

**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, 2020**

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**FAIR HAVEN BOARD OF EDUCATION**

**FAIR HAVEN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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

January 22, 2021

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, 2020 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.



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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2019/20	971	0.41
2018/19	967	(2.32)
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

**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.

#### **MAJOR INITIATIVES:**

During the 2019-2020 school year the Fair Haven Public School District continued its work in improving curriculum and developing instructional practices for its staff. We also dealt with the extremely disruptive COVID-19 related school closings that began in mid-March and lasted for the remainder of the school year. Professional Learning Communities (PLC's) continued to meet to discuss instructional practice, district goals, and planning for the individual needs of their students. Our Fair Haven Tiered systems of Supports took on new life under our continued improvements and have been a wonderful resource for our staff and students. The district's major focus of improving Tier 1 interventions in all classrooms last year was a wonderful success and has been further emphasized and supported in the 20-21 year. Our district continues to lead peninsula wide meetings with our neighboring districts to ensure we all lean on each other with a shared culture of collaboration. We also continue to work closely with our receiving High School in collaborations and formal shared service agreements to support our school community in as an effective and efficient manner as possible.

## Technology

Technology continues to be of extreme importance to the Fair Haven schools. We rolled out full 1-1 chromebooks, with all 2nd grade -8th grade students receiving these devices. Our technology department has completed a comprehensive 4 year plan designed to support a long term plan for sustainability that we are supporting. On the instructional side, technology is utilized throughout each grade level and in each curriculum. Students utilize iPads to focus on fluency skills in our younger grades, students create videos doing book reviews, online subscriptions to our various program adoptions support what has been taught in class and extends the concepts to students outside of the classroom. Increasing the use of digital devices in the visual and performing arts continues to be a focus. Students use creation tools to make music. They use iPads and cameras to develop digital literacy in the visual arts as well. These programs require a continued investment in software and hardware. In our science classes, students engage in virtual experiences conducting experiments. Technology is an integral part of our classrooms and will continue to be in years to come. Technology took on an increased emphasis beyond its already critical importance in response to the COVID-19 pandemic. The district was able to loan out well over 200 Chromebooks to students in need to ensure all learners had access to technology consistent with what is required in order to be successful when moving in and out of virtual instruction during this difficult time.

## Curriculum and Instruction

Continuing the work of the previous years, remaining curriculum documents were all updated and our district has moved forward with ensuring we are fully compliant with all State requirements for new standards adoptions. Each and every document continues to include specific components that provide alignment of state mandated standards throughout each document. Curriculum documents now link in 21<sup>st</sup> Century Themes and Skills, technology, career ready practices, and interdisciplinary connections. Each document now includes a section providing suggestions on strategies to utilize with our gifted learners, students with IEPs and 504s, students at risk of failure, and those students who are English language learners. To further increase transparency in the work we have done, the Fair Haven Public School District continues to update its curriculum web presence to now include links to every document, as well as links to information about programs, district assessment presentations, and our tiered systems of support. On a monthly basis, a Curriculum and Instruction Newsletter is sent out to all district families, highlighting best practices throughout the district.

## Operations

We continue to be proactive in the maintenance of our buildings. We have completed, adopted, and publicly presented a new strategic plan which is designed to take us through at least 2024-25. The findings and goals and objectives that have resulted from this process did suggest the goals of the successful referendum remain on the mark. The needs and points of emphasis stated by our community through this process call for increased and improved facilities in order to achieve the best possible outcomes for our students. To that end, we successfully passed a referendum on September 24, 2019. The primary focus of the projects at each school is to improve student safety, district programming such as the implementation of Full Day KG, and to improve our systems to ensure safe and efficient operations for years to come. This construction process is well underway and is due to be completed by late August 2021.

## Instructional Practices

Instructional practices continue to flourish throughout the District. With the interventionists located at the Knollwood School, an increased awareness has been brought to not only students who need additional supports, but to tiered practices in general. Through the use of PLC time, which is extremely valuable, staff has the opportunity to discuss data and best practices in education. They share resources and invite administration in to assist, where needed. The district's focus on specifically improving Tier 1 interventions has been key to improving student outcomes across the district.

There is an increased cohesion between our two schools, based on continuity in program and support. Through the use of the workshop model and the supports provided through resources such as our math program, students speak the same language, making for smooth transitioning and heightened understanding. Additionally, with the support of the interventionists in place, students can receive services they need to close gaps in their learning and attain the standards as presented in the classroom.

As we maintain a strong connection to our sister schools, articulation has been invaluable. Based on recommendations from our sending high school, the Knollwood School has increased its emphasis on vocabulary and grammar. Some of the components include Greek and Latin roots, which will soon stem down to our third graders in the 2019-2020 school year, as they recently piloted Foundations (word study and phonics program) which addresses these concepts.

The District is also moving in the direction of providing students choice in their schedules, aligned with their interests. Continuing from the 2018-2019 school year, our guidance counselor and Director of Curriculum & Instruction meet with each incoming 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> grader to determine their choice in electives. Students could choose two of the following: Innovation Lab, Art, and Music. Every student was able to get at least their first choice of elective.

Data continues to be at the heart of our decision making process for instructional practices. From local assessments and benchmarks, to informal observations and notes, students are provided the support necessary to succeed in each classroom. The District continues to utilize dynamic programs, such as iReady, that meet the learner at their level of development and build fluency in identified skills. This program also assists in the instruction, as it provides suggested activities students can work on and associated skills/lessons.

The Fair Haven Public School District continues to value the 21<sup>st</sup> Century Themes and Skills and embraces the changes that technology brings on a daily basis. Our youngest learners participate in Brick 4 Kidz, embracing STEM, incorporating building and coding into regular schedules. On the other end of the spectrum, our middle school students are able to become entrepreneurs through our Innovation Lab, teaching them how to market and brand products, as well as make them using cutting edge equipment.

### Character Education

At our pre-k - 3rd grades building, Sickles School, we have completed our work to utilize common language to support desirable student behaviors with our Okay, Not Okay behavior language. We have enjoyed improved student behaviors as a result. Our students at Sickles School also participate in the Responsive Classroom's morning Meeting. We have also built into our daily schedule of all elementary classrooms a mindfulness period where students engage in activities designed to improve their capacity to stay present and to help them cope with the various stressors they encounter on a daily basis. 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.

In our 4th-8th Grade Building, Knollwood School, we utilize the Mega Skills program to support prosocial behaviors among students and their peers. Each month students are recognized for outstanding student behaviors. We have also worked hard with our sister districts to develop a wellness plan to support students well into the middle school years. Some of these activities include having our various departments work closely when design assessment schedules to ensure that the assessments and due dates for projects do not bottle neck and overwhelm our students throughout the year. We have also engage the lifelines curriculum to ensure our entire student and staff population are trained in mental health first aid to be better equipped to recognize students in need of intervention and support throughout their time in Fair Haven schools. This curriculum is supported through our health curriculum and delivered by our health teacher in conjunction with our guidance counselor.

### 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. There are dedicated Arts Integration periods at the Sickles School and our staff work collaboratively on units that meaningfully infuse the arts into core 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.

- **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.

- **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, 2020.
- **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.
- **DEBT ADMINISTRATION:** At June 30, 2020, 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, 2013 and 2019. 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.
- **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.
- **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.

- **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.
- **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, 2020****Members of the Board of Education****Term Expires**

Carol Lang, President	2022
Sheri D'Angelo, Vice President	2022
Michelle Buckley	2021
Marisa Coar	2022
Bennett Coleman	2021
Emily Kuskin	2020
Christopher Murray	2020
Geri Pagano	2021
Karen Saad	2020

**Other District Officials**

Sean McNeil,	Superintendent
David Joye,	Business Administrator/Board Secretary
Cindy Barr-Rague,	Treasurer
Anthony Sciarrillo,	Solicitor



**FAIR HAVEN BOARD OF EDUCATION**

**FAIR HAVEN, NEW JERSEY**

**Consultants and Advisors**

**JUNE 30, 2020**

**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**

Ocean First Bank

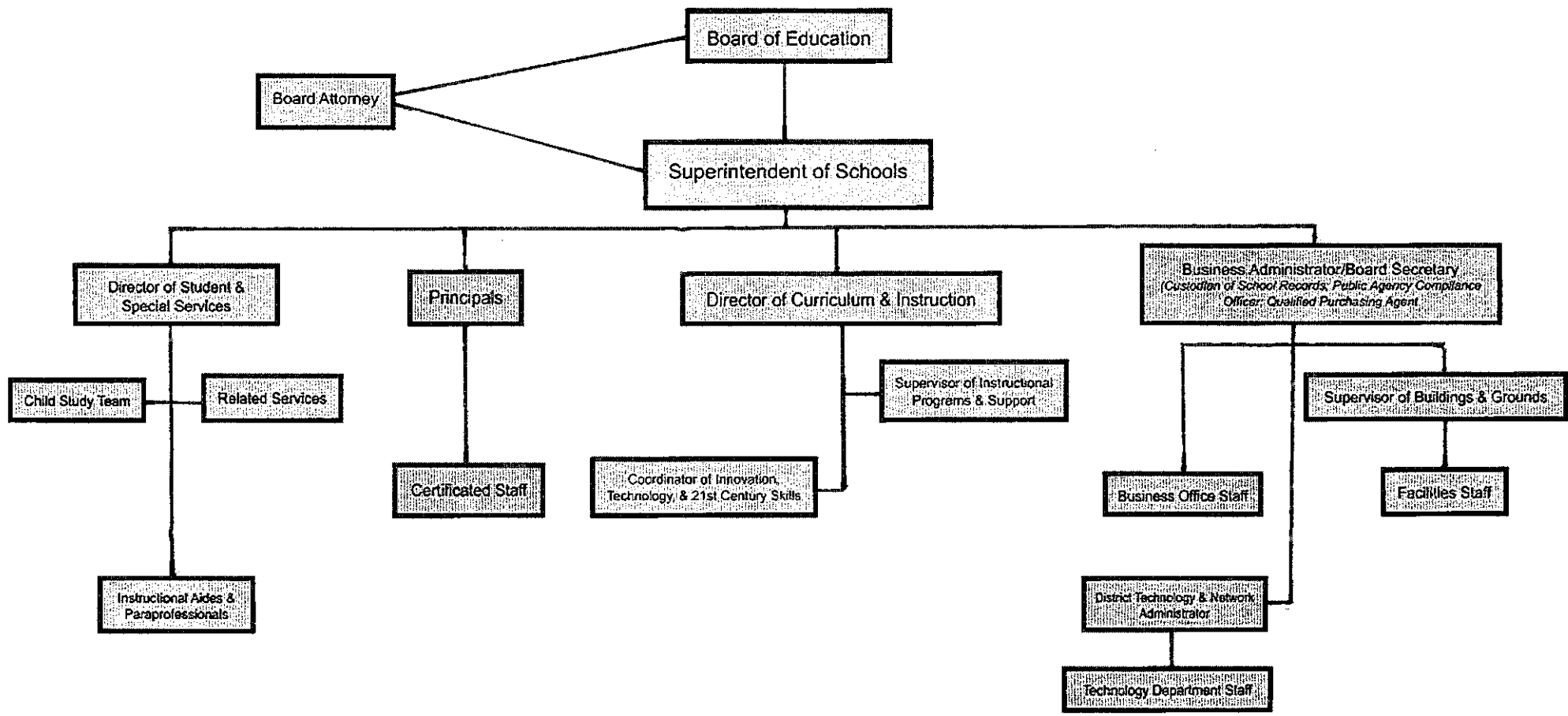
Toms River, NJ

PNC Bank

Fair Haven, NJ 07704



# Fair Haven Public Schools Organization Chart



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.

