

**SCHOOL DISTRICT**

**OF**

**FAIR HAVEN**



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**FAIR HAVEN BOARD OF EDUCATION**

**FAIR HAVEN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**PREPARED BY**

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

**FAIR HAVEN SCHOOL DISTRICT**

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## INTRODUCTORY SECTION

# Fair Haven Board of Education

Sean McNeil  
Superintendent  
(732)747-2294

224 Hance Road  
Fair Haven, New Jersey 07704-

David Joye  
Business Administrator  
(732) 747-0324

November 15, 2018

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

Dear Board Members:

The comprehensive annual financial report of the Fair Haven School district of the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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



1. **REPORTING ENTITY AND ITS SERVICES:** The Fair Haven School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Fair Haven Board of Education and its two elementary schools constitute the District's reporting entity.

<b><u>Average Daily Enrollment</u></b>		
<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2017/18	990	(3.13)
2016/17	1022	(0.001)
2015/16	1023	0.59
2014/15	1016	0.00
2013/14	1016	(2.4)
2012/13	1041	1.75
2011/12	1023	0.79
2010/11	1015	(.09)
2009/10	1016	2.63
2008/09	990	(1.03)
2007/08	1015	0.50
2006/07	1010	1.84

2. **ECONOMIC CONDITIONS AND OUTLOOK:** Fair Haven is close to 100 percent developed no large increase in tax base can be anticipated. However enrollment should continue to increase due to turn-over in homes wherein the new owner has several school-age children compared to the previous owner. Realtors continue to hold Fair Haven's educational system in high regard. Per-pupil costs remain below the state average.
3. **MAJOR INITIATIVES:** During the 2017-2018 school year the Fair Haven Public School District continued its curricular overhaul by embarking on a new schedule for reporting, moving from a trimester based academic year to a quarterly. This was designed to meet the community's desire for more frequent formal reporting as well as more frequent benchmarking for students. We continued the important work of mastery the newly redesigned curricula for the 2016-2017 school year by fostering highly effective PLCs and professional development opportunities for our staff. We also identified fostering an improved capacity for providing meaningful feedback to staff via the Danielson model as a high priority for our administrative team. We continued to work closely to maintain significantly improved relationships with our sister districts. Finally, we emphasized the improved communication with a community as a whole by redesigning our website to ensure increased access to school information.

### Technology

Technology continues to be of extreme importance to the Fair Haven schools. We added digital instructional resources such as the iReady benchmarking and instructional platform for all students in grades 2-8, as well as increased technology access by replacing outdated devices such as old chromebooks. We maintain our strong presence in the Google Apps for Education platform and encourage our teachers to continue their professional development in the area of technology. Our district technology plan has been submitted to the Board of Education to ensure our district continues on a path sustainability to remain current with latest trends and best practices. Part of this roll out included replacing significant staff technology by swapping desktops for laptops which will help our staff be more versatile in their use of technology.

### Curriculum and Instruction

As mentioned in last year's description, our district was very proud to have completely redesigned the curriculum to ensure the needs of our students were being met with rigor and support. We have now update all core content areas and look forward to making final updates to remaining special areas and curriculum documents for the 2018-2019 school year. Our student data points have shown that our efforts have been highly effective at meeting the needs of our students, with scores skyrocketing across the board over the past two years. One of biggest improvement this year was yet another tweak to our schedule to offer electives in the area of Music, Art, and Innovation Lab for students in grades 6-8. Rather than being required to take all three, students will now elect and choose their two favorites and pursue them for next school year. We also continue to nurture the emergence of our new RTI program that was begun last year. The program has been excellent in meeting our students' needs and we are hopeful that the program will continue to grow.

### Operations

With regard to the operations of our district, we have taken major strides towards the full and complete achievement of our strategic plan, which puts us well ahead of our anticipated 5 year timeframe. To this end, we have presented updates to our community to share the good news as well as begin to discuss the need to begin the strategic planning process once again. As is always the case, we also annually review our safety and crisis plans with our local law enforcement and first responders, and have assigned the Superintendent as our district school safety coordinator.

### Instructional Practices

Finally, the cornerstone of our instructional practices and growth in student learning opportunities continued to be by way of targeted professional development and training, and effective use of PLC time.

This not only included staff, but also community members, substitute teachers and our Board of Education, including the commitment by our Board of Education to works towards becoming a certified Board, which our Board of education achieved and was recognized for during the 2017-2018 school year.

The significant funding dedicated to training and resources in support of quality instruction and learning continued, along with collection and analysis of data to measure the impact of our efforts. We again hosted numerous family curriculum nights to support our community with all of the new and exciting curricula and programs that have been made available to them over the past two years. We also instituted a formal benchmarking system utilizing iReady to determine actionable goals and objectives for all of our students using formative data that was put into place in its full capacity for the 2017-2018 school year.

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

### Character Education

Every day students participate in the Responsive Classroom's Morning Meeting to help foster community and respect. Our teachers are well versed in cultivating student agency in resolving conflicts and establishing pro-social behaviors. In addition, each month, we celebrate a different character virtue (respect, self-control, loyalty, generosity, etc.) and match a book with each virtue as a classroom read-aloud. Parents often visit our school to read these books with our students. Teaching respect, compassion and empathy in elementary schools is an essential priority. We have partnered with our PTA to implement the "It's OK to be Different" workshops at all grade levels.

In PreK and K we utilize "Be A Buddy not a Bully" to build values and social skills around friendship and tolerance. In first grade we study "Understanding Disabilities" to cultivate deeper appreciation for people with visual, auditory and ambulatory differences. In second grade students participate in "Respect for Different Learners" to examine Learning Disabilities, Attention Deficit Hyperactivity Disorders, Developmental Disabilities and Autism. In third grade students investigate the concepts of diversity through the "Celebrating Cultures" unit which also corresponds to our social studies curriculum. We have also instituted a mindfulness component to our students' daily routine to support in the moment thinking and behaviors to improve overall student outcomes. We also instituted "Mindfulness" period in our elementary classes to ensure our students are equipped with developmentally appropriate coping skills to navigate the various stressor life throws their way.

### Arts Integration

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

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

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

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, this District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund and Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amounts amended for the fiscal year is reflected in the financial section
- An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles as promulgated by the Governmental Account Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements" – Note 1.

7. **DEBT ADMINISTRATION:** At June 30, 2018, the District's outstanding debt issues include \$4,795,000 of general obligation bonds. The General Obligations Bonds which were voter approved were issued in 2005 and 2013. The proceeds of this bond issue were placed in the District's Capital Projects fund to provide funds for additions and renovations at both schools.
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements"- Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act ("GUPA"). GUPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive, hazard and theft insurance on property and contents and fidelity bonds.
10. **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
11. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Fair Haven Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of this School District and thereby contributing their full support to the development and maintenance of the financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,

*Sean McNeil*

Sean McNeil  
Superintendent

*David D. Joye*

David D. Joye  
Business Administrator

**FAIR HAVEN BOARD OF EDUCATION****FAIR HAVEN, NEW JERSEY****ROSTER OF OFFICIALS****JUNE 30, 2018****Members of the Board of Education****Term Expires**

Bennett Coleman, President	2018
Karen Saad, Vice President	2020
Michelle Buckley	2018
Marisa Coar	2019
Sheri D'Angelo	2019
Carol Lang	2019
Carlie Jakub	2018
Michael Menzer	2020
Bruce Padula	2020

**Other District Officials**

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

**FAIR HAVEN BOARD OF EDUCATION**

**FAIR HAVEN, NEW JERSEY**

**Consultants and Advisors**

**JUNE 30, 2018**

**AUDIT FIRM**

Robert A. Hulsart and Company

Certified Public Accountants

2807 Hurley Pond Rd

PO Box 1409

Wall, NJ 07719

**ATTORNEY**

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC

238 St. Paul Street

Westfield, NJ 07090

**OFFICIAL DEPOSITORIES**

PNC Bank

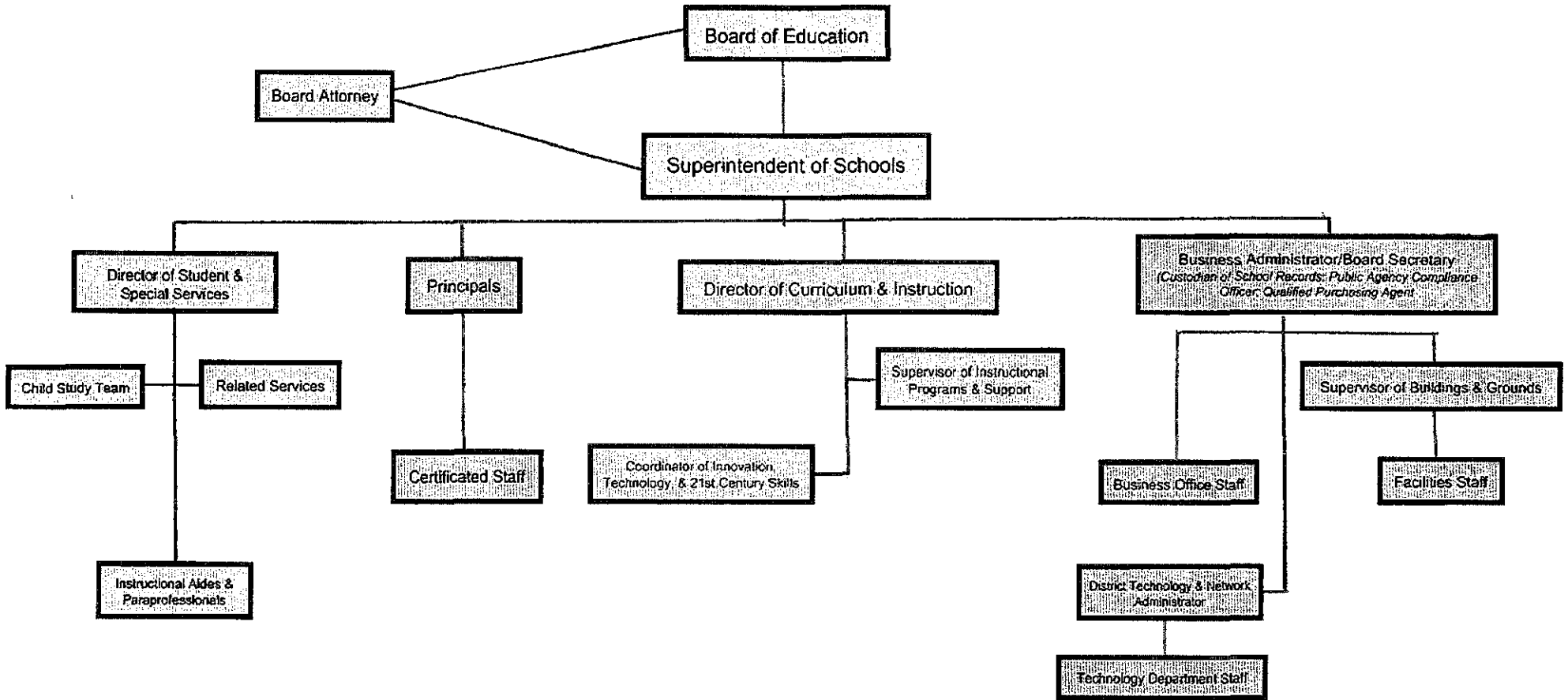
Fair Haven, NJ 07704

Ocean First Bank

Toms River, NJ



# Fair Haven Public Schools Organization Chart 2018-2019



The mission of the Fair Haven School District is to provide a strong academic foundation and to educate, challenge, and inspire students to reach their full potential.



**FINANCIAL SECTION**

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

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### INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fair Haven School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### **Auditors Responsibility**

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fair Haven School District, in the County of Monmouth, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018 on our consideration of the Fair Haven's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fair Haven Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

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

November 16, 2018

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**FAIR HAVEN PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF FAIR HAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The discussion and analysis of Fair Haven Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2017-2018 fiscal year are as follows:

- General revenues accounted for \$17,452,421 in revenue or 98% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$282,083 or 2% percent to total revenues of \$17,734,504.
- Total assets of governmental activities increased by \$185,174.
- The School District had \$17,468,425 in expenses; only \$282,083 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$17,452,421 were adequate to provide for these programs.
- The General Fund had \$16,966,541 in revenues and \$16,630,640 in expenditures. The General Fund's balance increased \$247,733 over 2017. This increase was anticipated by the Board of Education.

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

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

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

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

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

### **Reporting the School District as a Whole**

#### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2017-2018 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

#### **Fund Financial Statements**

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

## Governmental Funds

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

## Enterprise Fund

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

## The School District as a Whole

Table 1 provides a summary of the School District's net position comparisons of fiscal year 2018 with 2017.

**Table 1**  
**Net Position**

	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 3,667,545	3,368,571
Capital Assets, Net	<u>10,938,320</u>	<u>11,185,278</u>
Total Assets	<u>\$ 14,605,865</u>	<u>14,553,849</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>\$ 2,004,417</u>	<u>1,724,737</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	<u>\$ 1,117,244</u>	<u>185,523</u>
<b><u>Liabilities</u></b>		
Other Liabilities	\$ 441,866	363,169
Long-Term Liabilities	<u>9,559,245</u>	<u>10,417,257</u>
Total Liabilities	<u>\$ 10,001,111</u>	<u>10,780,426</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ 6,143,320	6,060,278
Restricted	2,969,825	2,543,999
Unrestricted	<u>(3,621,218)</u>	<u>(3,291,640)</u>
Total Net Position	<u>\$ 5,491,927</u>	<u>5,312,637</u>



Table 2 shows the changes in net position for fiscal year 2018. Revenue and expense comparisons to fiscal year 2017.

