u>1,278,054.80</u>	<u>(21,000.20)</u>	<u>1,257,054.60</u>	<u>896,400.26</u>	<u>360,654.34</u>
Unallocated Benefits - Employee Benefits					
Social Security Contribution	344,000.00	40,000.00	384,000.00	365,714.94	18,285.06
Other Retirement Contributions - PERS	425,000.00	(40,000.00)	385,000.00	348,290.00	36,710.00
Unemployment Compensation	75,000.00	-	75,000.00	53,617.08	21,382.92
Workmen's Compensation	247,225.00	-	247,225.00	225,310.00	21,915.00
Health Benefits	3,242,173.00	70,000.00	3,312,173.00	3,278,420.04	33,752.96
Tuition Reimbursement	37,100.00	-	37,100.00	30,330.52	6,769.48
Other Employee Benefits	6,000.00	-	6,000.00	3,697.80	2,302.20
Total Unallocated Benefits	<u>4,376,498.00</u>	<u>70,000.00</u>	<u>4,446,498.00</u>	<u>4,305,380.38</u>	<u>141,117.62</u>
On-Behalf TPAF Pension (Non-Budgeted)				1,263,483.00	(1,263,483.00)
On-behalf TPAF Postretirement Contributions (Non-Budgeted)				1,052,769.00	(1,052,769.00)
On-behalf TPAF Long-Term Disability Ins. Contrib. (Non-Budgeted)				798.00	(798.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				823,093.21	(823,093.21)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,140,143.21</u>	<u>(3,140,143.21)</u>
Total Personal Services - Employee Benefits	<u>4,376,498.00</u>	<u>70,000.00</u>	<u>4,446,498.00</u>	<u>7,445,523.59</u>	<u>(2,999,025.59)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>14,529,043.49</u>	<u>(99,131.52)</u>	<u>14,429,911.97</u>	<u>16,153,942.91</u>	<u>(1,724,030.94)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>26,452,445.29</u>	<u>(0.20)</u>	<u>26,452,445.09</u>	<u>27,810,769.39</u>	<u>(1,358,324.30)</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Regular Programs - Instruction					
Grades 9 - 12	192,843.00	0.20	192,843.20	191,035.54	1,807.66
Undistributed- Maint & Plant Svc		-			-
Total Equipment	<u>192,843.00</u>	<u>0.20</u>	<u>192,843.20</u>	<u>191,035.54</u>	<u>1,807.66</u>
Undistributed:					
Facilities Acquisition and Construction Services					
Construction Services		-			-
Total Facilities acquisition and Construction Services	-	-	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<u>192,843.00</u>	<u>0.20</u>	<u>192,843.20</u>	<u>191,035.54</u>	<u>1,807.66</u>
<b>SPECIAL SCHOOLS</b>					
Summer School - Instruction					
Salaries of Teachers	20,000.00	-	20,000.00	9,941.19	10,058.81
Total Summer School	<u>20,000.00</u>	<u>-</u>	<u>20,000.00</u>	<u>9,941.19</u>	<u>10,058.81</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>20,000.00</u>	<u>-</u>	<u>20,000.00</u>	<u>9,941.19</u>	<u>10,058.81</u>
Transfer of Funds to Charter Schools	357,085.00	-	357,085.00	331,753.00	25,332.00
<b>TOTAL EXPENDITURES</b>	<u>27,022,373.29</u>	<u>0.00</u>	<u>27,022,373.29</u>	<u>28,343,499.12</u>	<u>(1,321,125.83)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,272,222.29)</u>	<u>(0.00)</u>	<u>(1,272,222.29)</u>	<u>773,055.62</u>	<u>2,045,277.91</u>
Other Financing Sources (Uses):					
Transfer to Food Service Fund	(294,500.00)		(294,500.00)	(294,500.00)	-
Cancellation of Prior Year Payables				2,100.00	2,100.00
Total Other Financing Sources:	<u>(294,500.00)</u>	<u>-</u>	<u>(294,500.00)</u>	<u>(292,400.00)</u>	<u>2,100.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,566,722.29)	(0.00)	(1,566,722.29)	480,655.62	2,047,377.91
Fund Balance July 1	4,249,442.97		4,249,442.97	4,249,442.97	-
Fund Balance June 30	<u>\$ 2,682,720.68</u>	<u>(0.00)</u>	<u>2,682,720.68</u>	<u>4,730,098.59</u>	<u>2,047,377.91</u>
Recapitulation of Fund Balance:					
Nonspendable Fund Balance:					
None					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				2,132,469.53	
Excess Surplus - Current Year				1,739,369.93	
Committed Fund Balance:					
None					
Assigned Fund Balance:					
Year End Encumbrances				98,808.54	
Designated for Subsequent Year's Expenditures				209,243.47	
Unassigned Fund Balance				<u>550,207.12</u>	
				4,730,098.59	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				705,244.00	
Fund Balance per Governmental Funds (GAAP)				<u>4,024,854.59</u>	

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources		13,436.74	13,436.74	13,436.74	-
State Sources		-	-	-	-
Federal Sources	367,207.00	204,667.00	571,874.00	504,706.86	(67,167.14)
<b>Total Revenues</b>	<b>367,207.00</b>	<b>218,103.74</b>	<b>585,310.74</b>	<b>518,143.60</b>	<b>(67,167.14)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	152,580.00	3,420.00	156,000.00	145,963.75	10,036.25
Other Salaries for Instruction			-	-	-
Purchased Professional Technical Services		14,300.00	14,300.00	14,300.00	-
Tuition	214,627.00	59,197.00	273,824.00	273,824.00	-
Other Purchased Services		19,194.00	19,194.00	19,194.00	-
General Supplies		12,608.86	12,608.86	6,044.86	6,564.00
<b>Total Instruction</b>	<b>367,207.00</b>	<b>108,719.86</b>	<b>475,926.86</b>	<b>459,326.61</b>	<b>16,600.25</b>
Support Services:					
Personal Services - Employee Benefits		41,416.00	41,416.00	40,048.00	1,368.00
Purchased Professional Technical Services		32,000.00	32,000.00	-	32,000.00
Other Purchased Services (400-500 series)		24,750.00	24,750.00	10,101.00	14,649.00
Supplies & Materials		11,217.88	11,217.88	8,667.99	2,549.89
<b>Total Support Services</b>	<b>-</b>	<b>109,383.88</b>	<b>109,383.88</b>	<b>58,816.99</b>	<b>50,566.89</b>
<b>Total Outflows</b>	<b>367,207.00</b>	<b>218,103.74</b>	<b>585,310.74</b>	<b>518,143.60</b>	<b>67,167.14</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For the Year Ended June 30, 2017**

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

		General Fund			Special Revenue Fund
<b>Sources / inflows of resources</b>					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 29,116,554.74	[C-2]		518,143.60
<b>Difference - budget to GAAP:</b>					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:					
Encumbrances at June 30, 2016					(7,064.76)
Encumbrances at June 30, 2015					
Final State Aid payment was delayed until July 2017 is recorded as budgetary revenue but is not recognized under GAAP.		(705,244.00)			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		691,756.00			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	29,103,066.74	[B-2]		511,078.84
<b>Uses / outflows of resources</b>					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	28,343,499.12	[C-2]		518,143.60
<b>Difference for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP financial reporting purposes:</b>					
Encumbrances at June 30, 2016					(7,064.76)
Encumbrances at June 30, 2015					
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 28,343,499.12	[B-2]		511,078.84

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**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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

	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0388058918%	0.0390966111%	0.0395145196%	0.0393190486%
District's proportionate of the net pension liability (asset)	\$ 11,493,192.00	\$ 8,776,406.00	\$ 7,398,199.00	\$ 7,514,651.00
District's covered payroll	\$ 2,515,204.00	\$ 2,639,006.00	\$ 2,715,238.00	\$ 2,665,705.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	456.95%	332.56%	272.47%	281.90%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 319,044.00	\$ 305,088.00	\$ 296,261.00	\$ 289,120.00
Contributions in relation to the contractually required contribution	<u>\$ 319,044.00</u>	<u>\$ 305,088.00</u>	<u>\$ 296,261.00</u>	<u>\$ 289,120.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,515,204.00	\$ 2,639,006.00	\$ 2,715,238.00	\$ 2,665,705.00
Contributions as a percentage of covered-employee payroll	12.68%	11.56%	10.91%	10.85%

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

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Four Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>92,170,789.00</u>	<u>75,505,051.00</u>	<u>61,173,497.00</u>	<u>57,086,684.00</u>
<b>Total</b>	<b><u>\$ 92,170,789.00</u></b>	<b><u>\$ 75,505,051.00</u></b>	<b><u>\$ 61,173,497.00</u></b>	<b><u>\$ 57,086,684.00</u></b>
District's covered payroll	\$ 11,442,685.00	\$ 11,613,249.00	\$ 11,814,673.00	\$ 11,710,559.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

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

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

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**OTHER SUPPLEMENTARY INFORMATION**

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## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2017**