Adopted 9/26/  
9/26/12

## 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.

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

### INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Fair Haven School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2020, 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, 2020, 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.

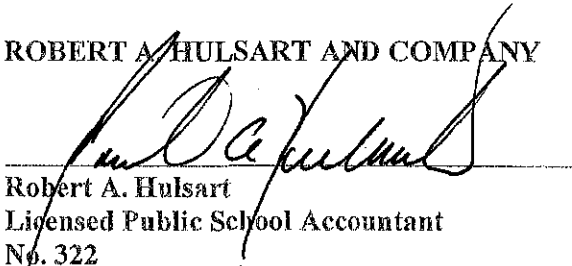
The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal 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 January 22, 2021 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

January 22, 2021

**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, 2020**

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, 2020. 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 2019-2020 fiscal year are as follows:

- General revenues accounted for \$18,583,175 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 \$284,463 or 2% percent to total revenues of \$18,867,638.
- Total assets of governmental activities increased by \$827,458.
- The School District had \$18,042,781 in expenses; only \$284,463 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$18,583,175 were adequate to provide for these programs.
- The General Fund had \$18,152,120 in revenues and \$17,770,720 in expenditures. The General Fund's balance increased \$381,400 over 2019. 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 2019-2020 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 2020 with 2019.

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

	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 19,452,453	4,221,369
Capital Assets, Net	<u>10,893,471</u>	<u>10,726,302</u>
Total Assets	<u>\$ 30,345,924</u>	<u>14,947,671</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>\$ 1,476,581</u>	<u>1,572,639</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	<u>\$ 433,772</u>	<u>1,497,784</u>
<b><u>Liabilities</u></b>		
Other Liabilities	\$ 714,840	419,121
Long-Term Liabilities	<u>23,892,669</u>	<u>8,647,038</u>
Total Liabilities	<u>\$ 24,607,509</u>	<u>9,066,159</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ (8,858,529)	6,271,302
Restricted	18,769,589	3,465,465
Unrestricted	<u>(3,129,836)</u>	<u>(3,780,400)</u>
Total Net Position	<u>\$ 6,781,224</u>	<u>5,956,367</u>

Table 2 shows the changes in net position for fiscal year 2020. Revenue and expense comparisons to fiscal year 2019.

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

	<u>2020</u>	<u>2019</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 153,446	104,672
Operating Grants and Contributions	131,017	288,761
General Revenues		
Property Taxes	14,880,539	14,671,426
Grants and Entitlements	3,468,498	3,383,071
Other	<u>234,138</u>	<u>32,803</u>
Total Revenues	<u>18,867,638</u>	<u>18,480,733</u>
<b><u>Program Expenses</u></b>		
Instruction	7,070,002	6,969,441
Support Services		
Pupils and Instructional Staff	2,089,919	2,098,476
General Administration, School Administration,		
Business	1,160,495	1,165,993
Operations and Maintenance of Facilities	1,667,653	1,660,094
Pupil Transportation	33,521	124,144
Interest on Debt	324,633	149,385
Food Service	14,420	17,889
Miscellaneous (Depreciation, Employee Benefits)	<u>5,682,138</u>	<u>5,830,871</u>
Total Expenses	<u>18,042,781</u>	<u>18,016,293</u>
Change in Net Position	<u>\$ 824,857</u>	<u>464,440</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 79% percent of revenues for governmental activities for the Fair Haven Public School District for fiscal year 2020. The District's total revenues were \$18,855,819 for the fiscal year ended June 30, 2020. Federal, state, local grants and other local revenues accounted for another 21%.

### **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 \$6,528.
- Charges for services represent \$5,690 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, 2020, it reported a combined net position of \$6,733,503. 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, 2020, the School Board had approximately \$10,856,986 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 2020 fiscal year.

	<b>Governmental Activities</b>
Table II	
Capital Assets at June 30, 2020	
Land	\$ 439,000
Buildings	9,933,274
Machinery and Equipment	<u>484,712</u>
Total	<u>\$ 10,856,986</u>

### Debt Administration

At June 30, 2020, the School District had \$24,267,669 in outstanding debt. Of this amount \$296,252 is for compensated absences and the balance of \$19,752,000 is for bonds for school construction.

The District also had \$4,219,417 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 \$(3,141,072) 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 \$(3,141,072).

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, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 530,913	10,569	541,482
Receivables, Net	568,762	667	569,429
Restricted Assets:			
Cash and Cash Equivalents	18,341,542		18,341,542
Capital Assets-Not Depreciated	439,000		439,000
Capital Assets, Net	10,417,986	36,485	10,454,471
Total Assets	<u>30,298,203</u>	<u>47,721</u>	<u>30,345,924</u>
<b><u>Deferred Outflow of Resources</u></b>			
Contribution to Pension Plan	<u>1,476,581</u>		<u>1,476,581</u>
<b><u>Deferred Inflow of Resources</u></b>			
Pension Deferrals	<u>433,772</u>		<u>433,772</u>
<b><u>Liabilities</u></b>			
Deferred Revenue	5,500		5,500
Accounts Payable	135,215		135,215
Accrued Interest	199,125		199,125
Noncurrent Liabilities:			
Due Within One Year	375,000		375,000
Due Beyond One Year	23,892,669		23,892,669
Total Liabilities	<u>24,607,509</u>	<u>-</u>	<u>24,607,509</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	(8,895,014)	36,485	(8,858,529)
Restricted For:			
Debt Service	87,967		87,967
Capital Projects	15,191,135		15,191,135
Other Purposes	3,490,487		3,490,487
Unrestricted	<u>(3,141,072)</u>	<u>11,236</u>	<u>(3,129,836)</u>
Total Net Position	<u>\$ 6,733,503</u>	<u>47,721</u>	<u>6,781,224</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, 2020**

	<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>
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 4,770,293	138,066		(4,632,227)		(4,632,227)
Special Education	2,223,939		113,874	(2,110,065)		(2,110,065)
Other Instruction	75,770			(75,770)		(75,770)
Support Services:						
Tuition	9,690	9,690		-		-
Student & Instruction Related Services	2,080,229		14,941	(2,065,288)		(2,065,288)
School Administrative Services	407,959			(407,959)		(407,959)
General and Business Administrative Services	752,536			(752,536)		(752,536)
Plant Operations and Maintenance	1,667,653			(1,667,653)		(1,667,653)
Pupil Transportation	33,521			(33,521)		(33,521)
Unallocated Employee Benefits	4,679,133			(4,679,133)		(4,679,133)
Unallocated Depreciation	354,966			(354,966)		(354,966)
Capital Outlay	648,039			(648,039)		(648,039)
Interest on Long-Term Debt	324,633			(324,633)		(324,633)
<b>Total Government Activities</b>	<b>18,028,361</b>	<b>147,756</b>	<b>128,815</b>	<b>(17,751,790)</b>	<b>-</b>	<b>(17,751,790)</b>
Business-Type Activities:						
Food Service	14,420	5,690	2,202		(6,528)	(6,528)
<b>Total Business-Type Activities</b>	<b>14,420</b>	<b>5,690</b>	<b>2,202</b>	<b>-</b>	<b>(6,528)</b>	<b>(6,528)</b>
<b>Total Primary Government</b>	<b>18,042,781</b>	<b>153,446</b>	<b>131,017</b>	<b>(17,751,790)</b>	<b>(6,528)</b>	<b>(17,758,318)</b>

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

**FAIR HAVEN SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2020**

**Exhibit A-2  
Sheet 2 of 2**

	<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				14,393,622		14,393,622
Taxes Levied for Debt Service				486,917		486,917
Federal and State Aid Not Restricted				3,468,498		3,468,498
Investment Earnings and Miscellaneous Income				230,211		230,211
Transfers and Adjustments					3,927	3,927
Total General Revenues and Transfers				<u>18,579,248</u>	<u>3,927</u>	<u>18,583,175</u>
Change in Net Position				827,458	(2,601)	824,857
Net Position - Beginning				<u>5,906,045</u>	<u>50,322</u>	<u>5,956,367</u>
Net Position - Ending				<u>\$ 6,733,503</u>	<u>47,721</u>	<u>6,781,224</u>

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

**FUND FINANCIAL STATEMENTS - B**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 3,679,199		15,193,256		18,872,455
Interfund Receivable	33,987			87,967	121,954
Receivables From Other Governments	336,296	35,446	197,020		568,762
<b>Total Assets</b>	<u>\$ 4,049,482</u>	<u>35,446</u>	<u>15,390,276</u>	<u>87,967</u>	<u>19,563,171</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Deferred Revenue	\$ 5,500				5,500
Interfund Payable		33,987	87,967		121,954
Accounts Payable	22,582	1,459	111,174		135,215
<b>Total Liabilities</b>	<u>28,082</u>	<u>35,446</u>	<u>199,141</u>	<u>-</u>	<u>262,669</u>
<b>Fund Balance:</b>					
<b>Restricted For:</b>					
Emergency Reserve	2,500				2,500
Designated for Subsequent Years Expenditures - BOE	407,835				407,835
Designated for Subsequent Years Expenditures - Maintenance Reserve	100,000				100,000
Designated for Subsequent Years Expenditures - Excess Surplus	503,383				503,383
Excess Surplus	937,399				937,399
Maintenance Reserve	719,837				719,837
Capital Reserve Account	819,533				819,533
<b>Committed To:</b>					
Other Purposes	93,849				93,849
<b>Unassigned:</b>					
Debt Service				87,967	87,967
Capital Projects			15,191,135		15,191,135
General Fund	437,064				437,064
<b>Total Fund Balances</b>	<u>4,021,400</u>	<u>-</u>	<u>15,191,135</u>	<u>87,967</u>	<u>19,300,502</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 4,049,482</u>	<u>35,446</u>	<u>15,390,276</u>	<u>87,967</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 \$19,331,574 and the accumulated depreciation is \$8,474,588.	10,856,986
Deferred outflow of resources - contributions to the pension plan	1,476,581
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(433,772)
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.	(24,267,669)
Accrued Interest	(199,125)
<b>Net position of governmental activities</b>	<u>\$ 6,733,503</u>

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, 2020**

	<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	\$ 14,393,622			486,917	14,880,539
Tuition Charges	147,756				147,756
Miscellaneous	142,244		87,967		230,211
Total Local Sources	<u>14,683,622</u>	-	<u>87,967</u>	<u>486,917</u>	<u>15,258,506</u>
State Sources	3,468,498	7,605			3,476,103
Federal Sources		121,210			121,210
Total Revenues	<u>18,152,120</u>	<u>128,815</u>	<u>87,967</u>	<u>486,917</u>	<u>18,855,819</u>
<b><u>Expenditures</u></b>					
Current:					
Regular Instruction	4,776,988				4,776,988
Special Education Instruction	2,110,065	113,874			2,223,939
Other Instruction	75,770				75,770
Support Services and Undistributed Costs:					
Tuition	9,690				9,690
Student and Instruction Related Services	2,065,288	14,941			2,080,229
School Administrative Services	407,959				407,959
General and Business Administrative Services	752,536				752,536
Plant Operations and Maintenance	1,667,653				1,667,653
Pupil Transportation	33,521				33,521
Unallocated Benefits	5,666,761				5,666,761
Debt Service:					
Principal				350,000	350,000
Interest and Other Charges				136,918	136,918
Capital Outlay	204,489		968,390		1,172,879
Total Expenditures	<u>17,770,720</u>	<u>128,815</u>	<u>968,390</u>	<u>486,918</u>	<u>19,354,843</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, 2020**