**Table 2**  
**Changes in Net Position**

	<u>2018</u>	<u>2017</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 14,570	36,447
Operating Grants and Contributions	267,513	237,691
General Revenues		
Property Taxes	14,393,270	14,293,620
Grants and Entitlements	2,877,386	2,331,261
Other	<u>181,776</u>	<u>202,152</u>
Total Revenues	<u>17,734,515</u>	<u>17,101,171</u>
<b><u>Program Expenses</u></b>		
Instruction	6,888,001	6,669,942
Support Services		
Pupils and Instructional Staff	1,976,662	2,200,982
General Administration, School Administration, Business	1,106,517	1,155,292
Operations and Maintenance of Facilities	1,661,937	1,589,250
Pupil Transportation	156,771	180,977
Interest on Debt	159,592	169,729
Food Service	19,497	25,439
Miscellaneous (Depreciation, Employee Benefits)	<u>5,499,448</u>	<u>5,783,171</u>
Total Expenses	<u>17,468,425</u>	<u>17,774,782</u>
Other Financing Uses	<u>(88,168)</u>	<u>          </u>
Change in Net Position	<u>\$ 177,922</u>	<u>(673,611)</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 81% percent of revenues for governmental activities for the Fair Haven Public School District for fiscal year 2018. The District's total revenues were \$17,722,270 for the fiscal year ended June 30, 2018. Federal, state, local grants and other local revenues accounted for another 19%.

### **Business-Type Activities**

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

- Food service expenses exceeded revenues by \$7,252.
- Charges for services represent \$10,032 of revenue. This represents amount paid by patrons for daily food services.

## **Governmental Activities**

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

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

## **The School Board' Funds**

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

As the School Board completed the fiscal year ended June 30, 2018, it reported a combined net position of \$5,491,927. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

## The School Board' Funds (Continued)

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

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

### Capital Assets

At June 30, 2018, the School Board had approximately \$10,938,320 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2018 fiscal year.

	<b>Governmental Activities</b>
Table II	
Capital Assets at June 30, 2018	
Land	\$ 439,000
Buildings	10,125,241
Machinery and Equipment	<u>374,079</u>
Total	<u>\$ 10,938,320</u>

### Debt Administration

At June 30, 2018, the School District had \$9,899,245 in outstanding debt. Of this amount \$201,472 is for compensated absences and the balance of \$4,795,000 is for bonds for school construction.

The District also had \$4,902,773 in deferred pension liability.

### Economic Factors and Next Year's Budget

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

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

**Economic Factors and Next Year's Budget (Continued)**

The \$(3,624,804) of unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(3,624,804).

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

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

**Contacting the School District's Financial Management**

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

## BASIC FINANCIAL STATEMENTS

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 332,219	2,660	334,879
Receivables, Net	659,283	926	660,209
Restricted Assets:			
Cash and Cash Equivalents	2,672,457		2,672,457
Capital Assets-Not Depreciated	439,000		439,000
Capital Assets, Net	10,452,892	46,428	10,499,320
Total Assets	<u>14,555,851</u>	<u>50,014</u>	<u>14,605,865</u>
<b><u>Deferred Outflow of Resources</u></b>			
Contribution to Pension Plan	<u>2,004,417</u>		<u>2,004,417</u>
<b><u>Deferred Inflow of Resources</u></b>			
Pension Deferrals	<u>1,117,244</u>		<u>1,117,244</u>
<b><u>Liabilities</u></b>			
Deferred Revenue	85,148		85,148
Accounts Payable	16,718		16,718
Noncurrent Liabilities:			
Due Within One Year	340,000		340,000
Due Beyond One Year	9,559,245		9,559,245
Total Liabilities	<u>10,001,111</u>	<u>-</u>	<u>10,001,111</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	6,096,892	46,428	6,143,320
Restricted For:			
Debt Service	2		2
Capital Projects	517,860		517,860
Other Purposes	2,451,963		2,451,963
Unrestricted	<u>(3,624,804)</u>	<u>3,586</u>	<u>(3,621,218)</u>
Total Net Position	<u>\$ 5,441,913</u>	<u>50,014</u>	<u>5,491,927</u>

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

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit A-2

Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2018**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 4,527,809			(4,527,809)		(4,527,809)
Special Education	2,278,361		156,478	(2,121,883)		(2,121,883)
Other Instruction	81,831			(81,831)		(81,831)
Support Services:						
Tuition	4,538	4,538		-		-
Student & Instruction Related Services	1,972,124		108,833	(1,863,291)		(1,863,291)
School Administrative Services	419,782			(419,782)		(419,782)
General and Business Administrative Services	686,735			(686,735)		(686,735)
Plant Operations and Maintenance	1,661,937			(1,661,937)		(1,661,937)
Pupil Transportation	156,771			(156,771)		(156,771)
Unallocated Employee Benefits	5,154,989			(5,154,989)		(5,154,989)
Unallocated Depreciation	344,459			(344,459)		(344,459)
Interest on Long-Term Debt	159,592			(159,592)		(159,592)
<b>Total Government Activities</b>	<b>17,448,928</b>	<b>4,538</b>	<b>265,311</b>	<b>(17,179,079)</b>	<b>-</b>	<b>(17,179,079)</b>
Business-Type Activities:						
Food Service	19,497	10,032	2,202		(7,263)	(7,263)
<b>Total Business-Type Activities</b>	<b>19,497</b>	<b>10,032</b>	<b>2,202</b>	<b>-</b>	<b>(7,263)</b>	<b>(7,263)</b>
<b>Total Primary Government</b>	<b>17,468,425</b>	<b>14,570</b>	<b>267,513</b>	<b>(17,179,079)</b>	<b>(7,263)</b>	<b>(17,186,342)</b>

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



**FAIR HAVEN SCHOOL DISTRICT**

Exhibit A-2

Sheet 2 of 2

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				13,902,852		13,902,852
Taxes Levied for Debt Service				490,418		490,418
Federal and State Aid Not Restricted				2,877,386		2,877,386
Tuition				169,902		169,902
Investment Earnings and Miscellaneous Income				11,863	11	11,874
Transfers and Adjustments				(88,168)		(88,168)
Total General Revenues and Transfers				<u>17,364,253</u>	<u>11</u>	<u>17,364,264</u>
Change in Net Position				185,174	(7,252)	177,922
Net Position - Beginning				<u>5,256,739</u>	<u>57,266</u>	<u>5,314,005</u>
Net Position - Ending				<u>\$ 5,441,913</u>	<u>50,014</u>	<u>5,491,927</u>

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

**FUND FINANCIAL STATEMENTS – B**

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 2,675,076	25,782	303,816	2	3,004,676
Receivables From Other Governments	382,466	62,773	214,044		659,283
Total Assets	<u>\$ 3,057,542</u>	<u>88,555</u>	<u>517,860</u>	<u>2</u>	<u>3,663,959</u>
<b><u>Liabilities and Fund Balance</u></b>					
<b>Liabilities:</b>					
Deferred Revenue	\$ -	85,148			85,148
Accounts Payable	768	3,407			4,175
Total Liabilities	<u>768</u>	<u>88,555</u>	<u>-</u>	<u>-</u>	<u>89,323</u>
<b>Fund Balance:</b>					
<b>Restricted For:</b>					
Emergency Reserve	250,000				250,000
Designated for Subsequent Years Expenditures - BOE	31,568				31,568
Designated for Subsequent Years Expenditures- Excess Surplus	500,000				500,000
Excess Surplus	253,190				253,190
Maintenance Reserve	619,837				619,837
Capital Reserve Account	500,000				500,000
<b>Committed To:</b>					
Other Purposes	297,368		46,638		344,006
<b>Unassigned:</b>					
Debt Service				2	2
Capital Projects			471,222		471,222
General Fund	604,811				604,811
Total Fund Balances	<u>3,056,774</u>	<u>-</u>	<u>517,860</u>	<u>2</u>	<u>3,574,636</u>
Total Liabilities and Fund Balance	<u>\$ 3,057,542</u>	<u>88,555</u>	<u>517,860</u>	<u>2</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 financial resources and therefore are not reported in the funds. The cost of the assets is \$18,746,166 and the accumulated depreciation is \$7,854,274.

10,891,892

Deferred outflow of resources - contributions to the pension plan

2,004,417

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

(1,117,244)

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

(9,899,245)

Accrued Interest

(12,543)

Net position of governmental activities

\$ 5,441,913

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

**FAIR HAVEN SCHOOL DISTRICT**

**Exhibit B-2  
Sheet 1 of 2**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>					
Local Sources:					
Local Tax Levy	\$ 13,902,852			490,418	14,393,270
Tuition Charges	174,440				174,440
Miscellaneous	11,863				11,863
Total Local Sources	<u>14,089,155</u>	-	-	490,418	14,579,573
State Sources	2,877,386	1,869			2,879,255
Federal Sources		263,442			263,442
Total Revenues	<u>16,966,541</u>	<u>265,311</u>	-	<u>490,418</u>	<u>17,722,270</u>
<b><u>Expenditures</u></b>					
Current:					
Regular Instruction	4,596,153				4,596,153
Special Education Instruction	2,121,883	156,478			2,278,361
Other Instruction	81,831				81,831
Support Services and Undistributed Costs:					
Tuition	4,538				4,538
Student and Instruction Related Services	1,863,291	108,833			1,972,124
School Administrative Services	419,782				419,782
General and Business Administrative Services	686,735				686,735
Plant Operations and Maintenance	1,661,937				1,661,937
Pupil Transportation	156,771				156,771
Unallocated Benefits	5,020,960				5,020,960
Debt Service:					
Principal				330,000	330,000
Interest and Other Charges				160,417	160,417
Capital Outlay	16,759		19,631		36,390
Total Expenditures	<u>16,630,640</u>	<u>265,311</u>	<u>19,631</u>	<u>490,417</u>	<u>17,405,999</u>

**FAIR HAVEN SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

Exhibit B-2  
Sheet 2 of 2

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Capital Projects</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
Excess (Deficiency) of Revenues Over Expenditures	<u>335,901</u>	<u>-</u>	<u>(19,631)</u>	<u>1</u>	<u>316,271</u>
Other Financing Sources (Uses):					
Accounts Payable Adjustment	(15,168)				(15,168)
Transfer to Special Revenue	<u>(73,000)</u>				<u>(73,000)</u>
Total Other Financing Sources (Uses)	<u>(88,168)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,168)</u>
Net Change in Fund Balances	247,733	-	(19,631)	1	228,103
Fund Balance - July 1	<u>2,809,041</u>		<u>537,491</u>	<u>1</u>	<u>3,346,533</u>
Fund Balance - June 30	<u>\$ 3,056,774</u>	<u>-</u>	<u>517,860</u>	<u>2</u>	<u>3,574,636</u>

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

FAIR HAVEN SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	228,103
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(344,459)	
Capital Outlay	<u>104,734</u>	(239,725)
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.		330,000
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		279,680
Pension Related Deferrals		(931,721)
Net Pension Liability		470,302
Accrued Interest		825
Compensated Absences and Other Liabilities		<u>47,710</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>185,174</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2018

	<u>Enterprise Fund</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,660
Accounts Receivable:	
State	8
Federal	150
Other	768
Total Current Assets	<u>3,586</u>
Noncurrent Assets:	
Equipment	73,444
Less: Accumulated Depreciation	<u>(27,016)</u>
Total Noncurrent Assets	<u>46,428</u>
Total Assets	<u>\$ 50,014</u>
<b><u>Net Position</u></b>	
Investment in Capital Assets	\$ 46,428
Unrestricted	<u>3,586</u>
Total Net Position	<u>\$ 50,014</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETSPROPRIETARY FUNDSJUNE 30, 2018

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 10,032
Total Operating Revenue	<u>10,032</u>
Operating Expenses:	
Cost of Food - Reimbursable Programs	12,059
Depreciation	7,244
Salaries	194
Total Operating Expenses	<u>19,497</u>
Operating (Loss)/Profit	(9,465)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	145
Federal Sources:	
National School Lunch Program	1,885
National School Lunch HHFKA Program	172
Total Non-Operating Revenues	<u>2,202</u>
Change in Net Position	(7,263)
Adjustment for Net Assets	11
Net Position, July 1	<u>57,266</u>
Net Position, June 30	<u>\$ 50,014</u>

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



**FAIR HAVEN SCHOOL DISTRICT****STATEMENT OF CASH FLOWS**

Exhibit B-6

**PROPRIETARY FUNDS****JUNE 30, 2018**

	<b>Enterprise Fund</b>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 10,032
Payments to Suppliers	(12,117)
Net Cash Used by Operating Activities	<u>(2,085)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	145
Federal Sources	2,057
Net Cash Provided by Noncapital Financing Activities	<u>2,202</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	117
Cash and Cash Equivalents July 1	<u>2,543</u>
Cash and Cash Equivalents June 30	<u>\$ 2,660</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (9,465)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	7,244
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	<u>136</u>
Net Cash Used by Operating Activities	<u>\$ (2,085)</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2018

	<u>Scholarship Fund</u>	<u>Other Trust</u>	<u>Unemployment Compensation Trust</u>
Assets:			
Cash and Cash Equivalents	\$ 15,452	147	75,343
Total Assets	<u>\$ 15,452</u>	<u>147</u>	<u>75,343</u>
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	\$ 15,452	147	75,343
Total Net Position	<u>\$ 15,452</u>	<u>147</u>	<u>75,343</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSJUNE 30, 2018

	<u>Scholarship Fund</u>	<u>Other Trust</u>	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>			
Contributions	\$ -		23,467
Total Contributions	-	-	23,467
Investment Earnings:			
Interest	11		56
Net Investments Earnings	11	-	56
Total Additions	11	-	23,523
<b><u>Deductions</u></b>			
Scholarship Payments	400		-
Unemployment Claims	-		9,607
Total Deductions	400	-	9,607
Change in Net Position	(389)	-	13,916
Net Position - Beginning of Year	15,841	147	61,427
Net Position - End of the Year	<u>\$ 15,452</u>	<u>147</u>	<u>75,343</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**FAIR HAVEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: Summary of Significant Accounting Policies**

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

**A. Reporting Entity:**

The Fair Haven School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Fair Haven School District had an approximate enrollment at June 30, 2018 of 998 students.