	Title I Part A	WIB	I.D.E.A B-Basic Reg. Program	Title II	Wellness Grant	Play Unified Grant	Watch Us Grant	Prudential Grant	Toshiba Foundation Grant	AtlantiCare Garden Grant	Totals
<b>REVENUES:</b>											
Local Sources	188,467.00				1,310.88	6,000.00	500.00	400.00	4,322.36	903.50	13,436.74
State Sources		18,921.86	273,824.00	23,494.00							504,706.86
Federal Sources		18,921.86	273,824.00	23,494.00	1,310.88	6,000.00	500.00	400.00	4,322.36	903.50	518,143.60
<b>Total Revenues</b>	<b>188,467.00</b>	<b>37,765.58</b>	<b>547,648.00</b>	<b>46,988.00</b>	<b>2,621.76</b>	<b>12,000.00</b>	<b>1,000.00</b>	<b>800.00</b>	<b>8,644.72</b>	<b>1,807.00</b>	<b>588,293.06</b>
<b>EXPENDITURES:</b>											
Instruction:											
Salaries	138,000.00	7,963.75									145,963.75
Other Salaries for Instruction											
Purchased Professional and Technical Services	10,000.00		273,824.00	4,300.00							288,124.00
Tuition				19,194.00							19,194.00
Other Purchased Services	419.00							400.00	4,322.36	903.50	6,044.86
General Supplies											
<b>Total Instruction</b>	<b>148,419.00</b>	<b>7,963.75</b>	<b>273,824.00</b>	<b>23,494.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400.00</b>	<b>4,322.36</b>	<b>903.50</b>	<b>459,326.61</b>
Support Services:											
Personal Services - Employee Benefits	40,048.00										40,048.00
Purchased Professional Technical Services		10,101.00				6,000.00	500.00				10,101.00
Other Purchased Services (400-500 series)		857.11									857.11
Supplies & Materials	40,048.00	10,958.11				6,000.00	500.00				58,816.99
<b>Total Support Services</b>	<b>80,096.00</b>	<b>21,916.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,000.00</b>	<b>1,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,012.21</b>
<b>Total Outflows</b>	<b>188,467.00</b>	<b>29,879.96</b>	<b>273,824.00</b>	<b>23,494.00</b>	<b>1,310.88</b>	<b>18,000.00</b>	<b>1,500.00</b>	<b>400.00</b>	<b>4,322.36</b>	<b>903.50</b>	<b>518,143.60</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**CAPITAL PROJECTS FUND**  
**DETAIL STATEMENT**

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

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT  
Capital Projects Funds  
Summary Schedule of Project Expenditures  
For the Year Ended June 30, 2017**

Project Title/Issue	Date	Original Appropriations	GAAP Expenditures to Date		Unexpended Balance June 30, 2017
			Prior Years	Current Years	
Issuance of Bonds which were issued to for improvements and renovations to and furnishings and equipment for the School District including installation of Solar Panels	2009	40,415,000.00	39,769,476.40	310,828.54	334,695.06
		<u>\$ 40,415,000.00</u>	<u>39,769,476.40</u>	<u>310,828.54</u>	<u>334,695.06</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Summary Schedule of Project Revenues, Expenditures, and**  
**Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2017**

**Revenues and Other Financing Sources:**

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

**Expenditures and Other Financing Uses:**

Salaries		-
Purchased Professional and Technical Services		-
Construction Services		-
Equipment Purchases		-
Contingency		-
Capitalized Interest		-
Transfer to Debt Service Fund		310,828.54
		<hr/>
Total Expenditures		<hr/> <hr/> 310,828.54
Excess (deficiency) of revenues over (under) expenditures		(310,828.54)
Fund balance - beginning		645,523.60
Fund balance - ending	\$	<hr/> <hr/> 334,695.06

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Cost of Improvements and renovations to and Furnishings and equipment for**  
**the School District Including Installation of Solar Panels**  
**From Inception and for the Year Ended June 30, 2017**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant			-	
Bond Proceeds and Transfers	\$ 40,415,000.00		40,415,000.00	40,415,253.00
Contribution from Private Sources			-	
Transfer from Capital Reserve			-	
Transfer from Capital Outlay			-	
<b>Total Revenues</b>	<u>40,415,000.00</u>	<u>-</u>	<u>40,415,000.00</u>	<u>40,415,253.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Salaries	8,886.90		8,886.90	10,000.00
Purchased Professional and Technical Services	3,978,217.16		3,978,217.16	4,288,889.74
Construction Services	32,521,107.98		32,521,107.98	33,061,128.97
Equipment Purchases	1,570,312.22		1,570,312.22	2,595,558.29
Capitalized Interest	885,109.39		885,109.39	-
Contingency	30,181.45		30,181.45	459,676.00
Transfer to Debt Service Fund	775,661.30	310,828.54	1,086,489.84	-
<b>Total Expenditures</b>	<u>39,769,476.40</u>	<u>310,828.54</u>	<u>40,080,304.94</u>	<u>40,415,253.00</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 645,523.60</u>	<u>(310,828.54)</u>	<u>334,695.06</u>	<u>-</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/20/1999
Bonds Authorized	\$ 40,415,253.00
Bonds Issued	40,415,000.00
Original Authorized Cost	40,415,253.00
Additional Authorized Cost	
Revised Authorized Cost	40,415,253.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	99.00%
Original Target Completion Date	Sept.-11
Revised Target Completion Date	Mar.-14

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**FIDUCIARY FUNDS**  
**DETAIL STATEMENTS**

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

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

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

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

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

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

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

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

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2017**

	Private Purpose Trust	Agency Funds	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 86,309.80	310,389.09	396,698.89
Total Assets	86,309.80	310,389.09	396,698.89
<b>LIABILITIES</b>			
Payable to District		28,313.40	28,313.40
Payable to Student Groups		282,075.69	282,075.69
Total Liabilities	-	310,389.09	310,389.09
<b>Net Position</b>			
Reserve for Scholarships	\$ 86,309.80		86,309.80
Total Net Position			86,309.80
Total Liabilities and Net Position			396,698.89

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2017**

	Private Purpose Trust	Totals
	<u>                    </u>	<u>                    </u>
ADDITIONS		
Contributions:		
Other	\$ 5,390.08	5,390.08
Total Contributions	<u>5,390.08</u>	<u>5,390.08</u>
Investments Earnings:		
Interest	385.85	385.85
Net Investment Earnings	<u>385.85</u>	<u>385.85</u>
Total Additions	<u>5,775.93</u>	<u>5,775.93</u>
Deductions		
Scholarships Awarded	<u>4,196.35</u>	<u>4,196.35</u>
Total Deductions	<u>4,196.35</u>	<u>4,196.35</u>
Change in Net Position	1,579.58	1,579.58
Net Position - Beginning of the Year	<u>84,730.22</u>	<u>84,730.22</u>
Net Position - End of the Year	<u>\$ 86,309.80</u>	<u>86,309.80</u>



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Mainland Regional High School: Student Activity Account	\$ 287,755.84	274,436.01	282,753.56	279,438.29
Athletic Account	518.44	76,456.00	74,337.04	2,637.40
Payable to District	24,053.43	1,820.38	63.71	25,810.10
Total Assets	<u>\$ 312,327.71</u>	<u>352,712.39</u>	<u>357,154.31</u>	<u>307,885.79</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of 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>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2,078.94	17,510,722.00	17,510,297.64	2,503.30
Total Assets	<u>2,078.94</u>	<u>17,510,722.00</u>	<u>17,510,297.64</u>	<u>2,503.30</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholding		8,023,801.40	8,023,801.40	-
Net Payroll		9,485,225.84	9,485,225.84	-
Payable to District	2,078.94	1,694.76	1,270.40	2,503.30
Total Liabilities	<u>\$ 2,078.94</u>	<u>17,510,722.00</u>	<u>17,510,297.64</u>	<u>2,503.30</u>

## **LONG-TERM DEBT SCHEDULES**

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

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**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Schedule of General Serial Bonds**  
**As of June 30, 2017**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding June 30, 2015				Balance June 30, 2016	Increased	Decreased	Balance June 30, 2017
			Date	Amount	Interest Rate	Balance June 30, 2015				
General Obligation Bonds - Series A	10/15/2009	\$ 11,770,000.00	10/15/2017	1,275,000.00	2.625%	\$ 5,240,000.00		1,220,000.00	4,020,000.00	
			10/15/2018	1,335,000.00	2.750%					
			10/15/2019	1,410,000.00	2.750%					
General Obligation Bonds - Series B	10/15/2009	\$ 28,645,000.00	10/15/2020	1,675,000.00	4.600%	28,645,000.00			28,645,000.00	
			10/15/2021	2,360,000.00	4.625%					
			10/15/2022	2,450,000.00	4.750%					
			10/15/2023	2,760,000.00	4.875%					
			10/15/2024	2,885,000.00	5.125%					
			10/15/2025	3,015,000.00	5.375%					
			10/15/2026	3,150,000.00	5.375%					
			10/15/2027	3,290,000.00	5.500%					
			10/15/2028	3,450,000.00	5.625%					
10/15/2029	3,610,000.00	5.625%								
Refunding Bonds Series A	6/25/2015	\$ 3,815,000.00	8/1/2017	800,000.00	2.000%	3,750,000.00		795,000.00	2,955,000.00	
			8/1/2018	790,000.00	2.000%					
			8/1/2019	775,000.00	2.250%					
			8/1/2020	590,000.00	2.500%					
Refunding Bonds Series B	6/25/2015	\$ 1,375,000.00	4/1/2018	165,000.00	1.850%	1,210,000.00		165,000.00	1,045,000.00	
			4/1/2019	165,000.00	2.350%					
			4/1/2020	170,000.00	2.700%					
			4/1/2021	175,000.00	3.000%					
			4/1/2022	180,000.00	3.250%					
4/1/2023	190,000.00	3.500%								
						\$ 38,845,000.00	-	2,180,000.00	36,665,000.00	