	<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>381,400</u>	<u>-</u>	<u>(880,423)</u>	<u>(1)</u>	<u>(499,024)</u>
Other Financing Sources (Uses):					
Transfer Interest from Capital Projects to Debt Service			(87,968)	87,968	-
Bond Proceeds			15,647,000		15,647,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>15,559,032</u>	<u>87,968</u>	<u>15,647,000</u>
Net Change in Fund Balances	381,400	-	14,678,610	87,967	15,147,976
Fund Balance - July 1	<u>3,640,000</u>	<u>-</u>	<u>512,525</u>	<u>1</u>	<u>4,152,526</u>
Fund Balance - June 30	<u>\$ 4,021,400</u>	<u>-</u>	<u>15,191,135</u>	<u>87,968</u>	<u>19,300,502</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-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 15,147,976
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	(354,966)	
Capital Outlay	<u>524,840</u>	169,874
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.		350,000
Bond Proceeds increase the amount of long-term liabilities in the statement of net position and is not reported in the statement of activities		(15,647,000)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		(96,058)
Pension Related Deferrals		1,064,012
Net Pension Liability		19,674
Accrued Interest		
Compensated Absences and Other Liabilities		<u>(181,020)</u>
Change in Net Position of Governmental Activities		<u>\$ 827,458</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, 2020

	<u>Enterprise Fund</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 10,569
Accounts Receivable:	
Other	667
Total Current Assets	<u>11,236</u>
Noncurrent Assets:	
Equipment	74,917
Less: Accumulated Depreciation	<u>(38,432)</u>
Total Noncurrent Assets	<u>36,485</u>
Total Assets	<u>\$ 47,721</u>
<b><u>Net Position</u></b>	
Investment in Capital Assets	\$ 36,485
Unrestricted	<u>11,236</u>
Total Net Position	<u>\$ 47,721</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, 2020

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 5,690
Total Operating Revenue	<u>5,690</u>
Operating Expenses:	
Cost of Food - Reimbursable Programs	7,788
Depreciation	6,632
Total Operating Expenses	<u>14,420</u>
Operating (Loss)/Profit	(8,730)
Non-Operating Revenues:	
Interest Revenue	22
State Sources:	
State School Lunch Program	93
Federal Sources:	
National School Lunch Program	1,960
National School Lunch HHFKA Program	127
Total Non-Operating Revenues	<u>2,202</u>
Change in Net Position	(6,528)
Adjustment for Fixed Assets	3,927
Net Position, July 1	<u>50,322</u>
Net Position, June 30	<u>\$ 47,721</u>

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

FAIR HAVEN SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2020

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 6,999
Payments to Suppliers	(8,342)
Net Cash Used by Operating Activities	<u>(1,343)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	93
Federal Sources	2,087
Net Cash Provided by Noncapital Financing Activities	<u>2,180</u>
Cash Flows from Investing Activities:	
Interest Revenue	22
Net Cash Provided by Investing Activities	<u>22</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	859
Cash and Cash Equivalents July 1	<u>9,710</u>
Cash and Cash Equivalents June 30	<u>\$ 10,569</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (8,730)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	6,632
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	(554)
(Increase)/Decrease in Accounts Receivable	1,309
Net Cash Used by Operating Activities	<u>\$ (1,343)</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, 2020

	<u>Scholarship Fund</u>	<u>Other Trust</u>	<u>Unemployment Compensation Trust</u>
Assets:			
Cash and Cash Equivalents	\$ 65,176	147	65,011
Total Assets	<u>\$ 65,176</u>	<u>147</u>	<u>65,011</u>
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	\$ 65,176	147	65,011
Total Net Position	<u>\$ 65,176</u>	<u>147</u>	<u>65,011</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, 2020

	<u>Scholarship Fund</u>	<u>Other Trust</u>	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>			
Contributions	\$ -		14,195
Total Contributions	<u>-</u>	<u>-</u>	<u>14,195</u>
Investment Earnings:			
Interest	124		902
Net Investments Earnings	<u>124</u>	<u>-</u>	<u>902</u>
Total Additions	<u>124</u>	<u>-</u>	<u>15,097</u>
<b><u>Deductions</u></b>			
Scholarship Payments	100		-
Unemployment Claims	-		23,196
Total Deductions	<u>100</u>	<u>-</u>	<u>23,196</u>
Change in Net Position	24	-	(8,099)
Net Position - Beginning of Year	<u>65,152</u>	<u>147</u>	<u>73,110</u>
Net Position - End of the Year	<u>\$ 65,176</u>	<u>147</u>	<u>65,011</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, 2020**

**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, 2020 of 973 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, 2020 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, 2020.

**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 2020, fiscal year 2020 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, 2020 was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:				
Capital Assets that are				
Not Being Depreciated:				
Land	\$ 439,000	_____	_____	439,000
Total Capital Assets Not				
Being Depreciated	<u>439,000</u>	_____	_____	<u>439,000</u>
Capital Assets – Being Depreciated:				
Site Improvements & Buildings	17,466,393	361,762		17,828,155
Machinery & Equipment	<u>952,401</u>	<u>162,435</u>	(50,417)	<u>1,064,419</u>
Totals at Historical Cost	<u>18,418,794</u>	<u>524,197</u>	(50,417)	<u>18,892,574</u>
Less: Accumulated				
Depreciation for				
Site Improvements & Buildings	(7,618,016)	(276,865)		(7,894,881)
Machinery & Equipment	<u>(552,666)</u>	<u>(78,101)</u>	51,060	<u>(579,707)</u>
Total Accumulated Depreciation	<u>(8,170,682)</u>	<u>(354,966)</u>	51,060	<u>(8,474,588)</u>
Total Capital Assets Being				
Depreciated, Net of Accumulated				
Depreciation	<u>10,248,112</u>	<u>169,231</u>	<u>643</u>	<u>10,417,986</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 10,687,112</u>	<u>169,231</u>	<u>643</u>	<u>10,856,986</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>
Business Type-Activities:				
Equipment	\$ 73,444	1,473		74,917
Less: Accumulated Depreciation				
Equipment	<u>(34,254)</u>	<u>(6,632)</u>	<u>2,454</u>	<u>(38,432)</u>
Business Type Activities				
Capital Assets (Net)	<u>\$ 39,190</u>	<u>(5,159)</u>	<u>2,454</u>	<u>36,485</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 354,966</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 2019-2020 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, 2020, the District's deposits and investments are summarized as follows:

FDIC	\$ 635,835
GUPDA	<u>18,741,394</u>
	<u>\$ 19,377,229</u>

As of June 30, 2020, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash</b>
	<b><u>Equivalents</u></b>
Interest Bearing Checking Accounts	\$ 3,739,999
Investment Account	<u>15,309,956</u>
Total	<u>\$ 19,049,955</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2020 was \$19,049,955 and the bank balance was \$19,377,229. Of the bank balance \$635,835 was covered by federal depository insurance and \$18,741,394 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, 2020, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Long-Term</u> <u>Portion</u>	<u>2020-21</u> <u>Payment</u>
Pension Liability	\$ 4,239,091		(19,674)	4,219,417	4,219,417	
Compensated Absences Payable	302,947		(6,695)	296,252	296,252	
Bonds Payable	<u>4,455,000</u>	<u>15,647,000</u>	<u>(350,000)</u>	<u>19,752,000</u>	<u>19,377,000</u>	<u>375,000</u>
	<u>\$ 8,997,038</u>	<u>15,647,000</u>	<u>(376,369)</u>	<u>24,267,669</u>	<u>23,892,669</u>	<u>375,000</u>

**A. Bonds Payable**

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020/2021	\$	442,162	442,162
2021/2022	557,000	377,070	934,070
2022/2023	550,000	366,000	916,000
2023/2024	550,000	355,000	905,000
2024/2025	550,000	344,000	894,000
2025-2030	2,940,000	1,515,375	4,455,375
2030-2035	5,500,000	981,250	6,481,250
2035-2040	<u>5,000,000</u>	<u>322,500</u>	<u>5,322,500</u>
	<u>\$ 15,647,000</u>	<u>4,703,357</u>	<u>20,350,357</u>

Bonds issued 1/23/2013 for \$6,075,000 at interest of 2.25%-4.00% maturing 6/1/2030 with a balance of \$4,105,000 at June 30, 2020.

Bonds issued 12/19/2019 for \$15,647,000 at interest of 2%-2.65% maturing 8/15/2039 with a balance of \$15,647,000 at June 30, 2020.

**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><u>Year</u></b> <b><u>Funding</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost (APC)</u></b>	<b><u>Percentage</u></b> <b><u>of APC</u></b> <b><u>Contributed</u></b>	<b><u>Net</u></b> <b><u>Pension</u></b> <b><u>Obligation</u></b>
6/30/20	\$ 238,875	100%	0
6/30/19	223,200	100%	0
6/30/18	237,741	100%	0

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

<b><u>Year</u></b> <b><u>Funding</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost (APC)</u></b>	<b><u>Percentage</u></b> <b><u>of APC</u></b> <b><u>Contributed</u></b>	<b><u>Net</u></b> <b><u>Pension</u></b> <b><u>Obligation</u></b>
6/30/20	\$ 2,044,119	100%	0
6/30/19	1,908,900	100%	0
6/30/18	1,557,009	100%	0

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$2,044,119 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 \$527,192 during the year ended June 30, 2020 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)****Public Employees' Retirement System (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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019.

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by Local employers under Chapter 366, P.L. 2001. This legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for Prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of Prosecutors in the Prosecutors Part. The June 30, 2019 State special funding situation net pension liability amount of \$125.3 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$132.2 million, for the fiscal year ending June 30, 2019, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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 2019, the State's pension contribution was less than the actuarial determined amount.

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

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.

For the year ended June 30, 2020, the District recognized pension expense of \$229,632. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 75,733	3,598
Changes of Assumptions	421,324	282,673
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		12,856
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	749,892	134,645
District Contributions Subsequent to the Measurement Date	<u>229,632</u>	<u>          </u>
Total	<u>\$ 1,476,581</u>	<u>433,772</u>

\$229,632 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2020	\$ (121,017)
2021	(392,586)
2022	(330,557)
2023	(184,604)
2024	<u>(16,902)</u>
	<u>\$ (1,045,666)</u>

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

Collective balances at December 31, 2019 and 2018 are as follows:

	<b><u>Dec. 31, 2019</u></b>	<b><u>Dec. 31, 2018</u></b>
Collective Deferred Outflows of Resources	\$ 1,476,581	1,572,639
Collective Deferred Inflows of Resources	433,772	1,497,784
Collective Net Pension Liability	4,219,417	4,239,091
District's Proportion	.02326%	.02153%

**Components of Net Pension Liability**

The components of the collective net pension liability of the participating employers as of June 30, 2019 were as follows:

	<b>2019</b>		
	<b><u>State</u></b>	<b><u>Local</u></b>	<b><u>Total</u></b>
Total Pension Liability	\$ 29,512,766,255	41,491,463,886	71,004,230,141
Plan Fiduciary Net Position	<u>6,500,345,915</u>	<u>23,347,631,751</u>	<u>29,847,977,666</u>
Net Pension Liability	<u>\$ 23,012,420,340</u>	<u>18,143,832,135</u>	<u>41,156,252,475</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.03%	56.27%	42.04%

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on years of service
Thereafter	3.00% - 7.00% Based on years of service
Investment Rate of Return	7.00%



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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Medial Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

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

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019, 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:

	<b>2019</b>		
	<b>At 1% Decrease (5.28%)</b>	<b>At Current Discount Rate (6.28%)</b>	<b>At 1% Increase (7.28%)</b>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 5,329,809</u>	<u>4,219,417</u>	<u>3,283,754</u>

**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.

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

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<sup>th</sup> 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<sup>th</sup> 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.