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

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

**B. Government-Wide Financial Statements**

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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

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

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

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)****D. Fund Accounting:**

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

**Governmental Fund Types**

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

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

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

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

**Proprietary Fund Type**

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

**Fiduciary Fund Types**

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)****D. Fund Accounting (Continued):****Fiduciary Fund Types (Continued)**

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

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

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

**E. Basis of Accounting:**

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

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

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

**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 were insignificant.



**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**F. Budgets/Budgetary Control (Continued):**

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

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

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

**G. Encumbrances:**

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

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

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

**H. Short-Term Interfund Receivables/Payables:**

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

**I. Inventories and Prepaid Expenses**

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. Accumulated depreciation for fiscal year 2018, fiscal year 2018 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

Capital asset activity for the year ended June 30, 2018 was as follows:

	<b><u>Balance</u></b> <b><u>July 1, 2017</u></b>	<b><u>Additions</u></b>	<b><u>Adjustments</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2018</u></b>
Governmental Activities:				
Capital Assets that are				
Not Being Depreciated:				
Land	\$ 439,000	_____	_____	439,000
Total Capital Assets Not				
Being Depreciated	439,000	_____	_____	439,000
Capital Assets – Being Depreciated:				
Site Improvements & Buildings	17,389,667	76,726		17,466,393
Machinery & Equipment	823,766	17,007		840,773
Totals at Historical Cost	18,213,433	93,733		18,307,166
Less: Accumulated				
Depreciation for				
Site Improvements & Buildings	(7,066,845)	(274,307)		(7,341,152)
Machinery & Equipment	(453,971)	(70,152)	11,001	(513,122)
Total Accumulated Depreciation	(7,520,816)	(344,459)	11,001	(7,854,274)
Total Capital Assets Being				
Depreciated, Net of Accumulated				
Depreciation	10,692,617	(250,726)	11,001	10,452,892
Governmental Activities				
Capital Assets, Net	\$ 11,131,617	(250,726)	11,001	10,891,892

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2018</u>
Business Type-Activities:				
Equipment	\$ 73,444			73,444
Less: Accumulated Depreciation				
Equipment	<u>(19,783)</u>	<u>(7,244)</u>	<u>11</u>	<u>(27,016)</u>
Business Type Activities				
Capital Assets (Net)	<u>\$ 53,661</u>	<u>(7,244)</u>	<u>11</u>	<u>46,428</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$344,459</u>
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**K. Accrued Salaries and Wages**

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

**L. Compensated Absences**

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

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)****M. Deferred Revenue**

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

**N. Long-Term Obligations**

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

**O. Fund Equity**

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

**P. Tuition Receivable**

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

**Q. Tuition Payable**

Tuition charges for the fiscal year 2017-2018 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**R. Net Position**

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

*Net Investment in Capital Assets* – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

*Restricted* – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**R. Net Position (Continued)**

*Unrestricted* – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

*Nonspendable* – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

*Restricted* – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

*Committed* – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

*Assigned* – The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

*Unassigned* – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****R. Net Position (Continued)**

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.

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

Cash and cash equivalents for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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.

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

**Deposits**

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

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

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

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

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

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

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

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

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

As of June 30, 2018, the District's deposits and investments are summarized as follows:

FDIC	\$ 336,763
GUPDA	<u>3,619,400</u>
	<u>\$ 3,956,163</u>

As of June 30, 2018, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Interest Bearing Checking Accounts	<u>\$ 3,289,772</u>
Total	<u>\$ 3,289,772</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2018 was \$3,289,772 and the bank balance was \$3,956,163. Of the bank balance \$336,763 was covered by federal depository insurance and \$3,619,400 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Custodial Credit Risk – Deposits**

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

The District had no uninsured deposits.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Long-Term</u> <u>Portion</u>	<u>2018-19</u> <u>Payment</u>
Pension Liability	\$ 5,373,075		(470,302)	4,902,773	4,902,773	
Compensated Absences Payable	249,182		(47,710)	201,472	201,472	
Bonds Payable	<u>5,125,000</u>		<u>(330,000)</u>	<u>4,795,000</u>	<u>4,455,000</u>	<u>340,000</u>
	<u>\$ 10,747,257</u>		<u>(848,012)</u>	<u>9,899,245</u>	<u>9,559,245</u>	<u>340,000</u>

**A. Bonds Payable**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018/2019	\$ 340,000	150,518	490,518
2019/2020	350,000	136,917	486,917
2020/2021	375,000	122,918	497,918
2021/2022	380,000	107,917	487,917
2022/2023	425,000	92,718	517,718
2024-2028	2,120,000	280,332	2,400,332
2029-2030	<u>805,000</u>	<u>36,150</u>	<u>841,150</u>
	<u>\$ 4,795,000</u>	<u>927,470</u>	<u>5,722,470</u>

Bonds issued 1/23/2013 for \$8,140,000 at interest of 4.25% maturing 6/1/2030 with a balance of \$4,795,000 at June 30, 2018.

**NOTE 4: Pension Plans**

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



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

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

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

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

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

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

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

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

**Three-Year Trend Information for PERS**

<b>Year</b>	<b>Annual</b>	<b>Percentage</b>	<b>Net</b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/18	\$ 237,741	100%	0
6/30/17	166,467	100%	0
6/30/16	149,567	100%	0

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

<b>Year</b>	<b>Annual</b>	<b>Percentage</b>	<b>Net</b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/18	\$ 1,557,009	100%	0
6/30/17	1,202,374	100%	0
6/30/16	1,009,869	100%	0

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$1,557,009 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$499,437 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

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

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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

The following represents the membership tiers for PERS:

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

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

**Basis of Presentation**

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

**NOTE 4: Pension Plans (Continued)****Allocation Methodology and Reconciliation to Financial Statements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2016 through June 30, 2017. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

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

For the year ended June 30, 2018, the District recognized pension expense of \$237,741. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 115,443	
Changes of Assumptions	987,740	984,119
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	33,385	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	630,108	133,125
District Contributions Subsequent to the Measurement Date	<u>237,741</u>	<u>          </u>
Total	<u>\$ 2,004,417</u>	<u>1,117,244</u>

\$2,004,417 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Additional Information**

Collective balances at December 31, 2017 and 2016 are as follows:

	<b><u>Dec. 31, 2017</u></b>	<b><u>Dec. 31, 2016</u></b>
Collective Deferred Outflows of Resources	\$ 2,004,417	1,724,737
Collective Deferred Inflows of Resources	1,117,244	185,523
Collective Net Pension Liability	4,902,773	5,373,075
District's Proportion	.02106%	.01814%

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

The components of the collective net pension liability of the participating employers as of June 30, 2017 were as follows:

	<b>2017</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 32,535,896,852	44,852,367,051	77,388,263,903
Plan Fiduciary Net Position	<u>6,890,274,055</u>	<u>21,573,965,463</u>	<u>28,464,239,518</u>
Net Pension Liability	<u>\$ 25,645,622,797</u>	<u>23,278,401,588</u>	<u>48,924,024,385</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.18%	48.10%	36.78%

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

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

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2017</u>		
	<u>At 1% Decrease (4.00%)</u>	<u>At Current Discount Rate (5.00%)</u>	<u>At 1% Increase (6.00%)</u>
State	\$ 29,818,581,732	25,645,622,797	22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
Total	<u>\$ 58,697,018,759</u>	<u>48,924,024,385</u>	<u>40,792,456,582</u>
	<u>2016</u>		
	<u>At 1% Decrease (3.90%)</u>	<u>At Current Discount Rate (4.90%)</u>	<u>At 1% Increase (5.90%)</u>
State	\$ 34,422,851,197	29,390,685,705	25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
Total	<u>\$ 70,715,189,252</u>	<u>59,007,817,464</u>	<u>49,352,744,647</u>



**NOTE 4: Pension Plans (Continued)****Teachers Pensions and Annuity Fund (TPAF)****Plan Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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

The following represents the membership tiers for TPAF:

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

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

**Basis of Presentation**

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

**NOTE 4: Pension Plans (Continued)****Allocation Methodology**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation**

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

**Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 90,726,371,000	101,746,770,000
Plan Fiduciary Net Position	<u>23,056,161,829</u>	<u>22,717,862,967</u>
Net Pension Liability	<u>\$ 67,670,209,171</u>	<u>79,028,907,033</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%

**NOTE 4: Pension Plans (Continued)****State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2017</u>	<u>2016</u>
District's Liability	<u>\$ 39,244,435</u>	<u>45,292,859</u>
District's Proportion	.05799%	.05731%

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases: 2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.00%

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

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2017 (3.25%, 4.25%, 5.25%)	\$ 80,394,331,171	67,670,209,171	57,188,022,171
2016 (2.22%, 3.22%, 4.22%)	94,378,176,033	79,028,907,033	66,494,248,033

**NOTE 5: Post-Retirement Benefits****General Information about the OPEB Plan****Plan description and benefits provided**

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. (GASB Cod. Sec. 2300.106(g))

The School Employees Health Benefits Program (SEHBP) Act is found in 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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

**TPAF participant retirees:**

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

**PERS participant retirees:**

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

**Total OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State's CAFR.

**NOTE 5: Post-Retirement Benefits (Continued)**

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%	
	<u>TPAF</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55% - 4.55% based on years of service	2.15% - 4.15% based on age
Thereafter	2.00% - 5.45% based on years of service	3.15% - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

***Health Care Trend Assumptions***

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

***Discount Rate***

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

**NOTE 5: Post-Retirement Benefits (Continued)**

Changes in the Total OPEB Liability reported by the State of New Jersey.

	<b>Total OPEB Liability</b>
Balance at 6/30/2016 Measurement Date	\$ 57,831,784,184
Changes for the Year:	
Service Cost	2,391,878,884
Interest on Total OPEB Liability	1,699,441,736
Change of Assumptions	(7,086,599,129)
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Gross Benefit Payments	(1,242,412,566)
Contributions from the Member	<u>45,748,749</u>
Balance at 6/30/2017 Measurement Date	<u>\$ 53,639,841,858</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease (2.58%)</b>	<b>Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	53,639,841,858	45,680,364,453

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	53,639,841,858	66,290,599,457

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2018, the Board of Education recognized OPEB expense of \$2,193,431 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.





**NOTE 7: Equity Balance (Continued)**

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2018-2019 budget and expended therefrom.

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

**2% Calculation of Excess Surplus**

2017-18 Total General Fund Expenditures Per the CAFR	\$ 16,630,640
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(2,056,446)</u>
Adjusted 17-18 General Fund Expenditures	<u>\$ 14,574,194</u>
2% of Adjusted 2017-18 General Fund Expenditures	<u>\$ 291,484</u>
Enter Greater of Above or \$250,000	\$ 291,484
Increased by Allowable Adjustment	<u>357,376</u>
Maximum Unassigned Fund Balance	<u>\$ 648,860</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-18	\$ 3,100,823
Decreased by:	
Reserved for Encumbrances	(297,368)
Designated for Subsequent Years Expenditures – Excess Surplus	(500,000)
Designated for Subsequent Years Expenditures – BOE	(31,568)
Other Reserves	<u>(1,369,837)</u>
Total Unassigned Fund Balance	<u>\$ 902,050</u>
Excess Surplus	<u>\$ 253,190</u>
Designated for Subsequent Years Expenditures – Excess Surplus	\$ 500,000
Reserved Fund Balance – Excess Surplus	<u>253,190</u>
	<u>\$ 753,190</u>

**Section 3****Detail of Allowable Adjustment**

Extraordinary Aid	\$ 343,123
Non-Public Transportation Aid	<u>14,253</u>
	<u>\$ 357,376</u>

**NOTE 7: Equity Balance (Continued)****Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 619,837
Emergency Reserve	250,000
Capital Reserve	<u>500,000</u>
Total Other Restricted Fund Balance	<u>\$ 1,369,837</u>

**NOTE 8: Risk Management**

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 0	11,660	3,786	28,611
2016-2017	0	35,635	2,819	61,427
2017-2018	0	23,523	9,607	75,343

**NOTE 9: Capital Reserve Account**

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

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

**NOTE 9: Capital Reserve Account (Continued)**

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 250,000
Increased by Board Resolution June 27, 2018	<u>250,000</u>
Ending Balance, June 30, 2018	<u>\$ 500,000</u>

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

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

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

**NOTE 10: Fair Values of Financial Instruments**

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

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

**NOTE 11: Fund Balance Appropriated**

**General Fund** – Of the \$3,100,823 General Fund fund balance at June 30, 2018, \$297,368 is reserve for encumbrances; \$619,837 is reserved for maintenance; \$250,000 is reserved for emergency reserve; \$500,000 is excess surplus designated for subsequent years expenditures in the 2017-2018 budget; \$500,000 has been reserved in the Capital Reserve Account; \$253,190 is reserved excess surplus; \$31,568 designated for subsequent year’s expenditures by the BOE in the 2018-19 budget; and \$648,860 is unreserved and undesignated.