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Schedule of Obligations Under Capital Lease**  
**As of June 30, 2017**

Description	Amount of Original Issue	Balance July 1, 2016	Issued Current Year	Retired Current Year	Balance June 30, 2017
TV Studio Equipment	241,076.28	\$ 50,913.82		50,913.82	-
Technology Equipment	417,801.41	251,455.92		82,577.95	168,877.97
		<u>\$ 302,369.74</u>	<u>-</u>	<u>133,491.77</u>	<u>168,877.97</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,011,982.00		2,011,982.00	2,011,983.31	(1.31)
State Sources:					
Debt Service Aid Type II	1,003,858.00		1,003,858.00	1,003,858.00	-
Total - State Sources	1,003,858.00	-	1,003,858.00	1,003,858.00	-
Total Revenues	3,015,840.00	-	3,015,840.00	3,015,841.31	(1.31)
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Early Retirement Bonds	31,580.00		31,580.00	31,580.00	-
Redemption of Principal - Early Retirement Bonds	165,000.00		165,000.00	165,000.00	-
Interest	1,167,520.00	35,828.54	1,203,348.54	1,203,348.54	-
Redemption of Principal	2,015,000.00		2,015,000.00	2,015,000.00	-
Total Regular Debt Service	3,379,100.00	35,828.54	3,414,928.54	3,414,928.54	-
Total Expenditures	3,379,100.00	35,828.54	3,414,928.54	3,414,928.54	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(363,260.00)	(35,828.54)	(399,088.54)	(399,087.23)	(1.31)
Other Financing Sources(Uses):					
Operating Transfers In:					
Transfer from Capital Projects	275,000.00	35,828.54	310,828.54	310,828.54	-
Transfer from Capital Reserve			-		-
Total Other Financing Sources	275,000.00	35,828.54	310,828.54	310,828.54	-
Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	(88,260.00)	-	(88,260.00)	(88,258.69)	(1.31)
Fund Balance, July 1	122,182.40		122,182.40	122,182.40	-
Fund Balance, June 30	\$ 33,922.40	-	33,922.40	33,923.71	(1.31)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$		-	(88,258.69)	(1.31)

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**STATISTICAL SECTION**

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Invested in capital assets	(2,175,968.11)	(1,451,563.93)	(34,105,038.24)	(17,412,005.21)	(2,918,936.75)	1,188,703.93	1,310,493.02	3,038,670.39	3,978,117.34	5,038,446.37
Restricted	1,300,150.16	(140,913.49)	33,851,171.79	18,966,801.56	8,939,132.34	5,016,739.30	6,173,168.18	6,373,036.09	5,507,439.65	6,372,927.76
Unrestricted*	(1,407,423.93)	80,534.27	(2,193,072.55)	(694,666.09)	(3,072,315.22)	(2,554,231.67)	(9,917,856.40)	(10,176,591.43)	(10,160,267.46)	(11,641,178.43)
<b>Total governmental activities net position</b>	<u>(2,283,241.88)</u>	<u>(1,511,943.15)</u>	<u>(2,446,939.00)</u>	<u>860,130.26</u>	<u>2,947,890.37</u>	<u>3,651,211.56</u>	<u>(2,434,195.20)</u>	<u>(764,884.95)</u>	<u>(674,110.47)</u>	<u>(229,804.30)</u>
<b>Business-type activities</b>										
Invested in capital assets	-	40,409.74	52,544.38	53,577.98	50,582.18	42,634.21	37,396.04	32,016.68	25,340.13	24,935.33
Restricted	337,270.06	277,391.59	244,389.22	82,334.07	(101,110.95)	(261,300.13)	(537,033.65)	(634,991.06)	(798,529.40)	(744,291.28)
Unrestricted	337,270.06	317,801.33	296,933.60	135,912.05	(50,528.77)	(218,665.92)	(499,637.61)	(802,974.38)	(773,189.27)	(719,355.95)
<b>Total business-type activities net position</b>										
<b>District-wide</b>										
Invested in capital assets	(2,175,968.11)	(1,411,154.19)	(34,052,493.86)	(17,358,427.23)	(2,868,354.57)	1,231,338.14	1,347,889.06	3,070,687.07	4,003,457.47	5,063,381.70
Restricted	1,300,150.16	(140,913.49)	33,851,171.79	18,966,801.56	8,939,132.34	5,016,739.30	6,173,168.18	6,373,036.09	5,507,439.65	6,372,927.76
Unrestricted	(1,070,153.87)	357,925.86	(1,948,683.33)	(612,332.02)	(3,173,426.17)	(2,819,531.80)	(10,494,890.05)	(11,011,882.49)	(10,958,796.86)	(12,385,469.71)
<b>Total district net position</b>	<u>(1,945,971.82)</u>	<u>(1,194,141.82)</u>	<u>(2,150,005.40)</u>	<u>996,042.31</u>	<u>2,897,351.60</u>	<u>3,432,545.64</u>	<u>(2,933,832.81)</u>	<u>(1,567,859.33)</u>	<u>(1,447,898.74)</u>	<u>(949,160.25)</u>

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

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Regular	10,900,281.96	11,065,093.09	11,627,356.95	11,202,128.29	11,866,690.24	12,582,152.06	12,333,233.34	13,698,862.27	14,294,417.99	16,006,741.50
Special education	1,895,094.75	2,307,643.15	2,369,311.12	2,466,314.79	2,361,672.50	2,869,233.76	2,424,646.99	2,457,059.84	3,269,801.01	3,565,358.15
Other special education	1,122,333.96	1,148,606.25	1,223,794.71	1,243,807.37	1,317,115.49	1,467,084.87	1,480,753.78	1,660,670.63	1,875,099.02	2,075,749.19
Support Services:										
Tuition	945,717.20	1,354,606.71	1,436,041.95	1,297,083.72	1,256,855.02	1,323,836.31	1,841,966.62	1,971,053.18	2,364,682.25	1,297,599.21
Student & instruction related services	3,019,422.90	3,242,791.74	3,361,749.67	3,278,997.52	3,226,566.80	3,535,948.86	3,492,446.58	4,103,022.32	4,317,423.00	4,714,715.16
School administrative services	768,328.92	814,543.83	840,067.64	837,680.58	898,389.38	864,152.59	887,048.18	1,014,425.51	1,113,984.44	994,092.01
Business administrative services	1,170,714.44	975,459.80	1,001,857.31	982,383.09	990,316.75	1,051,377.20	1,114,401.80	1,220,125.61	1,354,678.46	1,505,094.28
Plant operations and maintenance	2,538,983.74	2,483,363.92	2,704,665.60	2,363,145.55	2,563,608.57	2,622,138.80	2,900,043.01	3,426,731.49	3,583,250.28	4,526,160.29
Pupil transportation	881,283.52	884,576.27	973,531.86	908,215.15	984,864.07	1,040,908.30	1,218,237.82	1,303,175.08	1,591,026.51	1,601,006.42
Special schools	51,014.08	76,416.41	29,500.38	17,954.16	16,422.00	13,400.88	18,111.32	10,338.50	12,949.00	17,765.37
Charter Schools	252,375.00	269,516.00	223,201.00	173,375.00	155,991.00	289,843.00	376,295.00	378,546.00	449,735.00	331,763.00
Interest on long-term debt	479,991.96	450,388.82	864,371.19	1,476,419.72	1,561,304.10	1,507,682.29	1,504,238.14	1,407,697.83	1,210,408.45	1,224,894.14
Unallocated depreciation	217,564.80	227,789.39	241,083.43	243,574.58	209,958.40	1,507,682.29	1,504,238.14	1,407,697.83	1,210,408.45	1,224,894.14
Total governmental activities expenses	24,247,106.75	25,300,796.38	26,836,532.81	26,481,079.52	27,409,754.32	29,157,659.92	29,591,624.58	32,651,106.26	35,440,455.41	37,884,918.72
Business-type activities:										
Food service	1,253,760.28	1,352,514.43	1,303,792.74	1,265,160.17	1,272,653.63	1,265,994.74	1,343,150.60	1,019,250.67	882,442.41	755,139.69
Aquatic Center	58,318.76	75,695.63	79,711.43	73,409.97	53,151.79	38,686.66	40,496.92	22,772.45	-	-
Total business-type activities expenses	1,312,079.04	1,428,110.06	1,383,504.17	1,338,570.14	1,325,805.42	1,304,681.40	1,383,647.52	1,042,023.12	882,442.41	755,139.69
Total district expenses	25,559,185.79	26,728,906.44	28,220,036.98	27,819,649.66	28,735,559.74	30,462,341.32	30,975,272.10	33,693,131.38	36,322,897.82	38,640,058.41
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	134,725.00	117,055.00	68,000.00	72,929.37	98,090.15	53,474.22	32,177.85	167,420.00	195,894.44	38,896.00
Business and other support services	38,798.13	103,189.38	30,771.20	850.00	22,450.00	55,426.11	2,652,276.99	5,759,610.22	7,418,106.66	9,643,460.05
Plant Operation and Maintenance	3,754,303.79	3,644,345.30	3,526,084.32	3,661,072.15	3,789,683.93	4,435,022.59	2,652,276.99	5,759,610.22	7,418,106.66	9,643,460.05
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	3,928,826.92	3,864,589.68	3,624,855.52	3,734,851.52	3,910,224.08	4,543,922.92	2,684,456.84	5,927,030.22	7,614,001.10	9,682,356.05
Business-type activities:										
Charges for services:										
Food service	812,030.67	823,382.89	705,286.04	588,542.26	467,155.80	455,081.06	384,422.73	285,566.80	213,825.05	189,771.91
Aquatic Center	60,193.98	64,149.50	61,629.17	47,163.00	38,008.00	33,737.15	29,381.00	16,224.00	-	-
Operating grants and contributions	404,062.66	517,194.99	593,576.04	542,402.38	633,154.51	647,093.21	688,495.04	417,548.31	493,661.94	323,053.46
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	1,276,287.31	1,404,727.38	1,360,491.25	1,178,107.64	1,138,318.31	1,135,911.42	1,102,298.77	719,339.11	707,486.99	512,825.37
Total district program revenue	5,205,114.23	5,269,317.06	4,985,346.77	4,912,959.16	5,048,542.39	5,679,834.34	3,786,755.61	6,646,369.33	8,321,488.09	10,195,181.42