**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, 2019. 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.

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

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 2019, 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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Total Pension Liability	\$ 84,215,846,719	86,797,467,286
Plan Fiduciary Net Position	<u>22,696,734,276</u>	<u>22,991,116,840</u>
Net Pension Liability	<u>\$ 61,519,112,443</u>	<u>63,806,350,446</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%

**State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2019</u>	<u>2018</u>
District's Liability	<u>\$ 40,102,293</u>	<u>39,848,692</u>
District's Proportion	.06519%	.06245%

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

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45%
	Based on years of service
Thereafter	2.75 - 5.65%
	Based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**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, 2019) 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, 2019 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2019 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>2019</u>		
	<u>At 1% Decrease (4.60%)</u>	<u>At Current Discount Rate (5.60%)</u>	<u>At 1% Increase (6.60%)</u>
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the District's Net Pension Liability	<u>47,289,479</u>	<u>40,102,293</u>	<u>34,139,198</u>
	<u>\$ 47,289,479</u>	<u>40,102,293</u>	<u>34,139,198</u>

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pension*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

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.

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 20, 2018, with was rolled forward to June 30, 2019. 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:

Total Nonemployer OPEB Liability	\$41,729,081,045		
Inflation rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 – 3.05% based on service years	2.00% - 6.00% based on service years	3.25% - 15.25% based on service years
Thereafter	1.55 – 3.05% based on service years	3.00% - 7.00% based on service years	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

***(a) Health Care Trend Assumptions***

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.



**NOTE 5: Post-Retirement Benefits (Continued)*****(b) Discount Rate***

The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State of New Jersey's proportionate share of the total Non-Employer OPEB Liability associated with the School District:

	<b>Total OPEB Liability</b>
Balances at June 30, 2018	\$ 28,909,925
Changes for the Year:	
Service Cost	1,251,895
Interest	1,152,418
Difference Between Expected and Actual Experience	(4,925,492)
Changes in Assumptions or Other Inputs	387,691
Benefit Payments	(798,181)
Member Contributions	<u>23,660</u>
Balance at June 30, 2019	<u>\$ 26,001,916</u>

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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 (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 30,718,538</u>	<u>26,001,916</u>	<u>22,255,290</u>

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

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 are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	\$ <u>21,424,420</u>	<u>26,001,916</u>	<u>32,061,581</u>

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

For the year ended June 30, 2019, the Board of Education recognized OPEB expense of \$1,019,757 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.

In accordance with GASBS No. 75, the Fair Haven Board of Education proportionate share of school retirees OPEB is zero; there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows or resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 6,533,314	6,533,314
Changes in Proportion	1,793,589	209,491
Changes of Assumptions or Other Inputs	<u>                    </u>	<u>5,284,948</u>
Total	<u>\$ 1,793,589</u>	<u>12,027,753</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2021	\$ (1,204,019)
2022	(1,204,019)
2023	(1,204,019)
2024	(1,204,019)
2025	(1,204,019)
Thereafter	<u>(4,214,069)</u>
	<u>\$ (10,234,164)</u>

**NOTE 6: Contingent Liabilities**

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

**NOTE 7: Equity Balance**

At June 30, 2020, the General Fund equity balance was as follows:

Restricted Fund Balance:	
Designated for Subsequent Year's Expenditures –	
Maintenance Reserve	\$ 100,000
Designated for Subsequent Year's Expenditures	
by the BOE	407,835
Maintenance Reserve	719,837
Emergency Reserve	2,500
Excess Surplus – Designated for Subsequent Year's	
Expenditures	503,383
Capital Reserve	819,533
Excess Surplus	937,399
Committed Fund Balance:	
Year End Encumbrances	93,849
Unassigned Fund Balance	<u>494,615</u>
	<u>\$ 4,078,951</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2020-2021 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**

2019-20 Total General Fund Expenditures Per the CAFR	\$ 17,770,720
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(2,571,311)</u>
Adjusted 19-20 General Fund Expenditures	<u>\$ 15,199,409</u>
2% of Adjusted 2019-20 General Fund Expenditures	<u>\$ 303,988</u>
Enter Greater of Above or \$250,000	\$ 303,988
Increased by Allowable Adjustment	<u>190,627</u>
Maximum Unassigned Fund Balance	<u>\$ 494,615</u>

**NOTE 7: Equity Balance (Continued)****Section 2**

Total General Fund – Fund Balance @ 6-30-20	\$ 4,078,951
Decreased by:	
Reserved for Encumbrances	(93,849)
Designated for Subsequent Years Expenditures – Maintenance Reserve	(100,000)
Designated for Subsequent Years Expenditures – Excess Surplus	(503,381)
Designated for Subsequent Years Expenditures – BOE	(407,837)
Other Reserves	<u>(1,541,870)</u>
Total Unassigned Fund Balance	<u>\$ 1,432,014</u>
Excess Surplus	<u>\$ 937,399</u>
Designated for Subsequent Years Expenditures – Excess Surplus	\$ 503,381
Reserved Fund Balance – Excess Surplus	<u>937,399</u>
	<u>\$ 1,440,780</u>

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

Extraordinary Aid	\$ 190,627
Non-Public Transportation Aid	<u>                    </u>
	<u>\$ 190,627</u>

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 719,837
Emergency Reserve	2,500
Capital Reserve	<u>819,533</u>
Total Other Restricted Fund Balance	<u>\$ 1,541,870</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.

**NOTE 8: Risk Management (Continued)**

**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:

<b><u>Fiscal Year</u></b>	<b><u>District Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Reimbursed</u></b>	<b><u>Ending Balance</u></b>
2017-2018	\$ 0	23,523	9,607	75,343
2018-2019	0	25,457	27,690	73,110
2019-2020	0	15,097	23,196	65,011

**NOTE 9: Capital Reserve Account**

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

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

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 750,000
Increased by Board Resolution June 24, 2020	279,533
Decreased by Budgeted Withdrawal 2019-2020	<u>(210,000)</u>
Ending Balance, June 30, 2020	<u>\$ 819,533</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).

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

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

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

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

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

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

**NOTE 11: Fund Balance Appropriated**

**General Fund** – Of the \$4,078,951 General Fund fund balance at June 30, 2020, \$93,849 is reserve for encumbrances; \$719,837 is reserved for maintenance; \$2,500 is reserved for emergency reserve; \$503,381 is excess surplus designated for subsequent years expenditures in the 2020-2021 budget; \$819,533 has been reserved in the capital reserve account; \$937,399 is reserved excess surplus; \$407,837 designated for subsequent year's expenditures by the BOE in the 2020-21 budget; \$100,000 is maintenance reserve designated for subsequent years expenditures; and \$494,615 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.

**NOTE 13: COVID-19**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread to other countries, including the United States, and to each state within the United States, including New Jersey, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State has likewise declared a state of emergency. While the potential impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the finances of the State and the Board of Education (collectively, the "Affected Entities").

The degree of any such impact to the Affected Entities' respective operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Affected Entities and their respective economies.

**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, 2020**

	<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>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 14,393,622		14,393,622	14,393,622	-
Tuition From Individuals	50,000		50,000	49,102	(898)
Tuition From Other LEA's	75,000		75,000	98,654	23,654
Interest Earned on Investments			-	102,399	102,399
Miscellaneous	20,000		20,000	39,845	19,845
Total Local Sources	<u>14,538,622</u>	<u>-</u>	<u>14,538,622</u>	<u>14,683,622</u>	<u>145,000</u>
State Sources:					
Special Education Aid	475,066		475,066	475,066	-
Extraordinary Aid	120,000		120,000	310,627	190,627
Transportation Aid	44,525		44,525	44,525	-
Security Aid	72,677		72,677	72,677	-
TPAF Pension (On Behalf-Non-Budgeted)			-	2,044,119	2,044,119
TPAF Social Security (Reimbursed - Non-Budgeted)				527,192	527,192
Total State Sources	<u>712,268</u>	<u>-</u>	<u>712,268</u>	<u>3,474,206</u>	<u>2,761,938</u>
Total Revenues	<u>15,250,890</u>	<u>-</u>	<u>15,250,890</u>	<u>18,157,828</u>	<u>2,906,938</u>