**NOTE 12: Economic Dependency**

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

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 13,902,852		13,902,852	13,902,852	-
Tuition From Individuals	37,500		37,500	46,460	8,960
Tuition From Other LEA's	168,396		168,396	127,980	(40,416)
Interest Earned on Investments			-	5,558	5,558
Miscellaneous	5,000		5,000	6,305	1,305
Total Local Sources	<u>14,113,748</u>	<u>-</u>	<u>14,113,748</u>	<u>14,089,155</u>	<u>(24,593)</u>
State Sources:					
Special Education Aid	377,743		377,743	409,311	31,568
Extraordinary Aid			-	343,123	343,123
Transportation Aid	11,599		11,599	11,599	
Security Aid	16,914		16,914	16,914	
PARCC Readiness Aid	9,715		9,715	9,715	
Per Pupil Growth Aid	9,715		9,715	9,715	
Professional Learning Growth Aid	9,470		9,470	9,470	-
Other State Aid - Non Public Transportation			-	14,253	14,253
TPAF Pension (On Behalf-Non-Budgeted)			-	1,557,009	1,557,009
TPAF Social Security (Reimbursed - Non-Budgeted)				499,437	499,437
Total State Sources	<u>435,156</u>	<u>-</u>	<u>435,156</u>	<u>2,880,546</u>	<u>2,445,390</u>
Total Revenues	<u>14,548,904</u>	<u>-</u>	<u>14,548,904</u>	<u>16,969,701</u>	<u>2,420,797</u>

**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b><u>Expenditures:</u></b>					
Current Expense:					
Regular Programs - Instruction:					
Pre-School/Kindergarten - Salaries of Teachers	195,290	3,900	199,190	199,153	37
Grades 1-5 - Salaries of Teachers	2,385,707	(14,224)	2,371,483	2,304,984	66,499
Grades 6-8 - Salaries of Teachers	1,592,120	(38,626)	1,553,494	1,549,590	3,904
Regular Programs - Undistributed Instruction:					
Other Salaries For Instruction	76,700	(1,817)	74,883	74,619	264
General Supplies	215,000	155,520	370,520	336,500	34,020
Textbooks	70,105	86,832	156,937	119,773	37,164
Other Objects	15,000	2,450	17,450	10,602	6,848
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000		7,000	932	6,068
<b>Total Regular Programs - Instruction</b>	<u>4,556,922</u>	<u>194,035</u>	<u>4,750,957</u>	<u>4,596,153</u>	<u>154,804</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	66,195	(73)	66,122	65,679	443
Other Salaries for Instruction	100,900	80,263	181,163	180,057	1,106
General Supplies	500	250	750	332	418
<b>Total Learning and/or Language Disabilities</b>	<u>167,595</u>	<u>80,440</u>	<u>248,035</u>	<u>246,068</u>	<u>1,967</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,142,997	(10,345)	1,132,652	1,123,151	9,501
General Supplies	1,000	950	1,950	1,420	530
<b>Total Resource Room/Resource Center</b>	<u>1,143,997</u>	<u>(9,395)</u>	<u>1,134,602</u>	<u>1,124,571</u>	<u>10,031</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 3 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Autism:					
Salaries of Teachers	257,481	(26,341)	231,140	228,890	2,250
Other Salaries for Instruction	332,600	(6,559)	326,041	326,011	30
General Supplies	2,000	(90)	1,910	244	1,666
Total Autism	<u>592,081</u>	<u>(32,990)</u>	<u>559,091</u>	<u>555,145</u>	<u>3,946</u>
Pre-School Disabilities - Part Time					
Salaries of Teachers	70,043	875	70,918	70,558	360
Other Salaries for Instruction	160,268	(34,625)	125,643	125,541	102
Purchased Professional Educational Services	4,000	(4,000)	-	-	-
Total Pre-School Handicapped	<u>234,311</u>	<u>(37,750)</u>	<u>196,561</u>	<u>196,099</u>	<u>462</u>
Total Special Education - Instruction	<u>2,137,984</u>	<u>305</u>	<u>2,138,289</u>	<u>2,121,883</u>	<u>16,406</u>
Bilingual Education					
Salaries of Teachers	1,000	(900)	100	-	100
Total Basic Skills/Remedial - Instruction	<u>1,000</u>	<u>(900)</u>	<u>100</u>	<u>-</u>	<u>100</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	35,000	5,080	40,080	39,690	390
Supplies and Materials	1,000	180	1,180	965	215
Other Objects	-	3,915	3,915	3,907	8
Total School Sponsored Co-Curricular	<u>36,000</u>	<u>9,175</u>	<u>45,175</u>	<u>44,562</u>	<u>613</u>
School Sponsored Athletics - Instruction:					
Salaries	11,750	21,700	33,450	33,446	4
Supplies and Materials	6,500	(3,275)	3,225	3,225	-
Other Objects	1,750	(1,150)	600	598	2
Total School Sponsored Athletics - Instruction	<u>20,000</u>	<u>17,275</u>	<u>37,275</u>	<u>37,269</u>	<u>6</u>



FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1

Sheet 4 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Instruction	<u>6,751,906</u>	<u>219,890</u>	<u>6,971,796</u>	<u>6,799,867</u>	<u>171,929</u>
Undistributed Expenditures-Instruction:					
Tuition to Private Schools for Handicapped - Within State	<u>143,857</u>	<u>(10,235)</u>	<u>133,622</u>	<u>4,538</u>	<u>129,084</u>
Total Undistributed Expenditures-Instruction	<u>143,857</u>	<u>(10,235)</u>	<u>133,622</u>	<u>4,538</u>	<u>129,084</u>
Undistributed Expenditures - Health:					
Salaries	<u>138,098</u>	<u>(724)</u>	<u>137,374</u>	<u>137,214</u>	<u>160</u>
Purchased Professional and Technical Services	<u>6,250</u>	<u>7,674</u>	<u>13,924</u>	<u>13,872</u>	<u>52</u>
Supplies and Materials	<u>3,000</u>	<u>(1,250)</u>	<u>1,750</u>	<u>1,629</u>	<u>121</u>
Total Undistributed Expenditures - Health:	<u>147,348</u>	<u>5,700</u>	<u>153,048</u>	<u>152,715</u>	<u>333</u>
Undistributed Expenditures - Other Support Services					
Students - Related Services:					
Salaries of Teachers	<u>325,623</u>	<u>4,140</u>	<u>329,763</u>	<u>329,661</u>	<u>102</u>
Purchased Professional Educational Services	<u>93,068</u>	<u>(10,910)</u>	<u>82,158</u>	<u>82,102</u>	<u>56</u>
Supplies and Materials	<u>1,000</u>	<u>540</u>	<u>1,540</u>	<u>1,273</u>	<u>267</u>
Total Undistributed Expenditures - Other Support Services			<u>-</u>		
Students - Related Services	<u>419,691</u>	<u>(6,230)</u>	<u>413,461</u>	<u>413,036</u>	<u>425</u>
Undistributed Expenditures - Other Support Services					
Students - Extra. Services					
Salaries	<u>53,084</u>	<u>28,072</u>	<u>81,156</u>	<u>80,466</u>	<u>690</u>

**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures-Other Supp. Serv.					
Students - Regular					
Salaries of Other Professional Staff	57,518		57,518	57,318	200
Supplies and Materials	250		250	74	176
Total Undistributed Expenditures-Other Supp. Serv. - Reg.	<u>57,768</u>	<u>-</u>	<u>57,768</u>	<u>57,392</u>	<u>376</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.:					
Salaries of Other Professional Staff	426,067	(525)	425,542	425,494	48
Salaries of Secretarial and Clerical Assts.	43,356	(465)	42,891	42,706	185
Other Purchased Professional and Technical Services	12,070	12,410	24,480	24,154	326
Miscellaneous Purchased Services	7,675	(2,475)	5,200	1,590	3,610
Supplies and Materials	4,000	2,871	6,871	6,870	1
Other Objects	750	1,165	1,915	1,890	25
Total Undistributed Expenditures-Other Sup. Serv.	<u>493,918</u>	<u>12,981</u>	<u>506,899</u>	<u>502,704</u>	<u>4,195</u>
Undistributed Expenditures-Impvt of Inst. Serv.					
Salaries of Supervisors of Instruction	138,397	22,185	160,582	158,379	2,203
Salaries of Other Professional Staff	115,195	7,780	122,975	122,962	13
Other Purchased Professional and Technical Services	7,500	(6,875)	625	149	476
Other Purchased Services	2,500	(2,500)	-	-	-
Supplies and Materials	3,028	125	3,153	2,558	595
Other Objects	1,200	(615)	585	-	585
Total Undistributed Expenditures-Impvt. of Inst. Serv	<u>267,820</u>	<u>20,100</u>	<u>287,920</u>	<u>284,048</u>	<u>3,872</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 6 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	110,962	(3,175)	107,787	105,381	2,406
Salaries of Technology Coordinators	177,310		177,310	177,310	-
Purchased Professional and Technical Services	47,899	17,953	65,852	62,777	3,075
Supplies and Materials	21,500	(1,897)	19,603	14,014	5,589
<b>Total Undistributed Expenditures - Edu. Media Serv./ School Library</b>	<b>357,671</b>	<b>12,881</b>	<b>370,552</b>	<b>359,482</b>	<b>11,070</b>
Undistributed Expenditures - Instr. Staff Training Serv:					
Purchased Professional-Educational Services	10,000	(2,500)	7,500	7,500	-
Other Purchased Services	15,000	(7,220)	7,780	5,948	1,832
<b>Total Undistributed Expenditures - Instructional Staff Training Serv.</b>	<b>25,000</b>	<b>(9,720)</b>	<b>15,280</b>	<b>13,448</b>	<b>1,832</b>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	231,320	250	231,570	231,570	-
Legal Services	47,000	3,415	50,415	50,407	8
Audit Fees	10,500		10,500	10,000	500
Communications/Telephone	53,000	13,955	66,955	66,400	555
Other Purchased Services (400-500 Series)	46,445	(6,571)	39,874	38,988	886
Supplies and Materials	4,000	(1,025)	2,975	2,101	874
BOE Supplies	800	6	806	805	1
BOE Dues and Fees	11,500	(2,435)	9,065	9,061	4
Miscellaneous Expenditures	10,800	500	11,300	10,450	850
<b>Total Undistributed Expenditures - Supp. Serv. General Administration</b>	<b>415,365</b>	<b>8,095</b>	<b>423,460</b>	<b>419,782</b>	<b>3,678</b>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1

Sheet 7 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	255,495	1,010	256,505	256,505	-
Salaries of Secretarial/Clerical Assistants	145,025	(7,960)	137,065	133,687	3,378
Other Purchased Services		1,895	1,895	1,773	122
Supplies and Materials		1,075	1,075	963	112
Other Objects		1,900	1,900	1,819	81
<b>Total Undistributed Expend.-Supp. Serv.-School Admin.</b>	<b>400,520</b>	<b>(2,080)</b>	<b>398,440</b>	<b>394,747</b>	<b>3,693</b>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Salaries	110,652	(11,545)	99,107	96,088	3,019
Cleaning, Repair and Maintenance Services	385,000	162,597	547,597	418,879	128,718
<b>Total Undistributed Expenditures-Allow. Maint. School Fac.</b>	<b>495,652</b>	<b>151,052</b>	<b>646,704</b>	<b>514,967</b>	<b>131,737</b>
Undistributed Expenditures - Other Oper. & Maint. of Plant:					
Salaries	456,659	21,743	478,402	478,387	15
Cleaning, Repair and Maintenance Services	145,000	67,274	212,274	112,026	100,248
Purchased Professional And Technical Services	72,000	(8,100)	63,900	63,882	18
Other Purchased Property Services	84,500	(858)	83,642	82,944	698
Insurance	74,000	(3,980)	70,020	69,140	880
Misc. Purchased Services	5,000	860	5,860	5,832	28
General Supplies	77,500	(8,681)	68,819	67,370	1,449
Energy - Electricity	175,000	(17,795)	157,205	157,201	4
Energy - Natural Gas	90,000	(15,375)	74,625	74,617	8
Other Objects	2,150	(870)	1,280	1,248	32
<b>Total Undistributed Expend. - Other Oper. &amp; Main. of Plant</b>	<b>1,181,809</b>	<b>34,218</b>	<b>1,216,027</b>	<b>1,112,647</b>	<b>103,380</b>
Security:					
Salaries	35,170	(1,000)	34,170	33,843	327
Purchased Professional and Technical Services	1,500		1,500	480	1,020
<b>Total Security</b>	<b>36,670</b>	<b>(1,000)</b>	<b>35,670</b>	<b>34,323</b>	<b>1,347</b>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 8 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	1,714,131	184,270	1,898,401	1,661,937	236,464
Undistributed Expenditures - Student Transportation Serv:					
Contr. Serv. (Other Than Between Home & School)-Vendors	12,000	(8,800)	3,200	159	3,041
Contr. Serv. (Between Home & School)-Joint Agreement	80,000		80,000	77,842	2,158
Contr. Serv. (Special Education Students)-Joint Agreements	102,000	(23,905)	78,095	68,801	9,294
Contr. Services Aid in Lieu - Non-Public	6,188	3,800	9,988	9,969	19
Total Undistributed Expenditures - Student Transportation Services	200,188	(28,905)	171,283	156,771	14,512
Undistributed Expenditures - Central Services					
Support Services:					
Salaries	262,350	155	262,505	262,502	3
Purchased Professional Services	35,000	(9,025)	25,975	20,760	5,215
Other Purchased Services	4,300	200	4,500	3,746	754
Supplies and Materials	5,000		5,000	3,790	1,210
Other Objects	1,400	(200)	1,200	1,190	10
Total Undistributed Expenditures - Business and Other Support Services	308,050	(8,870)	299,180	291,988	7,192
Regular Programs-Instruction - Employee Benefits					
Health Benefits	2,393,060	(33,575)	2,359,485	2,034,887	324,598
Tuition Reimbursement	15,000	7,200	22,200	22,176	24
Total Regular Programs - Instruction - Employee Benefits	2,408,060	(26,375)	2,381,685	2,057,063	324,622