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	(20,318,279.83)	(21,436,206.70)	(23,211,677.29)	(22,746,228.00)	(23,499,530.24)	(24,613,737.00)	(26,907,167.74)	(26,724,078.04)	(27,826,454.31)	(28,202,562.67)
Business-type activities	(35,781.73)	(23,882.68)	(29,012.02)	(160,462.60)	(187,487.11)	(188,769.98)	(251,246.75)	(322,984.01)	(174,955.43)	(242,314.23)
Total district-wide net expense	<u>(20,354,071.56)</u>	<u>(21,460,089.38)</u>	<u>(23,240,689.31)</u>	<u>(22,906,690.60)</u>	<u>(23,687,017.35)</u>	<u>(24,802,506.98)</u>	<u>(27,158,414.49)</u>	<u>(27,046,062.05)</u>	<u>(28,001,409.74)</u>	<u>(28,444,876.90)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	14,576,039.00	14,898,251.00	15,394,180.98	16,440,773.00	16,066,746.00	16,388,081.00	16,715,843.00	17,050,159.00	17,391,162.00	17,652,029.00
Taxes levied for debt service	688,192.00	750,428.00	752,149.01	2,618,852.00	1,861,549.00	2,379,545.00	2,382,319.00	2,386,753.50	1,716,364.50	2,011,983.31
Unrestricted grants and contributions	5,521,125.95	6,448,492.92	5,808,529.68	6,488,913.81	6,896,123.03	6,863,563.74	8,644,646.67	8,698,884.85	8,720,244.28	8,777,010.68
Payments in lieu of taxes								(3,190.93)	(55,562.40)	-
Gain (Loss) on Disposal of Capital Assets	232,762.43	52,468.70	(1,153.83)	(25.86)	64,986.86	24,531.05	4,637.17	-	489,697.75	-
Investment earnings	139,891.67	224,178.42	224,178.42	172,450.26	697,875.46	121,234.37	292,705.14	393,072.18	(49,273.34)	498,845.85
Miscellaneous income	88,769.07	57,864.81	98,797.18	328,852.05	697,875.46	-	-	(112,961.63)	-	-
Cancellation of Prior Year Receivables								(19,328.68)	-	-
Cost of issuance of refunding bonds								28,393,388.29	(296,004.00)	(294,500.00)
Transfers										
Total governmental activities	<u>21,246,780.12</u>	<u>22,207,506.43</u>	<u>22,276,681.44</u>	<u>26,049,815.26</u>	<u>25,537,280.35</u>	<u>25,776,955.16</u>	<u>28,040,150.98</u>	<u>28,393,388.29</u>	<u>27,916,628.79</u>	<u>28,645,368.84</u>
Business-type activities:										
Investment earnings	25,355.66	11,772.03	3,913.95	2,145.19	1,164.61	1,046.29	377.06	18.56	489.96	1,647.64
Gain/(Loss) on Disposal of Capital Assets									(10,237.98)	-
Cancellation of Prior Year Receivables									(102,338.36)	-
Cancellation of Prior Year Payables									20,822.91	2,100.00
Transfers										
Total business-type activities	<u>25,355.66</u>	<u>11,772.03</u>	<u>3,913.95</u>	<u>2,145.19</u>	<u>1,164.61</u>	<u>1,046.29</u>	<u>377.06</u>	<u>18.56</u>	<u>489.96</u>	<u>1,647.64</u>
Total district-wide	<u>21,272,135.78</u>	<u>22,219,278.46</u>	<u>22,280,595.39</u>	<u>26,051,960.45</u>	<u>25,538,444.96</u>	<u>25,778,001.45</u>	<u>28,040,528.04</u>	<u>28,412,136.55</u>	<u>28,121,369.32</u>	<u>28,947,016.48</u>
Changes in Net Position										
Governmental activities	928,500.29	771,298.73	(934,995.85)	3,303,587.26	2,087,750.11	1,163,218.16	1,132,993.24	1,669,310.25	90,174.48	442,806.17
Business-type activities	(10,436.07)	(11,610.65)	(19,098.97)	(158,317.31)	(186,322.50)	(167,223.69)	(280,871.69)	(303,338.77)	29,785.11	55,933.32
Total district	<u>918,064.22</u>	<u>759,688.08</u>	<u>(954,094.82)</u>	<u>3,145,269.95</u>	<u>1,901,427.61</u>	<u>995,994.47</u>	<u>852,121.55</u>	<u>1,365,971.48</u>	<u>119,959.59</u>	<u>498,739.49</u>

Source: CAFR Schedule A-2

Mainland Regional High School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted										
Committed										
Assigned										
Unassigned										
Reserved										
Unreserved										
Total general fund	2,018,836.51	2,059,199.67	1,345,893.75	-	-	3,400,024.38	3,121,559.59	3,104,920.32	3,557,686.97	4,024,854.59
All Other Governmental Funds										
Restricted				16,022,180.83	3,841,967.98	1,493,622.85	1,609,585.83	1,511,479.33	767,706.00	368,618.77
Committed				724,373.02	1,226,966.09	384,332.99				
Assigned										
Unassigned										
Reserved										
Unreserved, reported in:										
Special revenue fund	(1,872.85)	-	-	-	-	-	-	-	-	-
Capital projects fund	12,598.85	12,598.85	32,902,219.67	-	-	-	-	-	-	-
Debt service fund	6,429.84	3,824.34	1,997.10	-	-	-	-	-	-	-
Permanent fund										
Total all other governmental funds	17,155.84	16,423.19	32,904,216.77	-	-	1,877,955.84	1,609,585.83	1,511,479.33	767,706.00	368,618.77

Beginning with fiscal year ended June 30, 2011 the District was required to comply with GASB 54, which required a change in the method of presentation of fund balances.