**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	250,388	8,284	258,672	258,672	-
Grades 1-5 - Salaries of Teachers	2,709,005	(8,064)	2,700,941	2,650,537	50,404
Grades 6-8 - Salaries of Teachers	1,587,825	(7,693)	1,580,132	1,545,110	35,022
Regular Programs - Undistributed Instruction:					
Other Salaries For Instruction	70,000	(1,837)	68,163	51,455	16,708
General Supplies	136,764	2,577	139,341	123,855	15,486
Textbooks	151,308	(10,759)	140,549	125,560	14,989
Other Objects		8,326	8,326	5,489	2,837
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	9,310	16,310	16,310	-
<b>Total Regular Programs - Instruction</b>	<u>4,912,290</u>	<u>144</u>	<u>4,912,434</u>	<u>4,776,988</u>	<u>135,446</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	69,878	74,822	144,700	144,268	432
Other Salaries for Instruction	123,586	19,813	143,399	142,328	1,071
General Supplies	1,000		1,000	959	41
<b>Total Learning and/or Language Disabilities</b>	<u>194,464</u>	<u>94,635</u>	<u>289,099</u>	<u>287,555</u>	<u>1,544</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,182,306	(47,644)	1,134,662	1,117,565	17,097
General Supplies	1,750	9	1,759	1,599	160
<b>Total Resource Room/Resource Center</b>	<u>1,184,056</u>	<u>(47,635)</u>	<u>1,136,421</u>	<u>1,119,164</u>	<u>17,257</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 3 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	237,178	(30,630)	206,548	204,515	2,033
Other Salaries for Instruction	389,633	(48,488)	341,145	320,461	20,684
General Supplies	1,250		1,250	1,258	(8)
Total Autism	<u>628,061</u>	<u>(79,118)</u>	<u>548,943</u>	<u>526,234</u>	<u>22,709</u>
Pre-School Disabilities - Part Time					
Salaries of Teachers	71,088	76,672	147,760	147,760	-
Other Salaries for Instruction	107,097	(70,506)	36,591	29,352	7,239
Total Pre-School Handicapped	<u>178,185</u>	<u>6,166</u>	<u>184,351</u>	<u>177,112</u>	<u>7,239</u>
Total Special Education - Instruction	<u>2,184,766</u>	<u>(25,952)</u>	<u>2,158,814</u>	<u>2,110,065</u>	<u>48,749</u>
Bilingual Education					
Salaries of Teachers	2,000	(2,000)	-	-	-
Total Basic Skills/Remedial - Instruction	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	50,000	(8,500)	41,500	41,500	-
Supplies and Materials	1,000		1,000	173	827
Other Objects		3,585	3,585	3,585	-
Total School Sponsored Co-Curricular	<u>51,000</u>	<u>(4,915)</u>	<u>46,085</u>	<u>45,258</u>	<u>827</u>
School Sponsored Athletics - Instruction:					
Salaries	21,373	17,085	38,458	38,458	-
Supplies and Materials	1,000	(9,214)	(8,214)	(8,241)	27
Other Objects	1,500	(357)	1,143	295	848
Total School Sponsored Athletics - Instruction	<u>23,873</u>	<u>7,514</u>	<u>31,387</u>	<u>30,512</u>	<u>875</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 4 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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>
Total Instruction	<u>7,173,929</u>	<u>(25,209)</u>	<u>7,148,720</u>	<u>6,962,823</u>	<u>185,897</u>
Undistributed Expenditures-Instruction:					
Tuition to Private Schools for Handicapped - Within State	151,129	(28,338)	122,791	9,690	113,101
Tuition-Other			-		-
Total Undistributed Expenditures-Instruction	<u>151,129</u>	<u>(28,338)</u>	<u>122,791</u>	<u>9,690</u>	<u>113,101</u>
Undistributed Expenditures - Health:					
Salaries	145,739	(2,854)	142,885	141,467	1,418
Purchased Professional and Technical Services	11,200	(1,951)	9,249	6,819	2,430
Supplies and Materials	<u>3,100</u>	<u>4,805</u>	<u>7,905</u>	<u>7,328</u>	<u>577</u>
Total Undistributed Expenditures - Health:	<u>160,039</u>	<u>-</u>	<u>160,039</u>	<u>155,614</u>	<u>4,425</u>
Undistributed Expenditures - Other Support Services					
Students - Related Services:					
Salaries of Teachers	339,727	(1,061)	338,666	336,632	2,034
Purchased Professional Educational Services	74,000	(2,817)	71,183	71,128	55
Supplies and Materials	<u>1,000</u>		<u>1,000</u>	<u>673</u>	<u>327</u>
Total Undistributed Expenditures - Other Support Services			-		
Students - Related Services	<u>414,727</u>	<u>(3,878)</u>	<u>410,849</u>	<u>408,433</u>	<u>2,416</u>
Undistributed Expenditures - Other Support Services					
Students - Extra Services:					
Salaries	<u>88,873</u>	<u>56,568</u>	<u>145,441</u>	<u>145,441</u>	<u>-</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 5 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Supp. Serv.					
Students - Regular					
Salaries of Other Professional Staff	112,286	93,897	206,183	206,183	-
Supplies and Materials	1,000		1,000		1,000
Total Undistributed Expenditures-Other Supp. Serv. - Reg.	<u>113,286</u>	<u>93,897</u>	<u>207,183</u>	<u>206,183</u>	<u>1,000</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.:					
Salaries of Other Professional Staff	418,432	(92,212)	326,220	301,970	24,250
Salaries of Secretarial and Clerical Assts.	41,371	2,630	44,001	44,001	-
Other Purchased Professional and Technical Services	18,500	79,232	97,732	89,332	8,400
Other Purchased Services	8,750		8,750	5,960	2,790
Supplies and Materials	4,500		4,500	3,378	1,122
Other Objects	1,100		1,100	150	950
Total Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.	<u>492,653</u>	<u>(10,350)</u>	<u>482,303</u>	<u>444,791</u>	<u>37,512</u>
Undistributed Expenditures-Impvt of Inst. Serv.					
Salaries of Supervisors of Instruction	115,566	281	115,847	115,847	-
Salaries of Other Professional Staff	120,375	(1,938)	118,437	116,373	2,064
Purchased Professional Educational Services	8,995		8,995	1,850	7,145
Other Purchased Professional and Technical Services	13,894		13,894	13,630	264
Other Purchased Services	2,000		2,000	1,760	240
Supplies and Materials	3,477		3,477	2,821	656
Other Objects	1,390		1,390	434	956
Total Undistributed Expenditures-Impvt. of Inst. Serv	<u>265,697</u>	<u>(1,657)</u>	<u>264,040</u>	<u>252,715</u>	<u>11,325</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 6 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	112,569	5,848	118,417	118,417	-
Salaries of Technology Coordinators	234,457	569	235,026	235,026	-
Purchased Professional and Technical Services	69,000	2,201	71,201	71,171	30
Supplies and Materials	15,000	(6,961)	8,039	7,337	702
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>431,026</u>	<u>1,657</u>	<u>432,683</u>	<u>431,951</u>	<u>732</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Purchased Professional-Educational Services	20,000		20,000	6,178	13,822
Other Purchased Services	24,000	200	24,200	13,982	10,218
Total Undistributed Expenditures - Instructional Staff Training Serv.	<u>44,000</u>	<u>200</u>	<u>44,200</u>	<u>20,160</u>	<u>24,040</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	253,723	12,508	266,231	266,231	-
Legal Services	50,000	(10,440)	39,560	28,318	11,242
Audit Fees	11,000		11,000	10,975	25
Communications/Telephone	59,500		59,500	47,058	12,442
Other Purchased Services (400-500 Series)	72,440	8	72,448	70,839	1,609
Supplies and Materials	4,000	222	4,222	4,222	-
BOE Supplies	800		800	280	520
BOE Dues and Fees	11,000		11,000	10,731	269
Miscellaneous Expenditures	18,550	(2,298)	16,252	13,550	2,702
Total Undistributed Expenditures - Supp. Serv. General Administration	<u>481,013</u>	<u>-</u>	<u>481,013</u>	<u>452,204</u>	<u>28,809</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 7 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	259,984	632	260,616	260,616	-
Salaries of Secretarial/Clerical Assistants	146,554	(632)	145,922	142,669	3,253
Other Purchased Services	3,100		3,100	416	2,684
Supplies and Materials	8,045		8,045	2,514	5,531
Other Objects	2,440		2,440	1,744	696
Total Undistributed Expend.-Supp. Serv.-School Admin.	<u>420,123</u>	<u>-</u>	<u>420,123</u>	<u>407,959</u>	<u>12,164</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Salaries	83,026		83,026	74,614	8,412
Unused Vacation to Terminated/Retired Staff			-		-
Cleaning, Repair and Maintenance Services	670,000	3,120	673,120	461,338	211,782
Total Undistributed Expenditures-Allow. Maint. School Fac.	<u>753,026</u>	<u>3,120</u>	<u>756,146</u>	<u>535,952</u>	<u>220,194</u>
Undistributed Expenditures - Other Oper. & Maint. of Plant:					
Salaries	443,059	39,443	482,502	475,299	7,203
Salaries of Aides	39,443	(39,443)	-		-
Cleaning, Repair and Maintenance Services	216,000		216,000	202,680	13,320
Purchased Professional And Technical Services	80,623		80,623	36,750	43,873
Other Purchased Property Services	99,000		99,000	97,078	1,922
Insurance	41,000		41,000	34,120	6,880
Misc. Purchased Services	6,050		6,050	229	5,821
General Supplies	78,700		78,700	50,509	28,191
Energy - Electricity	170,000		170,000	127,156	42,844
Energy - Natural Gas	79,000		79,000	69,290	9,710
Other Objects	3,000		3,000	1,408	1,592
Total Undistributed Expend. - Other Oper. & Main. of Plant	<u>1,255,875</u>	<u>-</u>	<u>1,255,875</u>	<u>1,094,519</u>	<u>161,356</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 8 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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>
Security:					
Salaries	39,812		39,812	37,057	2,755
Purchased Professional and Technical Services	1,500		1,500	125	1,375
Total Security	<u>41,312</u>	<u>-</u>	<u>41,312</u>	<u>37,182</u>	<u>4,130</u>
 Total Undistributed Expenditures - Operation & Maint. Of Plant Serv.	<u>2,050,213</u>	<u>3,120</u>	<u>2,053,333</u>	<u>1,667,653</u>	<u>385,680</u>
 Undistributed Expenditures - Student Transportation Serv:					
Contr. Serv. (Other Than Between Home & School)-Vendors	7,500	3,224	10,724	1,473	9,251
Contr. Serv. (Between Home & School)-Joint Agreement	45,000		45,000	29,380	15,620
Contr. Serv. (Special Education Students)-Joint Agreements	55,000	(37,128)	17,872		17,872
Contr. Services Aid in Lieu - Non-Public	12,000	(3,224)	8,776	2,668	6,108
Total Undistributed Expenditures - Student Transportation Serv.	<u>119,500</u>	<u>(37,128)</u>	<u>82,372</u>	<u>33,521</u>	<u>48,851</u>
 Undistributed Expenditures - Central Services					
Support Services:					
Salaries	259,328	3,308	262,636	262,636	-
Purchased Professional Services	26,000	2,216	28,216	28,216	-
Other Purchased Services	3,750	(456)	3,294	3,195	99
Supplies and Materials	5,100		5,100	5,070	30
Miscellaneous Expenditures	1,250		1,250	1,215	35
Total Undistributed Expenditures - Business and Other Support Services	<u>295,428</u>	<u>5,068</u>	<u>300,496</u>	<u>300,332</u>	<u>164</u>
 Regular Programs-Instruction - Employee Benefits					
Health Benefits	2,300,924		2,300,924	2,076,032	224,892
Tuition Reimbursement	20,000		20,000	17,530	2,470
Other Employee Benefits	5,000		5,000	1,345	3,655
Total Regular Programs - Instruction - Employee Benefits	<u>2,325,924</u>	<u>-</u>	<u>2,325,924</u>	<u>2,094,907</u>	<u>231,017</u>



**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 9 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	42,772		42,772	42,772	-
Total Support Services-Gen'l Adm.-Employee Benefits	<u>42,772</u>	<u>-</u>	<u>42,772</u>	<u>42,772</u>	<u>-</u>
Unallocated Benefits:					
Social Security Contributions	230,500	(20,700)	209,800	203,586	6,214
Other Retirement Contributions - PERS	253,625	(14,750)	238,875	238,875	-
Unemployment Compensation	15,000	2,680	17,680	15,761	1,919
Workmen's Compensation	110,000	4,404	114,404	114,404	-
Unused Sick Pay to Terminated/Retired Staff	55,000	(5,677)	49,323	49,323	-
Health Benefits	344,713	(2,599)	342,114	335,822	6,292
Total Unallocated Benefits	<u>1,008,838</u>	<u>(36,642)</u>	<u>972,196</u>	<u>957,771</u>	<u>14,425</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,044,119	(2,044,119)
Reimbursed TPAF Social Security Contributions Non-Budgeted	-	-	-	527,192	(527,192)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,571,311</u>	<u>(2,571,311)</u>
Total Undistributed Expenditures	<u>8,905,241</u>	<u>42,517</u>	<u>8,947,758</u>	<u>10,603,408</u>	<u>(1,655,650)</u>
Total Current Expense	<u>16,079,170</u>	<u>17,308</u>	<u>16,096,478</u>	<u>17,566,231</u>	<u>(1,469,753)</u>
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Other Purchased Professional And Technical Services	-	17,374	17,374		17,374
Construction Services	407,500		407,500	182,588	224,912
Supplies and Materials	50,000		50,000	5,142	44,858
Assessment for Debt Service on SDA Funding	16,759		16,759	16,759	-
Total Capital Outlay	<u>474,259</u>	<u>17,374</u>	<u>491,633</u>	<u>204,489</u>	<u>287,144</u>

**FAIR HAVEN SCHOOL DISTRICT**

Exhibit C-1  
Sheet 10 of 10

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Expenditures	<u>16,553,429</u>	<u>34,682</u>	<u>16,588,111</u>	<u>17,770,720</u>	<u>(1,182,609)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,302,539)</u>	<u>(34,682)</u>	<u>(1,337,221)</u>	<u>387,108</u>	<u>1,724,329</u>
Fund Balance July 1	<u>3,691,843</u>		<u>3,691,843</u>	<u>3,691,843</u>	
Fund Balance June 30	<u>\$ 2,389,304</u>	<u>(34,682)</u>	<u>2,354,622</u>	<u>4,078,951</u>	<u>1,724,329</u>
Restricted Fund Balance:					
Capital Reserve				\$ 819,533	
Maintenance Reserve				719,837	
Emergency Reserve				2,500	
Excess Surplus - Designated for Subsequent Years Expenditures				503,383	
Excess Surplus				937,399	
Designated for Subsequent Years Expenditures - Maintenance Reserve				100,000	
Designated for Subsequent Years Expenditures by the BOE				407,835	
Assigned Fund Balance:					
Year End Encumbrances				93,849	
Unassigned Fund Balance				<u>494,615</u>	
				4,078,951	
Reconciliation to Governmental Fund Statement (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis				<u>(57,551)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 4,021,400</u>	