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1  
Sheet 9 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services-Gen'l Adm.-Employee Benefits					
Health Benefits	6,000	45,872	51,872	51,871	1
Total Support Services-Gen'l Adm.-Employee Benefits	<u>6,000</u>	<u>45,872</u>	<u>51,872</u>	<u>51,871</u>	<u>1</u>
Unallocated Benefits:					
Social Security Contributions	234,540	(30,535)	204,005	204,005	-
Other Retirement Contributions - PERS	206,440	31,305	237,745	237,741	4
Unemployment Compensation	25,000	(17,365)	7,635	6,157	1,478
Workmen's Compensation	94,955	(1,900)	93,055	80,442	12,613
Health Benefits	388,825	(44,967)	343,858	256,831	87,027
Attendance Compensation	46,500	23,905	70,405	70,404	1
Total Unallocated Benefits	<u>996,260</u>	<u>(39,557)</u>	<u>956,703</u>	<u>855,580</u>	<u>101,123</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,557,009	(1,557,009)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	499,437	(499,437)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,056,446</u>	<u>(2,056,446)</u>
Total Undistributed Expenditures	<u>8,414,731</u>	<u>185,999</u>	<u>8,600,730</u>	<u>9,814,014</u>	<u>(1,213,284)</u>
Total Current Expense	<u>15,166,637</u>	<u>405,889</u>	<u>15,572,526</u>	<u>16,613,881</u>	<u>(1,041,355)</u>
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Other Purchased Professional Technical Services		19,259	19,259		19,259
Assessment for Debt Service on SDA Funding	16,759		16,759	16,759	-
Total Capital Outlay	<u>16,759</u>	<u>19,259</u>	<u>36,018</u>	<u>16,759</u>	<u>19,259</u>
Total Expenditures	<u>15,183,396</u>	<u>425,148</u>	<u>15,608,544</u>	<u>16,630,640</u>	<u>(1,022,096)</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 10 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(634,492)</u>	<u>(425,148)</u>	<u>(1,059,640)</u>	<u>339,061</u>	<u>1,398,701</u>
Other Financing Sources (Uses):					
Adjustment for Accounts Payable			-	(15,168)	(15,168)
Transfer to Fund 20			-	(73,000)	(73,000)
Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,168)</u>	<u>(88,168)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(634,492)</u>	<u>(425,148)</u>	<u>(1,059,640)</u>	<u>250,893</u>	<u>1,310,533</u>
Fund Balance July 1	<u>2,849,930</u>		<u>2,849,930</u>	<u>2,849,930</u>	
Fund Balance June 30	<u>\$ 2,215,438</u>	<u>(425,148)</u>	<u>1,790,290</u>	<u>3,100,823</u>	<u>1,310,533</u>
Restricted Fund Balance:					
Capital Reserve				\$ 500,000	
Maintenance Reserve				619,837	
Excess Surplus - Designated for Subsequent Years Expenditures				500,000	
Excess Surplus				253,190	
Emergency Reserve				250,000	
Designated for Subsequent Years Expenditures by the BOE				31,568	
Assigned Fund Balance:					
Year End Encumbrances				297,368	
Unassigned Fund Balance				<u>648,860</u>	
				3,100,823	
Reconciliation to Governmental Fund Statement (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis				<u>(44,049)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,056,774</u>	

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ -	5,276	5,276	1,869	3,407
Federal Sources	169,490	97,567	267,057	263,442	3,615
Total Revenues	<u>\$ 169,490</u>	<u>102,843</u>	<u>272,333</u>	<u>265,311</u>	<u>7,022</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	28,620	28,620	26,988	1,632
Tuition		106,012	106,012	106,012	
General Supplies		23,478	23,478	23,478	
Total Instruction	<u>-</u>	<u>158,110</u>	<u>158,110</u>	<u>156,478</u>	<u>1,632</u>
Support Services:					
Employee Benefits		1,983	1,983		1,983
Purchased Professional Educational Services	12,308	3,979	16,287	12,880	3,407
Salaries of Other Professional Staff	157,182	(61,229)	95,953	95,953	
Total Support Services	<u>169,490</u>	<u>(55,267)</u>	<u>114,223</u>	<u>108,833</u>	<u>5,390</u>
Total Expenditures	<u>\$ 169,490</u>	<u>102,843</u>	<u>272,333</u>	<u>265,311</u>	<u>7,022</u>



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET TO GAAP RECONCILIATION**

**NOTE TO RSI**

**JUNE 30, 2018**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 16,969,701	265,311
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	40,889	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(44,049)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 16,966,541</u>	<u>265,311</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 16,630,640	265,311
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 16,630,640</u>	<u>265,311</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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

**FAIR HAVEN SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**

**NET PENSION LIABILITY - PERS**

**Exhibit L-1**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,902,773	5,373,075	3,878,997	3,340,104	3,625,643
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,902,773</u>	<u>5,373,075</u>	<u>3,878,997</u>	<u>3,340,104</u>	<u>3,625,643</u>
District's Covered-Employee Payroll	\$ 1,488,718	1,397,135	1,287,294	1,170,827	1,181,671
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	30.36%	26.00%	33.19%	35.05%	32.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.78%	31.20%	38.21%	42.74%	40.71%

**FAIR HAVEN SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**

**Exhibit L-2**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 166,467	149,567	150,251	143,985	141,335
Contributions in Relation to the Contractually Required Contribution	<u>166,467</u>	<u>149,567</u>	<u>150,251</u>	<u>143,985</u>	<u>141,335</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,488,718	1,397,135	1,287,294	1,170,827	1,181,671
Contributions as a Percentage of Covered-Employee Payroll	11.18%	10.71%	11.67%	12.30%	11.96%

**FAIR HAVEN SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**

**NET PENSION LIABILITY - TPAF**

**Exhibit L-3**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>39,244,435</u>	<u>45,292,859</u>	<u>39,153,716</u>	<u>33,414,670</u>	<u>30,694,361</u>
Total	<u>\$39,244,435</u>	<u>45,292,859</u>	<u>39,153,716</u>	<u>33,414,670</u>	<u>30,694,361</u>
District's Covered-Employee Payroll	\$ 6,642,382	6,175,104	5,749,823	5,858,947	6,049,277
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.93%	13.63%	14.69%	17.53%	19.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR OPEB (GASB 75) - M**



FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOSLAST TWO FISCAL YEARS

Exhibit M-1

	<u>2017</u>	<u>2016</u>
<b><u>State of New Jersey's Total OPEB Liability</u></b>		
Service Cost	\$ 2,391,878,884	1,723,999,319
Interest	1,699,441,736	1,823,643,792
Benefit Payments	(1,242,412,566)	(1,223,298,019)
Member Contributions	45,748,749	46,273,747
Change of Assumptions	<u>(7,086,599,129)</u>	<u>8,611,513,521</u>
Net Change in Total OPEB Liability	(4,191,942,326)	10,982,132,360
Total OPEB Liability - Beginning	<u>57,831,784,184</u>	<u>46,849,651,824</u>
Total OPEB Liability - Ending	<u>\$ 53,639,841,858</u>	<u>57,831,784,184</u>
<b><u>State's OPEB Liability Attributable to the District</u></b>		
Service Cost	\$ 1,610,946	*
Interest	1,005,512	*
Benefit Payments	(734,778)	*
Member Contributions	27,056	*
Change of Assumptions	<u>(4,207,056)</u>	*
Net Change in Total OPEB Liability	(2,298,320)	*
Total Attributable OPEB Liability - Beginning	<u>34,021,559</u>	*
Total Attributable OPEB Liability - Ending	<u>\$ 31,723,239</u>	<u>34,021,559</u>
District's Proportionate Share of Total OPEB Liability	Zero	Zero
District's Covered Payroll	\$ 8,131,100	7,532,239
District's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%
District's Contribution	None	None
State Covered Employee Payroll (6/30/16 Census Data)	\$ 13,493,400,208	13,493,400,208
Total State OPEB Liability as a Percentage of its Covered-Employee Payroll	397.53%	428.59%

\* - Information not available

Source: GASB 75 report on State of New Jersey Health Benefits Program; District Records.

Note: This schedule is required by GASB 75 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES -- D**

N/A

**SPECIAL REVENUE FUND - E**

FAIR HAVEN SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

Exhibit E-1

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Title I</u>	<u>Title IIA</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>	<u>Title IV</u>	<u>Non-Public Technology</u>	<u>Non-Public Nursing</u>	<u>Totals June 30, 2018</u>
Revenues:								
State Sources	\$ -					725	1,144	1,869
Federal Sources	33,268	11,011	201,965	7,198	10,000			263,442
Total Revenue	<u>\$ 33,268</u>	<u>11,011</u>	<u>201,965</u>	<u>7,198</u>	<u>10,000</u>	<u>725</u>	<u>1,144</u>	<u>265,311</u>
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 24,288				2,700			26,988
Tuition			106,012					106,012
General Supplies	8,980			7,198	7,300			23,478
Total Instruction	<u>33,268</u>	<u>-</u>	<u>106,012</u>	<u>7,198</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>156,478</u>
Support Services:								
Salaries of Other Professional Staff			95,953					95,953
Purchased Professional Educational Services		11,011				725	1,144	12,880
Total Support Services	<u>-</u>	<u>11,011</u>	<u>95,953</u>	<u>-</u>	<u>-</u>	<u>725</u>	<u>1,144</u>	<u>108,833</u>
Total Expenditures	<u>\$ 33,268</u>	<u>11,011</u>	<u>201,965</u>	<u>7,198</u>	<u>10,000</u>	<u>725</u>	<u>1,144</u>	<u>265,311</u>

**CAPITAL PROJECTS FUND – F**

FAIR HAVEN SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2018Expenditures

Roof Project - Construction Services

\$ 19,631

Total Expenditures

19,631

Fund Balance - Beginning

536,123

Fund Balance - Ending

\$ 516,492

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISVIOLA SICKLES SCHOOL DISTRICT WIDE TELEPHONE SYSTEMFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Additional Project Information**

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



FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2b

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISKNOLLWOOD ELEMENTARY/MIDDLE SCHOOL PHONE SYSTEM REPLACEMENTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Additional Project Information**

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

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2c

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISKNOLLWOOD ELEMENTARY SCHOOL - PARTIAL ROOF REPLACEMENTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
State Sources - ROD Grant	\$ 513,088		513,088	513,088
Transfer from Capital Reserve	553,807		553,807	553,807
Additional Transfer from Capital Reserve	47,500		47,500	47,500
Transfer from Capital Outlay	168,326		168,326	168,326
Total Revenues	<u>1,282,721</u>		<u>1,282,721</u>	<u>1,282,721</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Construction Services	808,856	19,631	828,487	1,282,721
Total Expenditures	<u>808,856</u>	<u>19,631</u>	<u>828,487</u>	<u>1,282,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 473,865</u>	<u>(19,631)</u>	<u>454,234</u>	<u>-</u>

**Additional Project Information**

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

**PROPRIETARY FUNDS – G**

N/A

FIDUCIARY FUND – H

**FAIR HAVEN SCHOOL DISTRICT**

**TRUST AND AGENCY FUND**

**Exhibit H-1**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**AS OF JUNE 30, 2018**

	<u>Agency</u>			<u>Expendable Trusts</u>			<u>Totals 2018</u>
	<u>Student Activity</u>	<u>Agency Account</u>	<u>Net Salary Account</u>	<u>Scholarship Fund</u>	<u>Other Trust</u>	<u>Unemployment Compensation</u>	
Assets:							
Cash and Cash Equivalents	\$ 60,951	123,841	6,703	15,452	147	75,343	282,437
<b>Total Assets</b>	<u>\$ 60,951</u>	<u>123,841</u>	<u>6,703</u>	<u>15,452</u>	<u>147</u>	<u>75,343</u>	<u>282,437</u>
Liabilities and Net Position:							
Liabilities:							
Due to Student Groups	\$ 60,951						60,951
Payroll Withholdings		123,841	6,703				130,544
<b>Total Liabilities</b>	<u>60,951</u>	<u>123,841</u>	<u>6,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,495</u>
Net Position:							
Unreserved				15,452	147	75,343	90,942
<b>Total Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,452</u>	<u>147</u>	<u>75,343</u>	<u>90,942</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 60,951</u>	<u>123,841</u>	<u>6,703</u>	<u>15,452</u>	<u>147</u>	<u>75,343</u>	<u>282,437</u>

**FAIR HAVEN SCHOOL DISTRICT**

**EXPENDABLE TRUST FUNDS**

**Exhibit H-2**

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Other Trusts</u>	<u>Totals</u>
Additions:				
Local Sources:				
Contributions	\$ -	23,467		23,467
Interest on Investments	11	56		67
Total Additions	<u>11</u>	<u>23,523</u>	<u>-</u>	<u>23,534</u>
Deductions:				
Scholarship Payments	400			400
Unemployment Claims		9,607		9,607
Total Deductions	<u>400</u>	<u>9,607</u>	<u>-</u>	<u>10,007</u>
Change in Net Position	(389)	13,916	-	13,527
Net Position, July 1	<u>15,841</u>	<u>61,427</u>	<u>147</u>	<u>77,415</u>
Net Position, June 30	<u>\$ 15,452</u>	<u>75,343</u>	<u>147</u>	<u>90,942</u>

FAIR HAVEN SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary Schools: Knollwood/Sickles	\$ 65,661	89,823	94,533	60,951
Total All Schools	<u>\$ 65,661</u>	<u>89,823</u>	<u>94,533</u>	<u>60,951</u>