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	15,264,231.00	15,648,679.00	16,146,330.00	19,059,625.00	17,928,295.00	18,767,626.00	19,098,162.00	19,436,912.50	19,107,526.50	19,664,012.31
Transportation Fees from Other LEAs	134,725.00	117,055.00	68,000.00	72,930.00	98,090.00	53,474.00	32,177.85	167,420.00	195,894.44	38,896.00
Miscellaneous	268,459.00	213,523.00	353,747.00	502,152.00	785,312.00	201,192.00	297,342.31	393,072.18	489,697.75	498,845.65
State sources	8,911,621.83	9,600,867.00	7,429,965.00	9,583,745.00	9,846,760.00	10,679,431.00	10,739,384.10	11,185,752.40	11,585,972.17	11,874,681.21
Federal sources	363,807.91	491,971.00	1,904,649.00	566,241.00	839,047.00	619,155.00	557,541.56	626,889.67	584,136.77	553,551.52
Total revenue	24,942,844.74	26,072,095.00	25,902,691.00	29,784,693.00	29,497,504.00	30,320,878.00	30,724,607.82	31,870,046.75	31,963,227.63	32,629,986.69
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular instruction	8,226,303.32	8,473,146.00	8,990,415.00	8,541,159.00	8,980,479.00	9,082,236.00	9,211,832.32	9,370,886.17	8,638,712.16	8,937,206.19
Special education instruction	1,407,315.88	1,737,973.00	1,747,012.00	1,845,926.00	1,765,221.00	2,019,817.00	1,840,594.77	1,673,729.58	2,005,597.85	2,007,434.77
Other instruction	882,316.46	912,341.00	976,033.00	982,780.00	1,034,913.00	1,101,470.00	1,123,974.18	1,131,235.60	1,151,969.60	1,164,447.37
<b>Support Services:</b>										
Tuition	945,717.20	1,354,607.00	1,436,042.00	1,297,084.00	1,256,855.00	1,323,836.00	1,398,154.74	1,342,665.72	1,450,425.16	1,297,599.21
Student & instruction related services	2,298,039.30	2,520,448.00	2,630,038.00	2,580,351.00	2,500,032.00	2,595,778.00	2,650,960.51	2,794,946.10	2,648,177.75	2,639,759.49
School administrative services	594,395.78	635,759.00	656,868.00	647,208.00	662,979.00	633,051.00	673,318.73	691,018.58	683,284.64	556,890.11
Business administrative services	955,249.30	901,086.00	824,534.00	801,591.00	801,620.00	809,687.00	845,892.73	831,139.84	830,919.13	842,899.24
Plant operations and maintenance	2,271,937.54	2,152,642.00	2,107,016.00	1,963,637.00	2,111,873.00	2,066,406.00	2,201,293.36	2,334,262.18	2,197,856.23	2,534,188.00
Pupil transportation	791,964.00	803,822.00	881,369.00	803,836.00	879,448.00	890,687.00	924,710.02	887,712.48	975,887.93	896,400.26
Unallocated employee benefits	4,966,779.97	4,799,414.00	4,830,008.00	4,793,238.00	5,285,569.00	6,203,732.00	6,185,572.24	6,677,627.46	7,111,228.07	7,445,523.59
Special schools	51,014.00	57,297.00	22,241.00	13,433.00	12,195.00	9,394.00	13,747.50	7,042.50	7,942.50	9,941.19
Charter Schools	252,375.00	269,518.00	223,201.00	173,375.00	155,991.00	289,843.00	376,295.00	378,546.00	449,735.00	331,753.00
Capital outlay	157,825.50	271,604.00	7,961,126.00	16,688,797.00	11,374,712.00	3,662,566.00	384,491.93	755,242.13	351,779.81	191,035.54
<b>Debt service:</b>										
Principal	605,000.00	700,000.00	735,000.00	1,775,000.00	1,820,000.00	1,875,000.00	1,930,000.00	1,995,000.00	2,155,000.00	2,180,000.00
Interest and other charges	473,803.75	442,808.00	408,676.00	1,615,221.00	1,568,305.00	1,519,951.00	1,510,604.59	1,452,210.91	1,250,439.14	1,234,928.54
Total Expenditures	24,880,027.00	26,032,465.00	34,429,579.00	44,522,636.00	40,210,192.00	34,083,454.00	31,271,442.62	32,323,265.25	31,908,956.97	32,269,506.50
Excess (Deficiency) of revenues over (under) expenditures	62,817.74	39,630.00	(8,526,888.00)	(14,737,943.00)	(10,712,688.00)	(3,762,576.00)	(546,834.80)	(513,218.50)	54,270.66	360,480.39
<b>Other Financing Sources (Uses)</b>										
Capital Leases (non budgeted)	75,000.00		282,894.00		241,076.00			417,801.41	(296,004.00)	-
Transfers								(19,328.68)	(49,273.34)	(294,500.00)
Cancellation of Prior Year Payables			40,415,000.00							2,100.00
Other Financing Sources - Bond Principal								398,472.73	(345,277.34)	(292,400.00)
Total other financing sources (uses)	75,000.00		40,697,894.00			241,076.00		(114,745.77)	(291,006.68)	68,080.39
Net change in fund balances	137,817.74	39,630.00	32,171,006.00	(14,737,943.00)	(10,712,688.00)	(3,521,500.00)	(546,834.80)	(114,745.77)	68,080.68	68,080.39
Debt service as a percentage of noncapital expenditures	4.36%	4.44%	4.32%	12.18%	11.75%	11.16%	11.14%	10.92%	10.79%	10.65%

Source: CAFR Schedule B-2

Exhibit J-5

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

Fiscal Year Ended June 30,	Clean Energy Credits					Totals
	Interest on Investments	Rentals	Aquatic	Miscellaneous		
2008	139,891.67	39,798.13		155,919.09	335,608.89	
2009	52,468.70	103,189.38		88,769.07	244,427.15	
2010	224,178.42	30,771.20		57,864.81	312,814.43	
2011	172,450.26	850.00		102,279.18	275,579.44	
2012	64,986.86	22,450.00		328,852.05	935,848.91	
2013	24,531.00	55,426.00		178,315.14	308,272.14	
2014	4,637.17	35,713.75		71,235.00	158,910.92	
2015	5,956.04	66,711.05		113,080.09	393,072.18	
2016	8,482.66	29,555.12	30,110.00	56,502.98	484,373.26	
2017	17,538.53	52,682.30	29,608.00	134,840.28	485,409.11	

Source: District Records



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

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	% of Estimated County Equalized Value
<b>Linwood</b>													
2008	14,566,200	674,167,700	749,400	34,600	88,426,600	-	-	777,944,500	-	640,011	778,584,511	0.620	62%
2009	14,640,900	676,693,900	749,400	34,600	87,663,100	-	-	779,781,900	-	664,394	780,446,294	0.647	62%
2010	14,155,200	683,099,000	749,400	34,600	86,453,100	-	-	784,491,300	-	653,040	785,144,340	0.733	62%
2011	14,266,300	679,556,600	749,400	34,600	97,700,800	-	-	792,307,700	-	653,040	792,960,740	0.776	65%
2012	14,045,800	677,447,400	749,400	34,600	96,181,000	-	-	788,458,200	-	584,044	789,042,244	0.784	70%
2013	13,303,800	668,610,000	749,400	34,600	96,528,400	-	-	792,307,700	-	577,697	792,960,740	0.799	75%
2014	17,950,900	860,628,300	841,900	38,300	129,366,000	-	-	1,008,825,400	-	591,504	1,009,416,904	0.629	99%
2015	18,239,300	845,963,100	876,200	38,300	120,935,300	-	-	986,052,200	-	-	986,052,200	0.648	99%
2016	17,525,500	842,409,500	876,200	38,300	117,900,700	-	-	978,750,200	-	-	978,750,200	0.645	104%
2017	15,718,000	828,083,900	876,200	38,300	117,749,100	-	-	962,465,500	-	-	962,465,500	0.684	105%
<b>Northfield</b>													
2008	15,284,000	416,990,500	352,700	3,600	119,606,500	-	542,900	552,780,200	-	908,717	553,688,917	0.832	45%
2009	13,200,000	417,113,000	352,700	3,600	119,013,600	-	542,900	550,225,800	-	936,223	551,162,023	0.849	44%
2010	21,365,600	756,993,900	595,200	3,600	213,519,700	-	987,100	993,465,100	-	2,073,817	995,538,917	0.503	91%
2011	19,249,500	755,519,900	595,200	3,600	208,739,300	-	987,100	985,094,600	-	-	985,094,600	0.514	95%
2012	18,334,400	753,809,400	595,200	3,600	204,787,300	-	987,100	978,517,000	-	1,580,553	980,097,553	0.521	99%
2013	17,878,900	746,034,200	595,200	3,600	198,988,500	-	987,100	964,487,500	-	1,473,879	965,961,379	0.556	104%
2014	16,018,360	734,732,900	595,200	3,600	192,790,600	-	987,100	945,127,600	-	1,219,927	946,347,687	0.585	106%
2015	15,198,560	726,078,900	595,200	3,600	190,680,100	-	987,100	933,543,460	-	1,193,961	934,737,421	0.627	97%
2016	13,418,260	720,649,800	595,200	3,600	186,264,100	-	982,500	921,913,460	-	-	921,913,460	0.661	100%
2017	13,093,260	722,082,000	595,200	3,600	187,246,600	-	982,500	924,003,160	-	-	924,003,160	0.681	100%
<b>Somers Point</b>													
2008	12,735,000	469,806,200	-	-	172,679,800	-	41,205,100	696,426,100	-	1,813,810	698,239,910	0.862	44%
2009	11,560,500	473,264,900	-	-	172,297,300	-	41,205,100	696,327,800	-	1,685,627	700,013,427	0.881	44%
2010	9,673,000	475,701,700	-	-	164,782,600	-	41,205,100	681,362,400	-	1,786,733	683,149,133	0.986	47%
2011	9,424,200	473,997,500	-	-	163,589,400	-	40,397,100	687,408,200	-	1,786,733	689,194,933	1.053	49%
2012	9,416,400	473,012,000	-	-	162,959,800	-	40,397,100	685,785,300	-	1,918,493	687,703,793	1.027	53%
2013	8,351,400	473,381,500	-	-	159,401,300	-	40,372,100	681,506,300	-	1,521,274	683,027,574	1.073	53%
2014	11,663,100	814,795,100	-	-	290,337,600	-	71,576,000	1,188,371,800	-	-	1,188,371,800	0.622	101%
2015	10,206,200	808,079,300	-	-	288,177,000	-	71,576,000	1,178,038,500	-	-	1,178,038,500	0.595	101%
2016	10,385,800	804,520,400	-	-	285,895,900	-	71,576,000	1,172,378,100	-	-	1,172,378,100	0.594	104%
2017	9,882,200	802,639,800	-	-	274,773,700	-	71,576,000	1,158,871,700	-	-	1,158,871,700	0.619	104%