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ -	9,064	9,064	7,605	1,459
Federal Sources	<u>149,868</u>	<u>149,711</u>	<u>299,579</u>	<u>119,893</u>	<u>179,686</u>
Total Revenues	<u>\$ 149,868</u>	<u>158,775</u>	<u>308,643</u>	<u>127,498</u>	<u>181,145</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 25,310	89,048	114,358	102,300	12,058
Purchased Professional Educational Services		8,106	8,106	6,647	1,459
Tuition	46,884	75,061	121,945		121,945
General Supplies	<u>9,305</u>	<u>7,123</u>	<u>16,428</u>	<u>3,610</u>	<u>12,818</u>
Total Instruction	<u>81,499</u>	<u>179,338</u>	<u>260,837</u>	<u>112,557</u>	<u>148,280</u>
Support Services:					
Salaries of Other Professional Staff	60,000	(54,400)	5,600	3,938	1,662
Employee Benefits		2,093	2,093		2,093
Purchased Professional Educational Services	3,300	32,779	36,079	9,309	26,770
General Supplies	<u>5,069</u>	<u>(1,035)</u>	<u>4,034</u>	<u>1,694</u>	<u>2,340</u>
Total Support Services	<u>68,369</u>	<u>(20,563)</u>	<u>47,806</u>	<u>14,941</u>	<u>32,865</u>
Total Expenditures	<u>\$ 149,868</u>	<u>158,775</u>	<u>308,643</u>	<u>127,498</u>	<u>181,145</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET TO GAAP RECONCILIATION**

**NOTE TO RSI**

**JUNE 30, 2020**

	<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	\$ 18,157,828	127,498
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		1,317
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	51,843	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(57,551)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 18,152,120</u>	<u>128,815</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 17,770,720	127,498
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.		<u>1,317</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 17,770,720</u>	<u>128,815</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**

**Exhibit L-1**

**NET PENSION LIABILITY - PERS**

**LAST SEVEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,219,417	4,239,091	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	-	-	-	-	-	-	-
Total	<u>\$ 4,219,417</u>	<u>4,239,091</u>	<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	\$ 1,458,144	1,618,181	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	34.56%	38.17%	30.36%	26.00%	33.19%	35.05%	32.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%



**FAIR HAVEN SCHOOL DISTRICT**

**Exhibit L-2**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**

**LAST SEVEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 223,200	237,741	166,467	149,567	150,251	143,985	141,335
Contributions in Relation to the Contractually Required Contribution	223,200	237,741	166,467	149,567	150,251	143,985	141,335
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,458,144	1,618,181	1,488,718	1,397,135	1,287,294	1,170,827	1,181,671
Contributions as a Percentage of Covered-Employee Payroll	15.31%	14.69%	11.18%	10.71%	11.67%	12.30%	11.96%

**FAIR HAVEN SCHOOL DISTRICT**

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

**Exhibit L-3**

**NET PENSION LIABILITY - TPAF**

**LAST SEVEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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>40,102,293</u>	<u>39,884,692</u>	<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>\$ 40,102,293</u>	<u>39,884,692</u>	<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	\$ 7,126,462	7,050,579	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	17.77%	17.68%	16.93%	13.63%	14.69%	17.53%	19.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

L-4

This schedule is not applicable.

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

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

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

L-5

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020****Public Employee's Retirement System (PERS)**

*Changes in Benefit Terms* – None

*Changes in Assumptions* – The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019, in accordance with Paragraph 44 of GASB Statement No. 67.

**Teachers' Pension and Annuity Fund (TPAF)**

*Changes in Benefit Terms* – None

*Changes in Assumption* – The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019, in accordance with Paragraph 44 of GASB Statement No. 67.

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

**FAIR HAVEN SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

**Exhibit M-1**

**LAST FOUR FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>State's OPEB Liability Attributable to the District</u></b>				
Service Cost	\$ 1,251,895	1,336,105	1,610,946	*
Interest	1,152,418	1,170,283	1,005,512	*
Benefit Payments	(798,181)	(773,041)	(734,778)	*
Member Contributions	23,660	26,718	27,056	*
Difference between Expected and Actual Experience	(4,925,492)	(1,255,820)		*
Change of Assumptions	387,691	(3,317,559)	(4,207,056)	*
Net Change in Total OPEB Liability	<u>(2,908,009)</u>	<u>(2,813,314)</u>	<u>(2,298,320)</u>	*
 Total Attributable OPEB Liability - Beginning	 <u>28,909,925</u>	 <u>31,723,239</u>	 <u>34,021,559</u>	 *
Total Attributable OPEB Liability - Ending	<u>\$ 26,001,916</u>	<u>28,909,925</u>	<u>31,723,239</u>	<u>34,021,559</u>
 District's Covered Payroll	 \$ 8,584,606	 8,668,760	 8,131,100	 7,532,239
District's Contribution	None	None	None	None
 State's Proportionate Share of OPEB Liability as a Percentage of the Districts Covered-Employee Payroll	 302.89%	 333.50%	 390.15%	 451.68%

\* - 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.

**FAIR HAVEN SCHOOL DISTRICT****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****FOR THE FISCAL YEAR ENDED JUNE 30, 2020****Exhibit M-2**Change of Benefit Terms

None

Difference Between Expected and Actual Experience

The change in the liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes of Assumptions

The Discount Rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

**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, 2020**

	<u>Title I</u>	<u>Title IIA</u>	<u>Title IV</u>	<u>I.D.E.A. Part B Basic</u>	<u>Non-Public Technology</u>	<u>Non-Public Security</u>	<u>Non-Public Nursing</u>	<u>Totals June 30, 2020</u>
Revenues:								
State Sources	\$ -				958	4,048	2,599	7,605
Federal Sources	23,920	8,983	11,336	75,654				119,893
Total Revenue	<u>\$ 23,920</u>	<u>8,983</u>	<u>11,336</u>	<u>75,654</u>	<u>958</u>	<u>4,048</u>	<u>2,599</u>	<u>127,498</u>
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 21,384		7,908	73,008				102,300
Purchased Professional Educational Services						4,048	2,599	6,647
General Supplies	2,536		116		958			3,610
Total Instruction	<u>23,920</u>	<u>-</u>	<u>8,024</u>	<u>73,008</u>	<u>958</u>	<u>4,048</u>	<u>2,599</u>	<u>112,557</u>
Support Services:								
Personal Services - Salaries		3,938						3,938
Purchased Professional Technical Services		3,447	3,312	2,550				9,309
General Supplies		1,598		96				1,694
Total Support Services	<u>-</u>	<u>8,983</u>	<u>3,312</u>	<u>2,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,941</u>
Total Expenditures	<u>\$ 23,920</u>	<u>8,983</u>	<u>11,336</u>	<u>75,654</u>	<u>958</u>	<u>4,048</u>	<u>2,599</u>	<u>127,498</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, 2020Revenues and Other Financing Sources

Bond Proceeds	\$ 15,647,000
Interest Earned on Bond Proceeds	87,967
Total Revenues	<u>15,734,967</u>

Expenditures and Other Financing Uses

Other Purchased Professional and Technical Services	824,399
Construction Services	143,991
Total Expenditures	<u>968,390</u>

Excess (Deficiency) of Revenue Over (Under) Expenditures	14,766,577
--	------------

## Other Financing (Uses):

Interest Due Debt Service	<u>(87,967)</u>
Total Other Financing (Uses)	<u>(87,967)</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	14,678,610
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Fund Balance - Beginning	<u>512,525</u>
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Fund Balance - Ending	<u><u>\$ 15,191,135</u></u>
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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, 2020

	<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	17,448
Total Expenditures	<u>17,448</u>	<u>-</u>	<u>17,448</u>	<u>17,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 16,158</u>	<u>-</u>	<u>16,158</u>	<u>16,158</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	100%
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, 2020

	<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	(18,263)	11,564	11,564
Transfer from Capital Outlay	44,741		44,741	44,741
Total Revenues	<u>74,568</u>	<u>(18,263)</u>	<u>56,305</u>	<u>56,305</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>(18,263)</u>	<u>27,837</u>	<u>(18,263)</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	100%
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, 2020

	<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	814,191		814,191	1,282,721
Total Expenditures	<u>814,191</u>	<u>-</u>	<u>814,191</u>	<u>1,282,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 468,530</u>	<u>-</u>	<u>468,530</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	100%
Original Target Completion Date	9/1/2016
Revised Target Completion Date	9/1/2017



**FAIR HAVEN SCHOOL DISTRICT**

Exhibit F-2d

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT****BALANCE, AND PROJECT STATUS - BUDGETARY BASIS****VIOLA SICKLES SCHOOL AND KNOLLWOOD MIDDLE SCHOOL - ADDITIONS AND ALTERATIONS****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>				
Bond Proceeds	\$ -	15,647,000	15,647,000	15,647,000
Total Revenues	<u>-</u>	<u>15,647,000</u>	<u>15,647,000</u>	<u>15,647,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Other Purchased Professional and Technical Services		824,399	824,399	1,326,832
Construction Services		143,991	143,991	14,320,168
Total Expenditures	<u>-</u>	<u>968,390</u>	<u>968,390</u>	<u>15,647,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>14,678,610</u>	<u>14,678,610</u>	<u>-</u>

**Additional Project Information**

Project Number	19K069
Grant Date	N/A
Bond Authorization Date	9/24/2019
Bonds Authorized	10/30/2019
Bonds Issued	\$ 15,647,000
Original Authorized Cost	\$ 15,647,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 15,647,000
Percentage Completion	9.3%
Original Target Completion Date	8/23/2021
Revised Target Completion Date	8/23/2021

**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, 2020**

	<u>Agency</u>			<u>Expendable Trusts</u>			<u>Totals 2020</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	\$ 58,680	7,267	183	65,176	147	65,011	196,464
<b>Total Assets</b>	<b>\$ 58,680</b>	<b>7,267</b>	<b>183</b>	<b>65,176</b>	<b>147</b>	<b>65,011</b>	<b>196,464</b>
Liabilities and Net Position:							
Liabilities:							
Due to Student Groups	\$ 58,680						58,680
Payroll Withholdings		7,267	183				7,450
<b>Total Liabilities</b>	<b>58,680</b>	<b>7,267</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,130</b>
Net Position:							
Unreserved				65,176	147	65,011	130,334
<b>Total Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,176</b>	<b>147</b>	<b>65,011</b>	<b>130,334</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 58,680</b>	<b>7,267</b>	<b>183</b>	<b>65,176</b>	<b>147</b>	<b>65,011</b>	<b>196,464</b>

**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, 2020**

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Other Trusts</u>	<u>Totals</u>
Additions:				
Local Sources:				
Contributions	\$ -	14,195		14,195
Interest on Investments	124	902		1,026
Total Additions	<u>124</u>	<u>15,097</u>	<u>-</u>	<u>15,221</u>
Deductions:				
Scholarship Payments	100			100
Unemployment Claims		23,196		23,196
Total Deductions	<u>100</u>	<u>23,196</u>	<u>-</u>	<u>23,296</u>
Change in Net Position	24	(8,099)	-	(8,075)
Net Position, July 1	<u>65,152</u>	<u>73,110</u>	<u>147</u>	<u>138,409</u>
Net Position, June 30	<u>\$ 65,176</u>	<u>65,011</u>	<u>147</u>	<u>130,334</u>