FAIR HAVEN SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and Cash Equivalents	\$ 207,281	4,881,475	4,964,915	123,841
Total Assets	<u>\$ 207,281</u>	<u>4,881,475</u>	<u>4,964,915</u>	<u>123,841</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 207,281	4,881,475	4,964,915	123,841
Total Liabilities	<u>\$ 207,281</u>	<u>4,881,475</u>	<u>4,964,915</u>	<u>123,841</u>



**LONG-TERM DEBT - I**

**FAIR HAVEN SCHOOL DISTRICT**  
**GENERAL LONG-TERM DEBT ACCOUNT GROUP**

Exhibit I-1

**SCHEDULE OF SERIAL BONDS**

**JUNE 30, 2018**

<b><u>Issue</u></b>	<b><u>Date of Issue</u></b>	<b><u>Amount of Original Issue</u></b>	<b><u>Annual Date</u></b>	<b><u>Maturities Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Beginning Balance July 1, 2017</u></b>	<b><u>Retired</u></b>	<b><u>Ending Balance June 30, 2018</u></b>
2013 Refunding Bonds	1/23/2013	\$ 6,075,000	6/1/2019	\$ 340,000	4.00%	5,125,000	330,000	4,795,000
			6/1/2020	350,000				
			6/1/2021	375,000				
			6/1/2022	380,000				
			6/1/2023	425,000	3.00%			
			6/1/2024	430,000				
			6/1/2025	430,000				
			6/1/2026	425,000	2.25%			
			6/1/2027	420,000	2.40%			
			6/1/2028	415,000	2.50%			
			6/1/2029	405,000	3.00%			
			6/1/2030	400,000				
						<u>\$ 5,125,000</u>	<u>330,000</u>	<u>4,795,000</u>

**FAIR HAVEN SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**Exhibit I-3**

**DEBT SERVICE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative) Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 490,418		490,418	490,418	
Total Revenues	<u>490,418</u>	<u>-</u>	<u>490,418</u>	<u>490,418</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	160,418		160,418	160,417	1
Redemption of Principal	330,000		330,000	330,000	-
Total Expenditures	<u>490,418</u>	<u>-</u>	<u>490,418</u>	<u>490,417</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Fund Balance July 1			<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>1</u>

**STATISTICAL SECTION**

**(Unaudited)**

**FAIR HAVEN SCHOOL DISTRICT**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

J-1

**(Accrual Basis of Accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	2,183,436	2,411,927	2,686,284	3,011,020	3,569,293	3,420,937	4,058,352	5,569,663	6,006,617	6,096,892
Restricted	1,281,859	1,098,271	1,682,746	2,093,897	2,062,088	1,894,869	2,819,790	3,713,535	2,543,999	2,969,825
Unrestricted	<u>(59,559)</u>	<u>(117,974)</u>	<u>(45,136)</u>	<u>(53,437)</u>	<u>(14,167)</u>	<u>435,308</u>	<u>(3,329,083)</u>	<u>(3,364,611)</u>	<u>(3,295,245)</u>	<u>(3,624,804)</u>
Total Governmental Activities Net Position	<u>3,405,736</u>	<u>3,392,224</u>	<u>4,323,894</u>	<u>5,051,480</u>	<u>5,617,214</u>	<u>5,751,114</u>	<u>3,549,059</u>	<u>5,918,587</u>	<u>5,255,371</u>	<u>5,441,913</u>
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt								60,905	53,661	46,428
Unrestricted	<u>5,348</u>	<u>10,361</u>	<u>16,804</u>	<u>21,977</u>	<u>26,740</u>	<u>34,217</u>	<u>12,416</u>	<u>6,756</u>	<u>3,605</u>	<u>3,586</u>
Total Business-Type Activities Net Position	<u>5,348</u>	<u>10,361</u>	<u>16,804</u>	<u>21,977</u>	<u>26,740</u>	<u>34,217</u>	<u>12,416</u>	<u>67,661</u>	<u>57,266</u>	<u>50,014</u>
District-Wide:										
Invested in Capital Assets, Net of Related Debt	2,183,436	2,411,927	2,686,284	3,011,020	3,569,293	3,420,937	4,058,352	5,630,568	6,060,278	6,143,320
Restricted	1,281,859	1,098,271	1,682,746	2,093,897	2,062,088	1,894,869	2,819,790	3,713,535	2,543,999	2,969,825
Unrestricted	<u>(54,211)</u>	<u>(107,613)</u>	<u>(28,332)</u>	<u>(31,460)</u>	<u>12,573</u>	<u>469,525</u>	<u>(3,316,667)</u>	<u>(3,357,855)</u>	<u>(3,291,640)</u>	<u>(3,621,218)</u>
Total District Net Position	<u>3,411,084</u>	<u>3,402,585</u>	<u>4,340,698</u>	<u>5,073,457</u>	<u>5,643,954</u>	<u>5,785,331</u>	<u>3,561,475</u>	<u>5,986,248</u>	<u>5,312,637</u>	<u>5,491,927</u>

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

**(Accrual Basis of Accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	5,458,969	4,147,263	3,869,157	3,953,383	3,892,719	3,969,823	4,190,656	4,297,528	4,583,325	4,527,809
Special Education	1,337,278	1,255,410	1,188,595	1,428,028	1,613,189	1,513,991	1,534,886	1,657,194	2,009,995	2,278,361
Other Instruction	130,209	167,114	35,523	45,959	51,205	50,609	64,371	42,247	76,622	81,831
Support Services:										
Tuition	88,774	88,198	204	11,156	182,822	5,352	120,621	72,132	24,018	4,538
Student and Instruction Related Services	2,545,399	1,464,984	1,542,541	1,551,831	1,743,557	1,923,581	1,885,016	1,995,918	2,176,964	1,972,124
School Administration Services	636,424	356,562	338,806	339,085	342,612	392,114	378,429	382,845	419,478	419,782
General Administration	416,416	631,337	660,757	676,347	702,229	701,658	663,781	748,245		686,735
Central Services										
Plant Operations and Maintenance	1,350,042	1,356,341	1,489,574	1,529,124	1,337,927	1,371,557	1,454,789	1,912,779	1,589,250	1,661,937
Pupil Transportation	189,672	187,110	83,950	110,332	171,761	99,214	116,865	159,277	180,977	156,771
Unallocated Employee Benefits		3,033,591	3,054,542	3,304,276	3,834,803	3,782,623	3,841,208	3,995,204	4,680,970	5,154,989
Interest on Long-Term Debt	523,744	503,622	431,255	392,407	303,751	301,975	302,974	194,480	169,729	159,592
Unallocated Depreciation	434,909	405,654	305,936	329,135	302,752	285,077	245,988	340,178	340,549	344,459
Total Governmental Activities Expenses	<u>13,111,836</u>	<u>13,597,186</u>	<u>13,000,840</u>	<u>13,671,063</u>	<u>14,479,327</u>	<u>14,397,574</u>	<u>14,799,584</u>	<u>15,798,027</u>	<u>16,251,877</u>	<u>17,448,928</u>
Business-Type Activities:										
Food Service	<u>62,218</u>	<u>60,835</u>	<u>55,265</u>	<u>55,045</u>	<u>41,660</u>	<u>24,598</u>	<u>42,337</u>	<u>29,635</u>	<u>25,439</u>	<u>19,497</u>
Total Business-Type Activities	<u>62,218</u>	<u>60,835</u>	<u>55,265</u>	<u>55,045</u>	<u>41,660</u>	<u>24,598</u>	<u>42,337</u>	<u>29,635</u>	<u>25,439</u>	<u>19,497</u>
Total District Expenses	<u>13,174,054</u>	<u>13,658,021</u>	<u>13,056,105</u>	<u>13,726,108</u>	<u>14,520,987</u>	<u>14,422,172</u>	<u>14,841,921</u>	<u>15,827,662</u>	<u>16,277,316</u>	<u>17,468,425</u>

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

**(Accrual Basis of Accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>Program Revenues</u></b>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)			69,651	55,120	121,650	149,682	120,621		24,018	4,538
Operating Grants and Contributions	<u>1,743,737</u>	<u>288,411</u>	<u>343,146</u>	<u>249,542</u>	<u>224,165</u>	<u>218,477</u>	<u>227,462</u>	<u>235,724</u>	<u>235,077</u>	<u>265,311</u>
Total Governmental Activities Program Revenues	<u>1,743,737</u>	<u>288,411</u>	<u>412,797</u>	<u>304,662</u>	<u>345,815</u>	<u>368,159</u>	<u>348,083</u>	<u>235,724</u>	<u>259,095</u>	<u>269,849</u>
Business-Type Activities:										
Charges for Services:										
Food Service	57,584	57,855	53,880	53,946	41,774	28,581	17,022	12,350	12,429	10,032
Operating Grants and Contributions	<u>6,912</u>	<u>7,977</u>	<u>7,099</u>	<u>6,985</u>	<u>4,646</u>	<u>3,491</u>	<u>3,511</u>	<u>4,740</u>	<u>2,614</u>	<u>2,202</u>
Total Business-Type Activities Program Revenues	<u>64,496</u>	<u>65,832</u>	<u>60,979</u>	<u>60,931</u>	<u>46,420</u>	<u>32,072</u>	<u>20,533</u>	<u>17,090</u>	<u>15,043</u>	<u>12,234</u>
Total District Program Revenues	<u>1,808,233</u>	<u>354,243</u>	<u>473,776</u>	<u>365,593</u>	<u>392,235</u>	<u>400,231</u>	<u>368,616</u>	<u>252,814</u>	<u>274,138</u>	<u>282,083</u>
<b><u>Net (Expense) Revenue</u></b>										
Governmental Activities	(11,368,099)	(13,308,775)	(12,588,043)	(13,366,401)	(14,133,512)	(14,397,574)	(14,451,501)	(15,562,303)	(17,490,248)	(17,179,079)
Business-Type Activities	<u>2,278</u>	<u>4,997</u>	<u>5,714</u>	<u>5,886</u>	<u>4,760</u>	<u>7,474</u>	<u>(21,804)</u>	<u>(12,545)</u>	<u>(10,396)</u>	<u>(7,263)</u>
Total District-Wide Net Expense	<u>(11,365,821)</u>	<u>(13,303,778)</u>	<u>(12,582,329)</u>	<u>(13,360,515)</u>	<u>(14,128,752)</u>	<u>(14,390,100)</u>	<u>(14,473,305)</u>	<u>(15,574,848)</u>	<u>(17,500,644)</u>	<u>(17,186,342)</u>

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>General Revenues and Other Changes</u></b>										
<b><u>In Net Position</u></b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	10,556,142	11,038,888	11,553,119	11,784,182	12,019,866	12,260,263	12,717,198	13,150,166	13,413,000	13,902,852
Taxes Levied for Debt Service	1,088,508	1,064,129	1,015,731	988,565	996,749	979,287	852,657	828,150	880,620	490,418
Unrestricted Grants and Contributions		1,282,495	945,989	1,277,966	1,741,204	1,561,634	1,740,748	2,563,087	2,331,261	2,877,386
Tuition Received	49,168	28,746					197,298	222,214	181,208	169,902
Investment Earnings										
Miscellaneous Income	25,926	38,585	11,237	10,129	17,497	19,246	64,978	906	20,943	11,874
Adjustment	(3,150)	(158,854)	16,462	40,176	(7,674)					(88,168)
Total Government Activities	<u>11,716,594</u>	<u>13,293,989</u>	<u>13,542,538</u>	<u>14,101,018</u>	<u>14,767,642</u>	<u>14,820,430</u>	<u>15,572,879</u>	<u>16,764,523</u>	<u>16,827,032</u>	<u>17,364,264</u>
Business-Type Activities:										
Investment Earnings	14	16	9	7	3			1	1	11
Miscellaneous Income										
Total Business-Type Activities	<u>14</u>	<u>16</u>	<u>9</u>	<u>7</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>11</u>
Total District-Wide	<u>11,716,608</u>	<u>13,294,005</u>	<u>13,542,547</u>	<u>14,101,025</u>	<u>14,767,645</u>	<u>14,820,430</u>	<u>15,572,879</u>	<u>16,764,524</u>	<u>16,827,033</u>	<u>17,364,275</u>
<b><u>Change in Net Position</u></b>										
Governmental Activities	348,495	(14,786)	954,495	734,617	634,130	386,224	(2,069,530)	2,369,528	(663,216)	185,174
Business-Type Activities	2,292	5,013	5,723	5,893	4,763	7,477	(21,801)	55,245	(10,395)	(7,252)
Total District	<u>350,787</u>	<u>(9,773)</u>	<u>960,218</u>	<u>740,510</u>	<u>638,893</u>	<u>393,701</u>	<u>(2,091,331)</u>	<u>2,424,773</u>	<u>(673,611)</u>	<u>177,922</u>



FAIR HAVEN SCHOOL DISTRICT

FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:										
Restricted	\$ 919,959	725,430	1,304,247	1,718,673	1,642,270	1,792,699	2,859,046	2,414,345	2,007,875	2,461,963
Unrestricted	<u>266,913</u>	<u>(117,975)</u>	<u>(45,136)</u>	<u>(53,437)</u>	<u>(14,167)</u>	<u>435,308</u>	<u>223,005</u>	<u>410,821</u>	<u>801,166</u>	<u>604,811</u>
Total General Fund	<u>\$ 1,186,872</u>	<u>607,455</u>	<u>1,259,111</u>	<u>1,665,236</u>	<u>1,628,103</u>	<u>2,228,007</u>	<u>3,082,051</u>	<u>2,825,166</u>	<u>2,809,041</u>	<u>3,066,774</u>
All Other Governmental Funds:										
Restricted	\$ -									
Unreserved, Reported In:										
Capital Projects Fund	361,899	361,197	361,197	361,197	361,197		64,905	1,299,189	536,123	517,860
Debt Service Fund	<u>1</u>	<u>11,645</u>	<u>17,302</u>	<u>14,027</u>	<u>58,621</u>	<u>102,170</u>	<u>51,920</u>	<u>1</u>	<u>1</u>	<u>2</u>
Total All Other Governmental Funds	<u>\$ 361,900</u>	<u>372,842</u>	<u>378,499</u>	<u>375,224</u>	<u>419,818</u>	<u>102,170</u>	<u>116,825</u>	<u>1,299,190</u>	<u>536,124</u>	<u>517,862</u>