Source: County Abstract of Rates & Municipal Tax Assessor

\* Reassessed

\*\* Revalued

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

Fiscal Year Ended June 30,	Mainland Regional High School				Overlapping Rates				Total Direct and Overlapping Tax Rate	
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	County Local Health	County Library	Local School		Municipal Local Purpose
<b>Linwood</b>										
2008	0.589	0.031	0.620	0.363	0.032	0.019	-	1.273	0.892	3.199
2009	0.615	0.032	0.647	0.400	0.008	0.028	-	1.291	0.922	3.296
2010	0.696	0.037	0.733	0.437	0.008	0.028	-	1.340	0.954	3.500
2011	0.739	0.037	0.776	0.468	0.008	0.029	-	1.380	0.926	3.587
2012	0.747	0.037	0.784	0.454	0.008	0.029	-	1.381	0.944	3.600
2013	0.695	0.104	0.799	0.545	0.009	0.028	-	1.417	0.999	3.797
2014	0.553	0.076	0.629	0.402	0.005	0.031	-	1.116	0.843	3.026
2015	0.566	0.082	0.648	0.458	0.002	0.012	-	1.203	0.902	3.225
2016	0.588	0.057	0.645	0.442	0.002	0.021	-	1.162	0.868	3.140
2017	0.616	0.068	0.684	0.468	0.002	0.021	-	1.231	0.928	3.334
<b>Northfield</b>										
2008	0.803	0.029	0.832	0.570	0.044	0.026	-	1.569	1.268	4.309
2009	0.820	0.029	0.849	0.559	0.039	0.011	-	1.643	1.327	4.428
2010	0.485	0.018	0.503	0.294	0.006	0.019	-	0.949	0.799	2.570
2011	0.496	0.018	0.514	0.326	0.006	0.020	-	0.965	0.792	2.623
2012	0.503	0.018	0.521	0.322	0.006	0.021	-	0.980	0.792	2.642
2013	0.487	0.069	0.556	0.392	0.006	0.020	-	1.006	0.802	2.782
2014	0.515	0.070	0.585	0.374	0.005	0.029	-	1.047	0.826	2.866
2015	0.553	0.074	0.627	0.465	0.002	0.013	-	1.069	0.889	3.065
2016	0.602	0.059	0.661	0.445	0.002	0.021	-	1.053	0.893	3.075
2017	0.614	0.067	0.681	0.497	0.002	0.022	-	1.079	0.956	3.237
<b>Somers Point</b>										
2008	0.472	0.390	0.862	0.649	0.043	0.027	0.066	1.226	1.169	4.042
2009	0.485	0.396	0.881	0.563	0.046	0.039	0.064	1.226	1.226	4.045
2010	0.542	0.444	0.986	0.560	0.011	0.037	0.062	1.248	1.251	4.155
2011	0.609	0.444	1.053	0.628	0.011	0.039	0.063	1.247	1.274	4.315
2012	0.583	0.444	1.027	0.599	0.011	0.038	0.061	1.264	1.294	4.294
2013	0.941	0.132	1.073	0.767	0.012	0.039	0.063	1.306	1.390	4.650
2014	0.542	0.080	0.622	0.396	0.005	0.031	0.039	0.768	0.839	2.700
2015	0.520	0.075	0.595	0.447	0.002	0.012	0.030	0.827	0.881	2.794
2016	0.542	0.052	0.594	0.444	0.002	0.021	0.032	0.824	0.906	2.823
2017	0.556	0.063	0.619	0.477	0.002	0.021	0.033	0.883	0.922	2.957

Source: Atlantic County Abstract of Ratables A4F Forms

\* Reassessed  
\*\* Revalued

Exhibit J-8

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Stabilis Master Fund III, LLC	\$ 22,360,000	1	2.32%	\$ -		0.00%
Central Square	9,865,200	2	1.02%	7,528,400	2	0.97%
Brandell Estates LLC	7,500,000	3	0.78%	7,065,500	3	0.91%
LG-OHI Linwood LLC	6,829,900	4	0.71%	-		0.00%
Central Park East	6,000,000	5	0.62%	5,388,200	4	0.69%
Linwood Golf & Country Club	3,600,000	6	0.37%	4,990,800	5	0.64%
Linwood Taxpayer #1	3,447,700	7	0.36%	1,493,200	9	0.19%
Linwood Professional Plaza	3,019,700	8	0.31%	2,436,600	7	0.31%
Alexon Enterprises	2,490,500	9	0.26%	2,024,000	8	0.26%
Linwood Taxpayer #2	2,029,200	10	0.21%	-		0.00%
Linwood Nursing Home LLC	9,208,000		0.96%	9,208,000	1	1.18%
South Jersey Radio Inc			0.00%	1,449,100	10	0.19%
CCC Atlantic LLC				4,809,000	6	0.62%
<b>Totals</b>	<b>\$ 76,350,200</b>		<b>7.93%</b>	<b>\$ 46,392,800</b>		<b>5.96%</b>

District Assessed Value \$ 962,465,500

District Assessed Value \$ 778,584,511

Source: District CAFR & Municipal Tax Assessor

Exhibit J-8

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Max Gurwicz	\$ 8,078,800	1	0.87%	\$ 5,653,200	2	1.02%
Jack Trocki Dev Corp	6,471,000	2	0.70%	3,138,400	6	0.57%
Jack Trocki Dev Corp	5,299,100	3	0.57%	3,000,000	7	0.54%
Kensington Square, LLC	4,964,300	4	0.54%	5,650,000	3	1.02%
Milljer, LLC	4,570,400	5	0.49%	4,000,000	5	0.72%
ACG of NJ	4,000,000	6	0.43%			
2605 Shore Road, LLC	3,786,300	7	0.41%			
301 Tilton Road Associates	-			2,036,700	9	0.37%
322 Tilton Road, LLC	3,372,900	8	0.37%			
Atlantic City Country Club	-			8,214,500	1	1.48%
Atlantic City Country Club (Rear)				5,300,000	4	0.96%
SJS-450 Tilton Road, LP				2,188,500	8	0.40%
ARC BFNEJ001, 1141 Tilton	3,264,800	9	0.35%			
GIRO Enterprises, 1501 Zion	3,089,700	10	0.33%			
Network 1001 LLC				1,898,200	10	0.34%
	<u>\$ 46,897,300</u>		<u>5.08%</u>	<u>\$ 41,079,500</u>		<u>7.42%</u>

District Assessed Value \$ 924,003,160

\$ 553,688,917

Source: District CAFR & Municipal Tax Assessor

Exhibit J-8

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

Taxpayer	2017				2008			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		
Brahin/Somers Point Builders	\$ 40,800,900	1	3.52%	\$ 24,407,600	1	3.50%		
Village Plaza LLC	24,080,000	2	2.08%	11,900,000	2	1.70%		
Sea Aire Apartments LLC	14,760,000	3	1.27%	9,005,000	5	1.29%		
Harbor Cove Marina	10,326,000	4	0.89%	10,637,200	3	1.52%		
West America LTD	10,272,000	5	0.89%	5,792,500	9	0.83%		
Related Somers Point LLC	10,244,000	6	0.88%	5,800,000	8	0.83%		
Acme Markets	9,506,000	7	0.82%	6,100,000	7	0.87%		
Ocean Heights Manor (Estate)	9,260,100	8	0.80%			0.00%		
Streamwood Associates/Atlantis	8,835,000	9	0.76%			0.00%		
Shore Memorial Hospital	6,601,500	10	0.57%	9,359,400	4	1.34%		
Scarborough/Harbor Cove				5,667,300	10	0.81%		
WWW Associates				7,098,000	6	1.02%		
EQI Financial Partners LP				<u>\$ 95,767,000</u>		<u>13.72%</u>		
	<u>\$ 144,685,500</u>		<u>12.49%</u>					
	District Assessed Value		\$ 1,158,871,700				\$ 698,239,910	

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	15,264,231.00	15,264,231.00	100%	-
2009	15,648,679.00	15,648,679.00	100%	-
2010	16,146,330.00	16,146,330.00	100%	-
2011	19,059,625.00	19,059,625.00	100%	-
2012	17,928,295.00	17,928,295.00	100%	-
2013	18,767,626.00	18,767,626.00	100%	-
2014	19,098,162.00	19,098,162.00	100%	-
2015	19,436,912.50	19,436,912.50	100%	-
2016	19,107,526.50	19,107,526.50	100%	-
2017	19,664,012.31	19,664,012.31	100%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases					
2008	11,270,000	-	306,407	-	-	11,576,407	1.11%	438		
2009	10,570,000	-	214,161	-	-	10,784,161	1.07%	407		
2010	50,250,000	-	327,449	-	-	50,577,449	4.80%	1,908		
2011	48,475,000	-	195,210	-	-	48,670,210	4.56%	1,837		
2012	46,655,000	-	86,968	-	-	46,741,968	4.18%	1,762		
2013	44,780,000	-	211,690	-	-	44,991,690	4.04%	1,699		
2014	42,850,000	-	144,324	-	-	42,994,324	3.86%	1,624		
2015	41,000,000	-	431,786	-	-	41,431,786	3.70%	1,569		
2016	38,845,000	-	302,370	-	-	39,147,370	3.45%	1,495		
2017	36,665,000	-	168,878	-	-	36,833,878	3.25%	1,420		