FAIR HAVEN SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
Elementary Schools: Knollwood/Sickles	\$ 58,412	31,410	31,142	58,680
Total All Schools	<u>\$ 58,412</u>	<u>31,410</u>	<u>31,142</u>	<u>58,680</u>

FAIR HAVEN SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Assets:				
Cash and Cash Equivalents	\$ 7,267	4,983,554	4,983,554	7,267
Total Assets	<u>\$ 7,267</u>	<u>4,983,554</u>	<u>4,983,554</u>	<u>7,267</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 7,267	4,983,554	4,983,554	7,267
Total Liabilities	<u>\$ 7,267</u>	<u>4,983,554</u>	<u>4,983,554</u>	<u>7,267</u>

**LONG-TERM DEBT—1**



**FAIR HAVEN SCHOOL DISTRICT**

**GENERAL LONG-TERM DEBT ACCOUNT GROUP**

**SCHEDULE OF SERIAL BONDS**

Exhibit I-1

**JUNE 30, 2020**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance June 30, 2020</u>
2013 Refunding Bonds	1/23/2013	\$ 6,075,000	6/1/2021	375,000	4.00%	\$ 4,455,000		350,000	4,105,000
			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					
2019 Bonds	12/19/2019	\$ 15,647,000	8/15/2021	\$ 557,000	2.00%		15,647,000		-
			8/15/2022	550,000					
			8/15/2023	550,000					
			8/15/2024	550,000					
			8/15/2025	550,000	2.50%				
			8/15/2026	550,000					
			8/15/2027	575,000					
			8/15/2028	615,000					
			8/15/2029	650,000					
			8/15/2030	1,100,000					
			8/15/2031	1,100,000					
			8/15/2032	1,100,000					
			8/15/2033	1,100,000					
			8/15/2034	1,100,000					
			8/15/2035	1,000,000					
			8/15/2036	1,000,000					
8/15/2037	1,000,000								
8/15/2038	1,000,000	2.625%							
8/15/2039	1,000,000								
						<u>\$ 4,455,000</u>	<u>15,647,000</u>	<u>350,000</u>	<u>4,105,000</u>

FAIR HAVEN SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 486,917		486,917	486,917	-
Total Revenues	<u>486,917</u>	<u>-</u>	<u>486,917</u>	<u>486,917</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	136,918		136,918	136,918	-
Redemption of Principal	350,000		350,000	350,000	-
Total Expenditures	<u>486,918</u>	<u>-</u>	<u>486,918</u>	<u>486,918</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	(1)	-
Other Financing Sources (Uses):					
Transfer from Capital Projects			-	87,967	87,967
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,967</u>	<u>87,967</u>
Total Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(1)	-	(1)	87,966	87,967
Fund Balance July 1	<u>1</u>		<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>87,967</u>	<u>87,967</u>

**STATISTICAL SECTION**

**(Unaudited)**

**FAIR HAVEN SCHOOL DISTRICT**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

J-1

**(Accrual Basis of Accounting)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 2,686,284	3,011,020	3,569,293	3,420,937	4,058,352	5,569,663	6,006,617	6,096,892	6,232,112	(8,858,529)
Restricted	1,682,746	2,093,897	2,062,088	1,894,869	2,819,790	3,713,535	2,543,999	2,969,825	3,465,465	18,769,589
Unrestricted	(45,136)	(53,437)	(14,167)	435,308	(3,329,083)	(3,364,611)	(3,295,245)	(3,624,804)	(3,791,532)	(3,129,836)
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,323,894</b>	<b>5,051,480</b>	<b>5,617,214</b>	<b>5,751,114</b>	<b>3,549,059</b>	<b>5,918,587</b>	<b>5,255,371</b>	<b>5,441,913</b>	<b>5,906,045</b>	<b>6,781,224</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets, Net of Related Debt						60,905	53,661	46,428	39,190	36,485
Unrestricted	\$ 16,804	21,977	26,740	34,217	12,416	6,756	3,605	3,586	11,132	11,236
<b>Total Business-Type Activities Net Position</b>	<b>\$ 16,804</b>	<b>21,977</b>	<b>26,740</b>	<b>34,217</b>	<b>12,416</b>	<b>67,661</b>	<b>57,266</b>	<b>50,014</b>	<b>50,322</b>	<b>47,721</b>
<b>District-Wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 2,686,284	3,011,020	3,569,293	3,420,937	4,058,352	5,630,568	6,060,278	6,143,320	6,271,302	(8,858,529)
Restricted	1,682,746	2,093,897	2,062,088	1,894,869	2,819,790	3,713,535	2,543,999	2,969,825	3,465,465	18,769,589
Unrestricted	(28,332)	(31,460)	12,573	469,525	(3,316,667)	(3,357,855)	(3,291,640)	(3,621,218)	(3,780,400)	(3,129,836)
<b>Total District Net Position</b>	<b>\$ 4,340,698</b>	<b>5,073,457</b>	<b>5,643,954</b>	<b>5,785,331</b>	<b>3,561,475</b>	<b>5,986,248</b>	<b>5,312,637</b>	<b>5,491,927</b>	<b>5,956,367</b>	<b>6,781,224</b>

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

**(Accrual Basis of Accounting)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Expenses</u></b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 3,869,157	3,953,383	3,892,719	3,969,823	4,190,656	4,297,528	4,583,325	4,527,809	4,686,565	4,770,293
Special Education	1,188,595	1,428,028	1,613,189	1,513,991	1,534,886	1,657,194	2,009,995	2,278,361	2,189,494	2,223,939
Other Instruction	35,523	45,959	51,205	50,609	64,371	42,247	76,622	81,831	93,382	75,770
<b>Support Services:</b>										
Tuition	204	11,156	182,822	5,352	120,621	72,132	24,018	4,538	198,067	9,690
Student and Instruction Related Services	1,542,541	1,551,831	1,743,557	1,923,581	1,885,016	1,995,918	2,176,964	1,972,124	1,900,409	2,080,229
School Administration Services	338,806	339,085	342,612	392,114	378,429	382,845	419,478	419,782	404,353	407,959
General Administration	660,757	676,347	702,229	701,658	663,781	748,245		686,735	761,640	752,536
Capital Outlay										648,039
Plant Operations and Maintenance	1,489,574	1,529,124	1,337,927	1,371,557	1,454,789	1,912,779	1,589,250	1,661,937	1,660,094	1,667,653
Pupil Transportation	83,950	110,332	171,761	99,214	116,865	159,277	180,977	156,771	124,144	33,521
Unallocated Employee Benefits	3,054,542	3,304,276	3,834,803	3,782,623	3,841,208	3,995,204	4,680,970	5,154,989	5,483,611	4,679,133
Interest on Long-Term Debt	431,255	392,407	303,751	301,975	302,974	194,480	169,729	159,592	149,385	324,633
Unallocated Depreciation	305,936	329,135	302,752	285,077	245,988	340,178	340,549	344,459	347,260	354,966
<b>Total Governmental Activities Expenses</b>	<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>	<u>17,998,404</u>	<u>18,028,361</u>
<b>Business-Type Activities:</b>										
Food Service	55,265	55,045	41,660	24,598	42,337	29,635	25,439	19,497	17,889	14,420
<b>Total Business-Type Activities</b>	<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>	<u>17,889</u>	<u>14,420</u>
<b>Total District Expenses</b>	<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>	<u>18,016,293</u>	<u>18,042,781</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</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	94,638	147,756
Operating Grants and Contributions	343,146	249,542	224,165	218,477	227,462	235,724	235,077	265,311	286,926	128,815
Total Governmental Activities Program Revenues	<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>	<u>381,564</u>	<u>276,571</u>
Business-Type Activities:										
Charges for Services:										
Food Service	53,880	53,946	41,774	28,581	17,022	12,350	12,429	10,032	10,034	5,690
Operating Grants and Contributions	7,099	6,985	4,646	3,491	3,511	4,740	2,614	2,202	1,835	2,202
Total Business-Type Activities Program Revenues	<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>	<u>11,869</u>	<u>7,892</u>
Total District Program Revenues	<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>	<u>393,433</u>	<u>284,463</u>
<b><u>Net (Expense) Revenue</u></b>										
Governmental Activities	\$ (12,588,043)	(13,366,401)	(14,133,512)	(14,397,574)	(14,451,501)	(15,562,303)	(17,490,248)	(17,179,079)	(17,616,840)	(17,751,790)
Business-Type Activities	5,714	5,886	4,760	7,474	(21,804)	(12,545)	(10,396)	(7,263)	(6,020)	(6,528)
Total District-Wide Net Expense	<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>	<u>(17,622,860)</u>	<u>(17,758,318)</u>

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes In Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 11,553,119	11,784,182	12,019,866	12,260,263	12,717,198	13,150,166	13,413,000	13,902,852	14,180,909	14,393,622
Taxes Levied for Debt Service	1,015,731	988,565	996,749	979,287	852,657	828,150	880,620	490,418	490,517	486,917
Unrestricted Grants and Contributions	945,989	1,277,966	1,741,204	1,561,634	1,740,748	2,563,087	2,331,261	2,877,386	3,383,071	3,468,498
Tuition Received					197,298	222,214	181,208	169,902		
Investment Earnings										
Miscellaneous Income	11,237	10,129	17,497	19,246	64,978	906	20,943	11,874	59,840	230,211
Adjustment	16,462	40,176	(7,674)					(88,168)	(33,365)	
Total Government Activities	<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>	<u>18,080,972</u>	<u>18,579,248</u>
Business-Type Activities:										
Investment Earnings	9	7	3			1	1	11	6	
Miscellaneous Income									6322	3927
Total Business-Type Activities	<u>9</u>	<u>7</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>11</u>	<u>6,328</u>	<u>3,927</u>
Total District-Wide	<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>	<u>18,087,300</u>	<u>18,583,175</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 954,495	734,617	634,130	386,224	(2,069,530)	2,369,528	(663,216)	185,174	464,132	827,458
Business-Type Activities	5,723	5,893	4,763	7,477	(21,801)	55,245	(10,395)	(7,252)	308	(2,601)
Total District	<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>	<u>464,440</u>	<u>824,857</u>

FAIR HAVEN SCHOOL DISTRICT

FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund:										
Restricted	\$ 1,304,247	1,718,673	1,642,270	1,792,699	2,859,046	2,414,345	2,007,875	2,461,963	2,918,257	3,490,487
Unrestricted	<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>	<u>721,743</u>	<u>530,913</u>
Total General Fund	<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>	<u>3,640,000</u>	<u>4,021,400</u>
All Other Governmental Funds:										
Restricted										
Unreserved, Reported In:										
Capital Projects Fund	\$ 361,197	361,197	361,197		64,905	1,299,189	536,123	517,860	512,525	15,191,135
Debt Service Fund	<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>	<u>1</u>	<u>87,967</u>
Total All Other Governmental Funds	<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>	<u>512,526</u>	<u>15,279,102</u>