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(Modified Accrual Basis of Accounting)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 11,644,650	12,103,017	12,568,850	12,772,747	13,016,615	13,239,550	13,569,855	13,978,316	14,293,620	14,393,270
Tuition Charges	49,168	28,746	69,651	55,120	121,650	149,682	317,919	222,214	205,226	174,440
Interest Earnings	13,303	2								
Miscellaneous	12,623	38,583	10,168	10,129	17,497	19,246	64,978	2,039	20,943	11,863
State Sources	1,544,500	1,282,495	954,970	1,277,966	1,741,204	1,561,634	1,740,748	2,563,087	2,331,261	2,879,255
Federal Sources	199,237	288,411	343,146	249,542	224,028	218,477	227,462	234,591	235,077	263,442
<b>Total Revenues</b>	<b>13,463,481</b>	<b>13,741,254</b>	<b>13,946,785</b>	<b>14,365,504</b>	<b>15,120,994</b>	<b>15,188,589</b>	<b>15,920,962</b>	<b>17,000,247</b>	<b>17,086,127</b>	<b>17,722,270</b>
<b>Expenditures</b>										
Instruction:										
Regular Instruction	5,376,074	4,097,828	3,900,729	3,957,476	3,901,736	3,969,823	4,190,656	4,305,761	4,583,325	4,596,153
Special Education Instruction	1,337,278	1,255,410	1,188,595	1,428,028	1,613,189	1,513,991	1,534,886	1,657,194	2,009,995	2,278,361
Other Instruction	69,969	104,138	35,523	45,959	51,205	50,609	64,371	42,247	76,622	81,831
School Sponsored/Other Instructional Community Services	60,240	62,976								
Support Services:										
Tuition	88,774	88,198	204	11,156	182,822	5,352	120,621	72,132	24,018	4,538
Student and Instruction Related Services	1,195,361	1,464,984	1,542,541	1,551,831	1,743,557	1,880,665	1,885,016	1,995,918	2,176,964	1,972,124
General Administration	416,416	356,562	338,806	339,085	342,612	392,114	378,429	382,845	735,814	686,735
School Administrative Services	636,424	631,337	660,757	676,347	702,229	701,658	663,781	748,245	419,478	419,782
Central Services										
Plant Operations and Maintenance	1,350,042	1,356,341	1,489,574	1,529,124	1,337,927	1,371,557	1,454,789	1,762,674	1,589,250	1,661,937
Pupil Transportation	189,672	187,110	83,950	110,332	171,761	99,214	116,865	159,277	180,977	156,771
Other Support Services										
Employee Benefits	1,350,038	3,033,591	3,063,523	3,304,276	3,834,803	3,808,592	3,729,192	3,941,014	4,352,053	5,020,960
Capital Outlay	151,846	69,955	16,621	30,000	273,404	42,916	157,890	164,430	834,155	36,390
Debt Service:										
Principal	562,791	568,996	580,293	601,658	643,260	669,669	650,000	680,000	705,000	330,000
Interest and Other Charges	529,382	497,542	437,459	398,885	316,508	277,400	254,963	202,118	177,667	160,417
Education Jobs				22,766						
<b>Total Expenditures</b>	<b>13,314,307</b>	<b>13,774,968</b>	<b>13,338,575</b>	<b>14,006,923</b>	<b>15,115,013</b>	<b>14,783,560</b>	<b>15,201,459</b>	<b>16,113,855</b>	<b>17,865,318</b>	<b>17,405,999</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	149,174	(33,714)	608,210	358,581	5,981	405,029	719,503	886,392	(779,191)	316,271

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(Modified Accrual Basis of Accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>Other Financing Sources (Uses)</u></b>										
Proceeds from Borrowing										
Prior Accounts Payable		(129,859)								
Accounts Payable Cancelled				835			153,297			
Proceeds from Refunding										
Payments to Escrow Agent										
Adjustment			16,462	39,341	(7,674)	(404,791)				
Prior Year Adjustment	(3,150)						(4,101)	(4,181)		(15,168)
Transfer In	95	2								
Transfer Out	(95)	(28,997)								(73,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,150)</u>	<u>(158,854)</u>	<u>16,462</u>	<u>40,176</u>	<u>(7,674)</u>	<u>(404,791)</u>	<u>149,196</u>	<u>(4,181)</u>	<u>-</u>	<u>(88,168)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 146,024</u>	<u>(192,568)</u>	<u>624,672</u>	<u>398,757</u>	<u>(1,693)</u>	<u>238</u>	<u>868,699</u>	<u>882,211</u>	<u>(779,191)</u>	<u>228,103</u>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditure	8.30%	8.40%	8.28%	6.98%	6.39%	6.42%	6.40%	5.53%	5.18%	2.82%

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Annual</u> <u>Totals</u>
2009	\$ -	25,831	25,831
2010		10,168	10,168
2011		11,237	11,237
2012		10,129	10,129
2013		17,497	17,497
2014		19,246	19,246
2015		73	73
2016		2,039	2,039
2017		20,943	20,943
2018		11,863	11,863

Source: District Records

**FAIR HAVEN SCHOOL DISTRICT**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

J-6

**LAST TEN YEARS**  
**(UNAUDITED)**

Calendar Year

<u>Dec. 31</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Ofarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
2009	11,701,300	1,098,504,400	0	0	38,035,100	0	0
2010	8,257,500	1,108,252,100	0	0	38,035,100	0	0
2011	8,336,600	1,112,471,500	0	0	38,126,700	0	0
2012	11,706,700	1,112,721,000	0	0	38,126,700	0	0
2013	10,626,900	1,115,672,200	0	0	39,727,500	0	0
2014*	10,626,900	1,115,672,200	0	0	37,727,500	0	0
2015	9,108,000	1,470,013,900	0	0	50,248,000	0	0
2016	11,427,100	1,510,231,800	0	0	51,014,900	0	0
2017	13,091,211	1,572,206,868	0	0	52,800,422	0	0
2018	15,418,300	1,651,642,500	0	0	53,548,500	0	0

	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate<sup>b</sup></u>	<u>Total Direct Regional Tax Rate</u>
2009	1,148,240,800	0	578,174	1,148,818,974	1,615,772,832	1.054	0.358
2010	1,154,544,700	0	593,599	1,155,138,299	1,563,193,686	1.088	0.377
2011	1,158,934,800	0	456,964	1,159,391,764	1,547,281,557	1.102	0.387
2012	1,162,554,400	0	456,964	1,162,554,400	1,510,850,747	1.120	0.396
2013	1,164,027,100	0	448,358	1,164,475,458	1,465,458,025	1.120	0.396
2014*	1,164,026,600	0	448,356	1,164,474,956	1,164,474,956	1.137	0.391
2015	1,529,369,900	0	441,313	1,529,811,213	1,529,811,213	0.932	0.320
2016	1,572,673,800	0	443,518	1,573,117,318	1,573,117,318	0.914	0.326
2017	1,638,098,500	0	450,247	1,638,548,747	1,638,548,747	0.909	0.340
2018	1,720,609,300	0	450,480	1,721,059,780	1,721,059,780	0.853	0.340

Source: Municipal Tax Assessor

\* 2014 Information not available at time of audit

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

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

b Tax rates are per \$100

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**LAST TEN FISCAL YEARS**

**(Rate Per \$100 of Assessed Value)**

<b><u>Year Ended</u></b>	<b><u>Basic Rate</u></b> (a)	<b><u>General Obligation Debt Service</u></b> (b)	<b><u>(From J-6) Total Direct School Tax Rate</u></b>	<b><u>Regional School Rate</u></b>	<b><u>Borough of Fair Haven</u></b>	<b><u>Monmouth County</u></b>	<b><u>Total Direct and Overlapping Tax Rate</u></b>
2009	0.961	0.093	1.054	0.358	0.470	0.360	2.242
2010	0.956	0.092	1.048	0.377	0.458	0.326	2.209
2011	0.996	0.088	1.084	0.387	0.457	0.336	2.264
2012	1.010	0.086	1.096	0.396	0.456	0.338	2.286
2013	1.037	0.083	1.120	0.396	0.456	0.378	2.350
2014	1.000	0.083	1.137	0.320	0.404	0.312	2.173
2015	0.849	0.083	0.932	0.320	0.404	0.312	2.287
2016	0.831	0.083	0.914	0.326	0.399	0.272	2.325
2017	0.826	0.083	0.909	0.340	0.405	0.267	1.955
2018	0.824	0.029	0.853	0.340	0.377	0.248	1.863

**Source:** Municipal Tax Collector

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

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

**RV** Property Revaluation

**FAIR HAVEN SCHOOL DISTRICT**

**PRINCIPAL PROPERTY TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**  
**(UNAUDITED)**

	2018			(not available)	2009		
	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>	
Taxpayer 1	\$ -	1	0.00%	\$ -	1	0.00%	
Taxpayer 2		2	0.00%		2	0.00%	
Taxpayer 3		3	0.00%		3	0.00%	
Taxpayer 4		4	0.00%		4	0.00%	
Taxpayer 5		5	0.00%		5	0.00%	
Taxpayer 6		6	0.00%		6	0.00%	
Taxpayer 7		7	0.00%		7	0.00%	
Taxpayer 8		8	0.00%		8	0.00%	
Taxpayer 9		9	0.00%		9	0.00%	
Taxpayer 10		10	0.00%		10	0.00%	
<b>Total</b>	<u>\$ -</u>		<u>0.00%</u>	<u>\$ -</u>		<u>0.00%</u>	

FAIR HAVEN SCHOOL DISTRICT

J-9

PROPERTY TAX LEVIES AND COLLECTIONSLAST TEN FISCAL YEARS

<u>Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2009	\$ 11,644,650	11,644,650	100%	
2010	12,103,017	12,103,017	100%	
2011	12,568,850	12,568,850	100%	
2012	12,772,747	12,772,747	100%	
2013	13,016,615	13,016,615	100%	
2014	13,239,550	13,239,550	100%	
2015	13,799,590	13,799,590	100%	
2016	13,978,316	13,978,316	100%	
2017	14,293,620	14,293,260	100%	
2018	14,671,426	14,671,426	100%	

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

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



**FAIR HAVEN SCHOOL DISTRICT**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

J-10

**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	9,975,000	N/A	N/A	N/A	N/A	9,975,000	N/A	1,688	
2010	9,445,000	N/A	N/A	N/A	N/A	9,445,000	N/A	1,591	
2011	8,905,000	N/A	N/A	N/A	N/A	8,905,000	N/A	1,500	
2012	8,345,000	N/A	N/A	N/A	N/A	8,345,000	N/A	54,244	
2013	7,525,000	N/A	N/A	N/A	N/A	7,525,000	N/A	58,355	
2014	7,160,000	N/A	N/A	N/A	N/A	7,160,000	N/A	N/A	
2015	6,510,000	N/A	N/A	N/A	N/A	6,510,000	N/A	N/A	
2016	5,830,000	N/A	N/A	N/A	N/A	5,830,000	N/A	N/A	
2017	5,125,000	N/A	N/A	N/A	N/A	5,125,000	N/A	N/A	
2018	4,635,000	N/A	N/A	N/A	N/A	4,635,000	N/A	N/A	

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

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

b

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>General Obligations Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value (a) of Property</u>	<u>Per Capita (b)</u>
2009	\$ 9,975,000		9,975,000	0.88%	1,688
2010	9,445,000		9,445,000	0.82%	1,591
2011	8,905,000		8,905,000	0.77%	1,500
2012	8,345,000		8,345,000	0.00%	54,244
2013	7,525,000		7,525,000	0.00%	58,355
2014	7,160,000		7,160,000	0.00%	N/A
2015	6,510,000		6,510,000	0.00%	N/A
2016	5,830,000		5,830,000	0.00%	N/A
2017	5,125,000		5,125,000	0.00%	N/A
2018	4,715,000		4,715,000	0.00%	N/A

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

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

FAIR HAVEN SCHOOL DISTRICT

J-12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Fair Haven	not available	100.000%	N/A
Monmouth County General Obligation Debt	not available	0.000%	N/A
Subtotal, Overlapping Debt			-
Fair Haven School District Direct Debt			4,715,000
Total Direct and Overlapping Debt			<u>\$ 4,715,000</u>

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

Debt Outstanding data provided by each governmental unit.