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

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

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

Exhibit J-11

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

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	11,270,000	-	11,270,000	0.56%	426
2009	10,570,000	-	10,570,000	0.52%	399
2010	50,250,000	-	50,250,000	2.03%	1,895
2011	48,475,000	-	48,475,000	1.96%	1,830
2012	46,655,000	-	46,655,000	1.90%	1,758
2013	44,780,000	-	44,780,000	1.83%	1,691
2014	42,850,000	-	42,850,000	1.36%	1,618
2015	41,000,000	-	41,000,000	1.32%	1,552
2016	38,845,000	-	38,845,000	1.26%	1,484
2017	36,665,000	-	36,665,000	1.20%	1,414

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

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

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



Exhibit J-12

Mainland Regional High School District  
 Direct and Overlapping Governmental Activities Debt,  
 As of June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
City of Linwood, City of Northfield, City of Somers Point	\$ 32,545,921.28	100.00%	\$ 32,545,921.28
<b>Other Debt</b>			
County of Atlantic	152,426,901.00	9.37%	14,282,400.62
Subtotal, Overlapping Debt			<u>46,828,321.90</u>
<b>Mainland Regional High School District Direct Debt</b>			
			<u>36,665,000.00</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 83,493,321.90</u></u>

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

Exhibit J-13

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	108,805,514	117,150,357	118,139,449	115,952,273	109,597,470	103,946,879	100,053,452	97,505,909	95,518,214	93,327,179
Total net debt applicable to limit	11,270,000	10,570,000	50,250,000	48,475,000	46,655,000	44,780,000	42,850,000	41,000,000	38,845,000	36,665,000
Legal debt margin	97,535,514	106,580,357	67,889,449	67,477,273	62,942,470	59,166,879	57,203,452	56,505,909	56,673,214	56,662,179
Total net debt applicable to the limit as a percentage of debt limit	10.36%	9.02%	42.53%	41.81%	42.57%	43.08%	42.83%	42.05%	40.67%	39.29%

	2014	2015	2016	2017
Equalized valuation basis	3,184,140,287	3,093,068,300	3,055,509,290	3,110,905,959
Average equalized valuation of taxable property	\$ 9,332,717,877			
Debt limit ( 3% of average)	93,327,179			
Net bonded school debt	36,665,000			
Legal debt margin	\$ 56,662,179			

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

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

	Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars) (a)	Per Capita Personal Income	Unemployment Rate
<b>Linwood</b>	2008	7,213	283,976	39,370	4.6%
	2009	7,225	275,814	38,175	8.3%
	2010	7,092	281,879	39,746	8.5%
	2011	7,087	285,337	40,262	8.6%
	2012	7,090	298,482	42,099	9.0%
	2013	7,073	297,766	42,099	7.2%
	2014	7,073	297,766	42,099	7.2%
	2015	7,052	299,181	42,425	6.6%
	2016	6,973	302,182	43,336	5.8%
	2017	6,982	305,078	43,695	5.0%
<b>Northfield</b>	2008	7,882	310,314	39,370	3.8%
	2009	7,898	301,506	38,175	7.0%
	2010	8,624	342,770	39,746	7.1%
	2011	8,616	346,897	40,262	7.2%
	2012	8,641	363,777	42,099	7.6%
	2013	8,620	362,893	42,099	9.9%
	2014	8,620	362,893	42,099	9.9%
	2015	8,604	365,025	42,425	8.6%
	2016	8,521	369,266	43,336	7.5%
	2017	8,410	367,475	43,695	6.0%
<b>Somers Point</b>	2008	11,341	446,495	39,370	6.6%
	2009	11,354	433,439	38,175	11.8%
	2010	10,795	429,058	39,746	12.1%
	2011	10,787	434,306	40,262	12.2%
	2012	10,804	454,838	42,099	12.2%
	2013	10,785	454,038	42,099	9.4%
	2014	10,785	454,038	42,099	9.4%
	2015	10,756	456,323	42,425	10.7%
	2016	10,688	463,175	43,336	9.0%
	2017	10,545	460,764	43,695	7.6%

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

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



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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular instruction	135	131	136	131	125	125	125	129	115	123
Special education instruction										
Other special education instruction	12	14	14	17	17	17	17	16	16	18
Support Services:										
Student & instruction related services	22	22	22	23	20	20	20	20	20	20
General administrative services	4	4	4	4	4	4	4	4	4	4
School administrative services	13	13	12	12	14	14	14	14	9	9
Business administrative services	8	8	7	9	9	9	9	9	9	9
Plant operations and maintenance	19	19	20	19	18	16	16	17	17	17
Pupil transportation	11	12	13	13	15	13	15	15	15	16
Food Service	25	25	25	25	25	25	25	25	1	-
<b>Total</b>	<b>249</b>	<b>248</b>	<b>253</b>	<b>253</b>	<b>247</b>	<b>243</b>	<b>245</b>	<b>249</b>	<b>206</b>	<b>216</b>

Source: District Personnel Records  
 DOE Budget Support Document

Mainland Regional High School  
 Operating Statistics,  
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADE)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	1,639	22,933,418	13,992	4.50%	150	11:1	1,638	1,536	1.97%	93.78%
2009	1,635	23,794,474	14,553	4.01%	153	11:1	1,662	1,540	1.48%	92.66%
2010	1,644	24,372,616	14,825	1.87%	149	11:1	1,581	1,465	-4.87%	92.66%
2011	1,644	23,721,775	14,429	-2.67%	139	11:1	1,514	1,409	-4.23%	93.03%
2012	1,510	24,726,899	16,375	13.49%	131	11:1	1,466	1,382	-3.16%	94.28%
2013	1,432	26,150,273	18,261	11.52%	125	11:1	1,380	1,294	-5.88%	93.77%
2014	1,468	26,150,273	17,814	-2.45%	125	11:1	1,398	1,320	1.30%	94.42%
2015	1,385	28,120,812	20,304	13.98%	129	11:1	1,334	1,273	-4.58%	95.43%
2016	1,385	28,151,738	20,326	0.11%	115	11:1	1,298	1,237	-2.70%	95.30%
2017	1,330.00	28,663,542	21,552	6.03%	123	11:1	1,284	1,203	-1.08%	93.69%

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>District Buildings</b>										
<b>High School</b>										
Square Feet	240,000	240,000	240,000	240,000	252,500	252,500	252,500	252,500	252,500	252,500
Capacity (students)	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524
Enrollment	1,639	1,635	1,643	1,643	1,510	1,432	1,468	1,385	1,385	1,330

Source: District Records, ASSA

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

**Undistributed Expenditures - Required Maintenance for School Facilities**

School Facilities	Project # (s)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mainland Regional High School	N/A	730,617	714,714	671,988	529,361	540,755	603,001	578,895	536,197	599,038	782,314
<b>Total School Facilities</b>		<u>730,617</u>	<u>714,714</u>	<u>671,988</u>	<u>529,361</u>	<u>540,755</u>	<u>603,001</u>	<u>578,895</u>	<u>536,197</u>	<u>599,038</u>	<u>782,314</u>
Other Facilities											
<b>Grand Total</b>		<u><u>730,617</u></u>	<u><u>714,714</u></u>	<u><u>671,988</u></u>	<u><u>529,361</u></u>	<u><u>540,755</u></u>	<u><u>603,001</u></u>	<u><u>578,895</u></u>	<u><u>536,197</u></u>	<u><u>599,038</u></u>	<u><u>782,314</u></u>

Source: 11-000-261-XXX



**Mainland Regional High School  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

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

Source: District Insurance Policies

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**SINGLE AUDIT SECTION**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, and each major fund of the Board of Education of the Mainland Regional High School District, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 16, 2017.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

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

### **Purpose of this Report**

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

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

*Michael S. Garcia*

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

November 16, 2017



# FORD - SCOTT

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## Independent Auditor's Report

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Mainland Regional High School District, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Mainland Regional High School District's major federal and state programs for the year ended June 30, 2017. The Board of Education of the Mainland Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

## **Opinion on Each Major Federal and State Program**

In our opinion, the Board of Education of the Mainland Regional High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