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

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

**FAIR HAVEN SCHOOL DISTRICT**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN YEARS**

<u>Year</u>	<u>Equalized Valuation Basis</u>
2018	\$ 1,718,589,488
2017	1,633,651,016
2016	<u>1,609,773,129</u>
	<u>\$ 4,962,013,633</u>
 Average Equalized Valuation of Taxable Property	 <u>\$ 1,654,004,544</u>
 Debt Limit (3% of Average Equalization Value)	 \$ 49,620,136
Total Net Debt Application to Limit	<u>4,715,000</u>
 Legal Debt Margin	 <u>\$ 44,905,136</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 46,683,581	46,890,665	46,157,515	46,157,515	45,060,985	44,240,849	44,524,663	44,639,337	46,082,488	49,620,136
Total Net Debt Applicable to Limit	<u>10,183,743</u>	<u>9,269,454</u>	<u>8,345,000</u>	<u>8,345,000</u>	<u>7,525,000</u>	<u>7,440,000</u>	<u>6,510,000</u>	<u>5,830,000</u>	<u>5,125,000</u>	<u>4,715,000</u>
Legal Debt Margin	<u>\$ 36,499,838</u>	<u>37,621,211</u>	<u>37,812,515</u>	<u>37,812,515</u>	<u>37,535,985</u>	<u>36,800,849</u>	<u>38,014,663</u>	<u>38,809,337</u>	<u>40,957,488</u>	<u>44,905,136</u>
 Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	 21.81%	 19.77%	 18.08%	 18.08%	 16.69%	 16.82%	 14.60%	 13.06%	 11.10%	 9.50%

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

No updates available for 2015

FAIR HAVEN SCHOOL DISTRICT

J-14

DEMOGRAPHIC AND ECONOMIC STATISTICS

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	5,920	N/A	54,771	3.4%
2010	5,937	N/A	Unavailable	2.9%
2011	6,121	N/A	50,215	N/A
2012	6,128	N/A	54,244	5.90%
2013	6,088	N/A	58,355	6.10%
2014	6,081	N/A	57,578	7.80%
2015	5,995	N/A	Unavailable	N/A
2016	6,089	N/A	55,400	5.70%
2017	6,075	N/A	65,104	2.90%
2018	6,033	N/A	63,854	5.60%

US Census Bureau, American Community Survey 2012-2016 5 year estimates

FAIR HAVEN SCHOOL DISTRICT

J-15

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

Information Not Available

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction:										
Regular	85.8	85.6	85.5	86.4	85.0	87.0	87.0	73.0	70.0	71.0
Special Education	11.0	12.5	13.0	13.5	13.5	15.0	17.0	20.0	18.0	36.0
Support Services:										12.0
Student and Instruction Related Services	21.3	21.3	21.3	21.0	20.4	29.0	21.0	38.0	35.0	2.0
General Administration	5.0	5.0	5.0	5.0	5.0	5.0	6.0	4.0	4.0	5.0
School Administrative Services	8.0	8.0	8.0	8.0	8.0	6.0	6.0	2.0	2.0	3.0
Other Administrative Services	2.0	2.0	2.0	2.0	2.0	3.0	4.0	4.0	4.0	11.0
Plant Operations and Maintenance	9.5	9.5	9.5	9.5	8.5	8.5	8.5	8.5	9.0	14.0
Other Support Services	6.0	6.0	6.0	6.0	4.0	4.5	4.5	4.5	5.0	
Total	<u>148.6</u>	<u>149.9</u>	<u>150.3</u>	<u>151.4</u>	<u>146.4</u>	<u>158.0</u>	<u>154.0</u>	<u>154.0</u>	<u>147.0</u>	<u>154.0</u>

Source: District Personnel Records

OPERATING STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teacher Staff (b)</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	990	12,070,288	12,192	1.42%	97	10.3	982.4	976.5	1.03%	99.40%
2010	1,016	12,419,317	12,224	0.26%	86	11.8	1,009.7	966.1	2.78%	95.70%
2011	1,015	12,288,929	12,107	-0.95%	98	10.3	1,012.8	967.2	0.31%	95.50%
2012	1,025	12,911,384	12,596	0.00%	100	10.3	1,023.2	984.2	1.76%	96.01%
2013	1,041	13,931,050	13,382	6.24%	99	10.5	1,041.0	1,001.2	1.74%	96.18%
2014	1,030	13,793,575	13,392	0.01%	102	10.0	1,027.7	1,016.5	1.01%	96.79%
2015	1,016	14,137,095	13,914	3.80%	-	-	-	-	0.00%	0.00%
2016	1,023	14,595,933	14,268	2.50%	-	-	-	-	0.00%	0.00%
2017	1,022	14,562,937	14,249	-0.13%	-	-	1,018.0	984.0	0.00%	96.55%
2018	998	14,946,587	14,977	5.10%	102	9.8	990.0	952.0	-2.75%	96.16%

Source: District Records.

Note: Enrollment based on annual October District count.

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

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

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



SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

<u>District Building</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Elementary:										
Knollwood Elementary:										
Square Feet	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441	76,441
Capacity (Students)	637	637	637	637	637	637	637	637	637	637
Enrollment	532	560	556	556	591	591	591	588	591	591
Viola L. Sickles Elementary:										
Square Feet	31,446	31,446	31,446	31,446	31,446	31,446	31,446	31,446	31,446	31,446
Capacity (Students)	458	458	458	458	458	458	458	458	458	458
Enrollment	460	456	459	459	450	450	450	435	431	431

Number of Schools at June 30, 2015:

Elementary = 2

**Source:** District Records

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

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF REQUIRED MAINTENANCE

J-19

LAST TEN FISCAL YEARS

<u>Year</u>	<u>*School Facilities Project # (s)</u>	<u>Viola L. Sickles</u>		<u>Knollwood</u>		<u>Total</u>
		<u>SP 1440-050-05-2000</u>	<u>SP 1440-060-05-1000</u>	<u>SP 1440-050-05-2000</u>	<u>SP 1440-050-03-1231</u>	
2009		\$	63,600		126,975	190,575
2010			83,495		55,942	139,437
2011			47,200		129,005	176,205
2012			49,142		92,013	141,155
2013			62,333		145,443	207,776
2014			67,450		124,704	192,154
2015			78,610		158,130	236,740
2016			85,922		184,186	270,108
2017			63,136		105,314	168,450
2018			186,005		238,645	424,650
Total School Facilities		\$	786,893		1,360,357	2,147,250

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

Source: District Records

FAIR HAVEN SCHOOL DISTRICTINSURANCE SCHEDULE

J-20

JUNE 30, 2018

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

Source: District Records

**SINGLE AUDIT SECTION**

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

**K-1**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fair Haven Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fair Haven Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated November 16, 2018.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

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

November 16, 2018

*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

115.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE AND SCHEDULES OF EXPENDITURE OF STATE  
FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

K-2

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

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2018. The Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

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

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

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

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

In our opinion, the Board of Education of the Fair Haven School District, County of Monmouth, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

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

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



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

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

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

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

November 16, 2018

**FAIR HAVEN SCHOOL DISTRICT**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

Schedule A  
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years Balances	Balance at June 30, 2018				
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor		
U.S. Department of Agriculture																	
Passed Through State Department of Education:																	
National School Lunch Program	10.555	1616NJ304N1099	NA	\$ 2,249	7/01/2016	6/30/2017	(106)		106								
National School Lunch Program PB	10.555	1616NJ304N1099	NA	1,885	7/01/2017	6/30/2018			1,746	(1,885)				(139)			
National School Lunch Program PB	10.555	1616NJ304N1099	NA	215	7/01/2016	6/30/2017	(13)		13					(10)			
National School Lunch Program	10.555	1616NJ304N1099	NA	172	7/01/2017	6/30/2018			162	(172)				(10)			
<b>Total U.S. Department of Agriculture</b>							<b>(119)</b>	<b>-</b>	<b>2,027</b>	<b>(2,057)</b>	<b>-</b>	<b>-</b>	<b>(149)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
U.S. Department of Education:																	
Passed Through State Department of Education:																	
Title I	84.010A	S010A150030	NA	36,883	7/01/2017	6/30/2018				(33,268)				(33,268)			
Title IIA	84.367A	S367A150029	NA	11,011	7/01/2017	6/30/2018				(11,011)				(11,011)			
Title IV	84.367A	S367A150029	NA	10,000	7/01/2017	6/30/2018				(10,000)				(10,000)			
I.D.E.A. Basic	84.027	H027A150100	NA	201,965	7/01/2017	6/30/2018			201,965	(201,965)							
I.D.E.A. Preschool	84.173	H173A150114	NA	7,198	7/01/2017	6/30/2018				(7,198)				(7,198)			
							<b>-</b>	<b>-</b>	<b>201,965</b>	<b>(263,442)</b>	<b>-</b>	<b>-</b>	<b>(61,477)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
							<b>\$ (119)</b>	<b>-</b>	<b>203,992</b>	<b>(265,499)</b>	<b>-</b>	<b>-</b>	<b>(61,626)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2018			MEMO			
		From	To								(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures		
Special Education Aid	18-495-034-5120-089	07/01/2017	06/30/2018	\$ 409,311	\$ -		370,680	(409,311)									
Transportation Aid	18-495-034-5120-014	07/01/2017	06/30/2018	11,599			10,498	(11,599)									
Security Aid	18-495-034-5120-084	07/01/2017	06/30/2018	16,914			13,328	(16,914)									
PARCC Readiness Aid	18-495-034-5120-098	07/01/2017	06/30/2018	9,715			8,790	(9,715)									
Per Pupil Growth Aid	18-495-034-5120-097	07/01/2017	06/30/2018	9,715			8,790	(9,715)									
Professional Learning Aid	18-495-034-5120-101	07/01/2017	06/30/2018	9,470			8,859	(9,740)									
Non-Public Transportation Aid	17-495-034-5120-014	07/01/2016	06/30/2017	7,603	(7,603)		7,603										
Non-Public Transportation Aid On Behalf TPAF Pension Contributions	18-495-034-5095-001	07/01/2017	06/30/2018	1,557,009			1,557,009	(1,557,009)				(14,253)				14,253	
Reimbursed TPAF Social Security Contributions	17-495-034-5095-002	07/01/2016	06/30/2017	475,917	(24,054)		24,054										
Reimbursed TPAF Social Security Contributions	18-495-034-5095-002	07/01/2017	06/30/2018	499,437			474,347	(499,457)				(25,090)				499,437	
Extraordinary Aid	17-495-034-5120-044	07/01/2016	06/30/2017	209,324	(209,324)		209,324										
Extraordinary Aid	18-495-034-5120-044	07/01/2017	06/30/2018	343,123				(343,123)				(343,123)				343,123	
					(240,981)		2,695,282	(2,880,816)				(382,466)				(44,049)	2,880,816
<b>Special Revenue Fund:</b>																	
Non-Public Technology	17-100-034-5120-373	07/01/2016	06/30/2017	2,592	2,592				(2,592)								
Non-Public Technology	18-100-034-5120-373	07/01/2017	06/30/2018	740			740	(725)									725
Non-Public Textbooks	18-100-034-5120-064	07/01/2017	06/30/2018	1,096			1,096										1,096
Non-Public Nursing	18-100-034-5120-070	07/01/2017	06/30/2018	1,940			1,940	(1,144)									1,144
Non-Public Nursing	17-100-034-5120-070	07/01/2016	06/30/2017	76	76				(76)								
Non-Public Security	18-100-034-5120-509	07/01/2017	06/30/2018	1,500			1,500										1,500
Non-Public Security	17-100-034-5120-509	07/01/2016	06/30/2017	1,150	1,150				(1,150)								
					3,818		5,276	(1,869)									1,869
<b>Food Service:</b>																	
National School Lunch Program (State Share)	17-100-010-3360-067	07/01/2016	06/30/2017	150	(9)		9										
National School Lunch Program (State Share)	18-100-010-3360-067	07/01/2017	06/30/2018	145			136	(145)				(9)					145
					(9)		145	(145)				(9)					145
<b>Capital Projects Fund:</b>																	
SDA Grant	1440-050-14-1005	07/01/2014	06/30/2015	13,442	(6,650)							(6,650)					
SDA Grant	1440-050-14-1004	07/01/2014	06/30/2015	513,088	(513,088)							(513,088)					
SDA Grant	1440-050-14-1003	07/01/2014	06/30/2015	29,827	(17,733)							(17,733)					
Total Capital Project Fund					(537,491)							(537,491)					
					\$ (774,663)		2,700,705	(2,882,830)	(3,818)			(919,966)		3,407		(44,049)	2,882,830
								1,557,009									
Major Program								\$ (1,325,821)									

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

**BOARD OF EDUCATION**

K-5

**FAIR HAVEN SCHOOL DISTRICT****NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2018****NOTE 1: General**

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

**NOTE 2: Basis of Accounting**

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

**NOTE 3: Relationship to General Purpose Financial Statements**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>				
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 2,880,546	1,869	145	2,882,560
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)				
	____(3,160)	---	---	____(3,160)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 2,877,386</u>	<u>1,869</u>	<u>145</u>	<u>2,879,400</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>				
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	\$	263,442	2,057	265,499
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$ _____	<u>263,442</u>	<u>2,057</u>	<u>265,499</u>

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

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

**NOTE 5: Other**

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

**FAIR HAVEN SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**K-6**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Part 1 - Summary of Auditor's Results*

**Financial Statement Section**

Type of auditor's report issued:

Unqualified

N/A

Internal control over financial reporting:

1) Material weakness(es) identified?

           Yes   x   No

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

  x   Yes            None Reported

Noncompliance material to general purpose financial statements noted?

           Yes   x   No

**Federal Awards**

N/A

**State Awards**

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

\$750,000

Auditee qualified as low-risk auditee?

  x   Yes            No

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

Unqualified

Internal Control over major programs:

(1) Material Weakness(es) identified?

           Yes   x   No

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

           Yes   x   None Reported

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

           Yes   x   No

Identification of major programs:

**GMIS Number(s)**

18-495-034-5120-089

18-495-034-5120-084

18-495-034-5120-098

18-495-034-5120-097

18-495-034-5095-002

18-495-034-5120-014

18-495-034-5120-101

**Name of State Program**

Special Education Aid (Public Cluster)

Security Aid (Public Cluster)

PARCC Readiness Aid (Public Cluster)

Per Pupil Growth Aid (Public Cluster)

Reimbursed TPAF Social Security

Transportation Aid (Public Cluster)

Professional Learning Growth Aid (Public Cluster)

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

*Part 2 - Financial Statement Findings*

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A



FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs*

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

**Federal Awards**

N/A

**State Awards**

Finding: None

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)*State Awards (Continued)Cause: N/ARecommendation: N/AManagement's response: N/A

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prior Audit Findings:

None