## **Report on Internal Control Over Compliance**

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

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

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

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

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

***Michael S. Garcia***

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

**November 16, 2017**



**MANLAND REGIONAL HIGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balances June 30, 2016	Carryover (Waiver) Amount	Cash Received	Budgetary Expenditures		Payment of Prior Year Balances	Accounts Receivable	Balance at June 30, 2017
									Pass Through	Direct			
U.S. Department of Health and Human Services:													
Passed-Through State Department of Health and Human Services:													
General Fund:													
Medical Assistance Program (SEM)	93.778	1695NLSMAP	N/A	7/1/2016 - 6/30/2017	51,944.19			51,944.19	(51,944.19)				
Medical Assistance Program (SEM) - ARRA	93.778	1765NLSMAP	N/A	7/1/2016 - 6/30/2017	4,665.23			4,665.23	(4,665.23)				
Total General Fund								55,909.42	(55,909.42)				
U.S. Department of Education													
Passed-Through State Department of Education													
Special Revenue Fund:													
Title I, Part A	84.010A	S010A150030	N/A	7/1/2015 - 6/30/2016	181,596.00	(55,477.00)		55,477.00	(188,467.00)			(46,736.00)	
Title I, Part A	84.010A	S010A160030	N/A	7/1/2016 - 6/30/2017	188,467.00	(55,477.00)		187,208.00	(188,467.00)			(46,736.00)	
Total Title I, Part A Cluster								15,165.00	(23,464.00)			(17,165.00)	
Title II, Part A	84.367A	S367A150029	N/A	7/1/2015 - 6/30/2016	21,844.00	(15,162.75)		6,395.00	(23,494.00)			(17,165.00)	
Title II, Part A	84.367A	S367A160029	N/A	7/1/2016 - 6/30/2017	23,494.00	(15,162.75)		21,552.00	(23,494.00)			(17,165.00)	
Total Title II Cluster								35,293.00	(23,494.00)			(17,165.00)	
Special Education Cluster (IDEA):													
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	N/A	7/1/2015 - 6/30/2016	286,170.00	(35,293.00)		95,793.00	(273,924.00)			(176,041.00)	
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	N/A	7/1/2016 - 6/30/2017	273,824.00	(35,293.00)		131,076.00	(273,924.00)			(176,041.00)	
Total Special Education Cluster (IDEA)								195,789.00	(273,924.00)			(176,041.00)	
U.S. Department of Labor													
Passed-Through State Department of Labor													
Workforce Investment	17.259	AA397951555A34	N/A	7/1/2015 - 6/30/2016	79,525.00	(9,273.00)		9,273.00	(18,921.86)				
Workforce Investment	17.259	AA283321655A34	N/A	7/1/2016 - 6/30/2017	79,525.00	(115,205.75)		19,270.12	(594,706.86)			(241,862.00)	348.26
Total Special Revenue Fund								378,579.12	(604,706.86)			(241,862.00)	348.26
Enterprise Fund:													
U.S. Department of Agriculture													
Passed-Through State Department of Education:													
Enterprise Fund:													
Child Nutrition Program	10.550	171NLS04N1099	N/A	7/1/2016 - 6/30/2017	37,690.21			37,690.21	(37,690.21)				
National School Lunch Program	10.555	171NLS04N1099	N/A	7/1/2016 - 6/30/2017	226,701.64	(16,690.88)		214,174.18	(226,701.64)			(12,527.46)	
National School Lunch Program	10.555	16161NLS04N1099	N/A	7/1/2015 - 6/30/2016	304,837.15	(6,306.88)		50,727.75	(53,873.24)			(3,145.49)	
School Breakfast Program	10.553	171NLS04N1099	N/A	7/1/2016 - 6/30/2017	53,873.24	(6,306.88)		6,306.88	(53,873.24)				
School Breakfast Program	10.553	16161NLS04N1099	N/A	7/1/2015 - 6/30/2016	102,955.36	(22,997.50)		287,895.49	(280,574.89)			(15,672.95)	
Total Child Nutrition Cluster								325,885.70	(318,265.09)			(15,672.95)	
Total Enterprise Fund								759,875.24	(678,881.37)			(257,554.95)	348.26

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Carryover (W/over) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior years' Balances	Balance at June 30, 2017		MEMO	
				Deferred Revenue (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>													
General Fund - Public Cluster:													
Equalization Aid	17-495-034-5120-078	7/1/2016	\$ 6,194,693.00	-	-	-	6,194,693.00	(6,194,693.00)	-	-	-	567,649.63	6,194,693.00
Special Education Aid	17-495-034-5120-069	7/1/2016	894,428.00	-	-	-	894,428.00	(894,428.00)	-	-	-	81,960.76	894,428.00
Security Aid	17-495-034-5120-064	7/1/2016	43,566.00	-	-	-	43,566.00	(43,566.00)	-	-	-	3,992.16	43,566.00
School Choice Aid	17-495-034-5120-068	7/1/2016	437,096.00	-	-	-	437,096.00	(437,096.00)	-	-	-	40,053.22	437,096.00
Per Pupil Growth Aid	17-495-034-5120-087	7/1/2016	14,230.00	-	-	-	14,230.00	(14,230.00)	-	-	-	1,303.96	14,230.00
PARCC Readiness	17-495-034-5120-088	7/1/2016	14,230.00	-	-	-	14,230.00	(14,230.00)	-	-	-	1,303.96	14,230.00
Professional Learning Community Aid	17-495-034-5120-101	7/1/2016	13,340.00	-	-	-	13,340.00	(13,340.00)	-	-	-	1,222.41	13,340.00
<b>Total State Aid - Public Cluster</b>			<b>84,661.00</b>	<b>(200,506.73)</b>	<b>-</b>	<b>-</b>	<b>7,611,563.00</b>	<b>(7,611,563.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>697,486.10</b>	<b>7,611,563.00</b>
Transportation Aid	17-495-034-5120-014	7/1/2016	1,784.00	-	-	-	1,784.00	(1,784.00)	-	-	-	7,757.90	84,661.00
Lead Water Testing for Schools Aid	17-495-034-5120-104	7/1/2016	1,044.00	(1,044.00)	-	-	1,044.00	-	-	-	-	-	1,784.00
Non-Public Transportation Aid	N/A	7/1/2016	2,262.00	-	-	-	2,262.00	(2,262.00)	-	-	-	-	1,044.00
Extraordinary Aid	17-100-034-5120-473	7/1/2016	43,878.00	-	-	-	43,878.00	(43,878.00)	-	-	-	-	2,262.00
Reimburse TP&F Social Security Contributions	16-100-034-5120-473	7/1/2015	49,688.00	(49,688.00)	-	-	49,688.00	-	-	-	-	-	43,878.00
Reimburse TP&F Social Security Contributions	17-495-034-5095-002	7/1/2016	823,093.21	-	-	-	749,332.71	(823,093.21)	-	-	-	-	49,688.00
Security Contributions	16-495-034-5095-002	7/1/2015	831,221.17	(149,774.73)	-	-	149,774.73	(823,093.21)	-	-	-	-	823,093.21
<b>Total General Fund</b>			<b>1,003,858.00</b>	<b>(200,506.73)</b>	<b>-</b>	<b>-</b>	<b>8,647,867.44</b>	<b>(8,667,261.21)</b>	<b>-</b>	<b>(119,900.50)</b>	<b>-</b>	<b>705,244.00</b>	<b>9,449,214.38</b>
Debt Service Fund:													
Debt Service Aid Type III	17-495-034-5120-075	7/1/2016	1,003,858.00	-	-	-	1,003,858.00	(1,003,858.00)	-	-	-	-	1,003,858.00
<b>Total Debt Service Fund</b>			<b>1,003,858.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,003,858.00</b>	<b>(1,003,858.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,003,858.00</b>
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/2016	6,257.81	(339.44)	-	-	339.44	-	-	-	-	-	6,257.81
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/2015	4,788.37	(339.44)	-	-	4,527.43	(4,788.37)	-	(260.94)	-	-	4,788.37
<b>Total Enterprise Fund</b>			<b>11,046.18</b>	<b>(678.88)</b>	<b>-</b>	<b>-</b>	<b>8,866.87</b>	<b>(9,576.74)</b>	<b>-</b>	<b>(260.94)</b>	<b>-</b>	<b>-</b>	<b>11,046.18</b>
<b>Total State Financial Assistance</b>			<b>\$ 10,476,968.56</b>	<b>(200,846.17)</b>	<b>-</b>	<b>-</b>	<b>9,656,592.31</b>	<b>(9,575,907.59)</b>	<b>-</b>	<b>(120,161.44)</b>	<b>-</b>	<b>705,244.00</b>	<b>10,476,968.56</b>

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

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**K-5 Notes to the Schedules of Financial Assistance**  
**June 30, 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, Mainland Regional High School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**Note 2: Basis of Accounting**

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

**Note 3: Relationship to Basic Financial Statements**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,303,562.00 for the general fund and (\$7,064.76) for the special revenue fund. See the Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented in the tables below:

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**K-5 Notes to the Schedules of Financial Assistance**  
**June 30, 2017**  
**(Continued)**

	<u>General fund</u>	<u>Debt Service fund</u>	<u>Food Service fund</u>	<u>Total</u>
<b>State Assistance:</b>				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 8,567,261.21	1,003,858.00	4,788.37	9,575,907.58
Difference – budget to "GAAP"				
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	691,756.00			691,756.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(705,244.00)			(705,244.00)
On Behalf TPAF payments recognized for GAAP statements not included in the Schedule of Expenditures of State Financial Assistance	2,317,050.00			2,317,050.00
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 10,870,823.21</u>	<u>1,003,858.00</u>	<u>4,788.37</u>	<u>11,879,469.58</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT**  
**K-5 Notes to the Schedules of Financial Assistance**  
**June 30, 2017**  
**(Continued)**

	General Fund	Special Revenue Fund	Food Service Fund	Total
<b>Federal Assistance:</b>				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 55,909.42	504,706.86	318,265.09	878,881.37
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(7,064.76)		(7,064.76)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	\$ 55,909.42	497,642.10	318,265.09	871,816.61

**Note 4: Relationship to Federal and State Financial Reports**

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

**Note 5: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2017. 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.

**MAINLAND REGIONAL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Section I -- Summary of Auditor's Results**

**Financial Statement**

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

**Federal Awards**

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I - Part A
_____	_____
_____	_____
_____	_____
_____	_____

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



**MAINLAND REGIONAL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

***Section II - Financial Statement Findings***

NONE

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

NONE

**STATUS OF PRIOR YEAR FINDINGS**

NONE