**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(Modified Accrual Basis of Accounting)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Revenues</u></b>										
Tax Levy	\$ 12,568,850	12,772,747	13,016,615	13,239,550	13,569,855	13,978,316	14,293,620	14,393,270	14,671,426	14,880,539
Tuition Charges	69,651	55,120	121,650	149,682	317,919	222,214	205,226	174,440	94,638	147,756
Interest Earnings										
Miscellaneous	10,168	10,129	17,497	19,246	64,978	2,039	20,943	11,863	138,668	230,211
State Sources	954,970	1,277,966	1,741,204	1,561,634	1,740,748	2,563,087	2,331,261	2,879,255	3,386,576	3,476,103
Federal Sources	343,146	249,542	224,028	218,477	227,462	234,591	235,077	263,442	204,593	121,210
<b>Total Revenues</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>18,495,901</b>	<b>18,855,819</b>
<b><u>Expenditures</u></b>										
<b>Instruction:</b>										
Regular Instruction	3,900,729	3,957,476	3,901,736	3,969,823	4,190,656	4,305,761	4,583,325	4,596,153	4,686,565	4,776,988
Special Education Instruction	1,188,595	1,428,028	1,613,189	1,513,991	1,534,886	1,657,194	2,009,995	2,278,361	2,189,494	2,223,939
Other Instruction	35,523	45,959	51,205	50,609	64,371	42,247	76,622	81,831	93,382	75,770
<b>School Sponsored/Other Instructional Community Services</b>										
<b>Support Services:</b>										
Tuition	204	11,156	182,822	5,352	120,621	72,132	24,018	4,538	198,067	9,690
Student and Instruction Related Services	1,542,541	1,551,831	1,743,557	1,880,665	1,885,016	1,995,918	2,176,964	1,972,124	1,900,409	2,080,229
General Administration	338,806	339,085	342,612	392,114	378,429	382,845	735,814	686,735	761,640	752,536
School Administrative Services	660,757	676,347	702,229	701,658	663,781	748,245	419,478	419,782	404,353	407,959
<b>Central Services</b>										
Plant Operations and Maintenance	1,489,574	1,529,124	1,337,927	1,371,557	1,454,789	1,762,674	1,589,250	1,661,937	1,707,826	1,667,653
Pupil Transportation	83,950	110,332	171,761	99,214	116,865	159,277	180,977	156,771	124,144	33,521
Other Support Services										
Employee Benefits	3,063,523	3,304,276	3,834,803	3,808,592	3,729,192	3,941,014	4,352,053	5,020,960	5,233,500	5,666,761
Capital Outlay	16,621	30,000	273,404	42,916	157,890	164,430	834,155	36,390	94,748	1,172,879
<b>Debt Service:</b>										
Principal	580,293	601,658	643,260	669,669	650,000	680,000	705,000	330,000	340,000	350,000
Interest and Other Charges	437,459	398,885	316,508	277,400	254,963	202,118	177,667	160,417	150,518	136,918
Education Jobs		22,766								
<b>Total Expenditures</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>	<b>17,884,646</b>	<b>19,354,843</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>608,210</b>	<b>358,581</b>	<b>5,981</b>	<b>405,029</b>	<b>719,503</b>	<b>886,392</b>	<b>(779,191)</b>	<b>316,271</b>	<b>611,255</b>	<b>(499,024)</b>

**FAIR HAVEN SCHOOL DISTRICT**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

**(Modified Accrual Basis of Accounting)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Other Financing Sources (Uses)</u></b>										15,647,000
Proceeds from Borrowing					153,297					
Accounts Payable Cancelled		835								
Adjustment for Accounts Receivable Adjustment	16,462	39,341	(7,674)	(404,791)					(14,154)	
Prior Year Adjustment					(4,101)	(4,181)		(15,168)	(19,211)	
Transfer In								(73,000)		
Transfer Out										
<b>Total Other Financing Sources (Uses)</b>	<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>	<u>(33,365)</u>	<u>15,647,000</u>
<b>Net Change in Fund Balances</b>	<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>	<u>577,890</u>	<u>15,147,976</u>
 Debt Service as a Percentage of Noncapital Expenditure	8.28%	6.98%	6.39%	6.42%	6.40%	5.53%	5.18%	2.82%	2.82%	2.52%

Source: District Records

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>
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
2019		59,840	59,840
2020		230,211	230,211

Source: District Records

**FAIR HAVEN SCHOOL DISTRICT**

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

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

Calendar Year	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Ofarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
<u>Dec. 31</u>							
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
2019	15,872,100	1,723,174,400	0	0	54,075,700	0	0
2020	13,755,800	1,762,650,400	0	0	57,679,200	0	0
		Less:			Estimated Actual	Total	Total
	Total Assessed	Tax-Exempt	Public	Net Valuation	(County	School	Direct
	Value	Property	Utilities	Taxable	Equalized) Value	Tax Rate <sup>b</sup>	Regional
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
2019	1,793,122,200	0	460,011	1,793,582,211	1,793,582,211	0.831	0.337
2020	1,834,085,400	0	501,515	1,834,586,915	1,834,586,915	0.841	0.330

Source: Municipal Tax Assessor

\* 2014 Information not available at time of audit

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

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

b Tax rates are per \$100

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Rate Per \$100 of Assessed Value)

<u>Year Ended</u>	<u>Basic Rate</u>	(a)	<u>General Obligation Debt Service</u>	(b)	<u>(From J-6) Total Direct School Tax Rate</u>	<u>Regional School Rate</u>	<u>Borough of Fair Haven</u>	<u>Monmouth County</u>	<u>Total Direct and Overlapping Tax Rate</u>
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
2019	0.080		0.029		0.831	0.337	0.372	0.240	1.825
2020	0.793		0.048		0.841	0.330	0.395	0.233	1.843

**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

J-8

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

	2020			(not available)	2011		
	<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	\$ 6,375,900	1	0.35%	\$ -	1	0.00%	
Taxpayer 2	6,008,900	2	0.33%		2	0.00%	
Taxpayer 3	4,109,400	3	0.22%		3	0.00%	
Taxpayer 4	3,920,400	4	0.21%		4	0.00%	
Taxpayer 5	3,920,200	5	0.21%		5	0.00%	
Taxpayer 6	3,845,800	6	0.21%		6	0.00%	
Taxpayer 7	3,819,800	7	0.21%		7	0.00%	
Taxpayer 8	3,816,200	8	0.21%		8	0.00%	
Taxpayer 9	3,755,100	9	0.20%		9	0.00%	
Taxpayer 10	<u>3,739,600</u>	10	0.20%		10	0.00%	
Total	<u>\$ 43,311,300</u>		<u>2.35%</u>	<u>\$ -</u>		<u>0.00%</u>	

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

<b><u>Year Ended</u></b>	<b><u>Taxes Levied for the Fiscal Year</u></b>	<b><u>Collected Within the Fiscal Year of the Levy (a)</u></b>		<b><u>Collections in Subsequent Years</u></b>
		<b><u>Amount</u></b>	<b><u>Percentage of Levy</u></b>	
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%	
2019	14,880,539	14,880,539	100%	
2020	15,419,043	15,419,043	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				
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	
2019	4,455,000	N/A	N/A	N/A	N/A	4,455,000	N/A	N/A	
2020	19,752,000	N/A	N/A	N/A	N/A	19,752,000	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.



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>
2011	\$ 8,905,000		8,905,000	0.77%	68,569
2012	8,345,000		8,345,000	0.72%	54,244
2013	7,525,000		7,525,000	0.65%	58,355
2014	7,160,000		7,160,000	0.62%	44,392
2015	6,510,000		6,510,000	0.43%	27,993
2016	5,830,000		5,830,000	0.37%	21,571
2017	5,125,000		5,125,000	0.31%	15,888
2018	4,715,000		4,715,000	0.28%	13,202
2019	4,455,000		4,455,000	0.25%	11,138
2020	19,752,000		19,752,000	1.08%	-

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

(a) See exhibit J-6 for property tax data.

(b) Population data can be found in exhibit J-14.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF DECEMBER 31, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Fair Haven	not available	100.000%	N/A
Monmouth County General Obligation Debt	not available	0.000%	N/A
Subtotal, Overlapping Debt			-
Fair Haven School District Direct Debt			<u>19,752,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 19,752,000</u></u>

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

Debt Outstanding data provided by each governmental unit.

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

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

FAIR HAVEN SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN YEARS

	<u>Equalized</u>
	<u>Valuation Basis</u>
<u>Year</u>	
2020	\$ 1,834,586,915
2019	1,793,122,200
2018	1,720,609,330
	<u>\$ 5,348,318,445</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,782,772,810</u>
Debt Limit (3% of Average Equalization Value)	\$ 53,478,169
Total Net Debt Application to Limit	<u>53,478,169</u>
Legal Debt Margin	<u>\$ 53,478,169</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>	<u>2019</u>	<u>2020</u>
Debt Limit	\$46,157,515	46,157,515	45,060,985	44,240,849	44,524,663	44,639,337	46,082,488	49,620,136	51,518,300	53,478,169
Total Net Debt Applicable to Limit	8,345,000	8,345,000	7,525,000	7,440,000	6,510,000	5,830,000	5,125,000	4,715,000	4,455,000	19,752,000
Legal Debt Margin	<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>	<u>47,063,300</u>	<u>33,726,169</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.08%	18.08%	16.69%	16.82%	14.60%	13.06%	11.10%	9.50%	8.65%	0.00%

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

No updates available for 2015

FAIR HAVEN SCHOOL DISTRICT

J-14

DEMOGRAPHIC AND ECONOMIC STATISTICS

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	6,121	N/A	50,215	2.90%
2012	6,128	N/A	54,244	3.40%
2013	6,088	N/A	58,355	5.90%
2014	6,081	N/A	57,578	6.10%
2015	5,995	N/A	Unavailable	7.80%
2016	6,089	N/A	55,400	3.40%
2017	6,075	N/A	65,104	5.70%
2018	6,033	N/A	63,854	2.90%
2019	5,820	N/A	64,598	2.40%
2020	5,736	N/A	70,488	2.30%

US Census Bureau

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2020</u>		<u>2011</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**

<b><u>Function/Program</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Instruction:										
Regular	85.5	86.4	85.0	87.0	87.0	73.0	70.0	71.0	67.0	67.0
Special Education	13.0	13.5	13.5	15.0	17.0	20.0	18.0	36.0	40.0	43.0
Support Services:										
Student and Instruction Related Services	21.3	21.0	20.4	29.0	21.0	38.0	35.0	12.0	9.0	11.0
General Administration	5.0	5.0	5.0	5.0	6.0	4.0	4.0	2.0	2.0	2.0
School Administrative Services	8.0	8.0	8.0	6.0	6.0	2.0	2.0	5.0	5.0	5.0
Other Administrative Services	2.0	2.0	2.0	3.0	4.0	4.0	4.0	3.0	3.0	3.0
Plant Operations and Maintenance	9.5	9.5	8.5	8.5	8.5	8.5	9.0	11.0	13.0	13.0
Other Support Services	6.0	6.0	4.0	4.5	4.5	4.5	5.0	14.0	20.0	19.0
<b>Total</b>	<b>150.3</b>	<b>151.4</b>	<b>146.4</b>	<b>158.0</b>	<b>154.0</b>	<b>154.0</b>	<b>147.0</b>	<b>154.0</b>	<b>159.0</b>	<b>163.0</b>

Source: District Personnel Records

**OPERATING STATISTICS**

**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures (a)</b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Teacher Staff (b)</b>	<b>Pupil/Teacher Ratio Elementary</b>	<b>Average Daily Enrollment (ADE) (c)</b>	<b>Average Daily Attendance (ADA) (c)</b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
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%
2019	993	14,697,849	14,801	-1.17%	104	9.3	967.0	921.0	-2.32%	95.20%
2020	973	14,995,820	15,412	4.12%	107	9.1	973.0	947.0	6.20%	97.30%

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).

**FAIR HAVEN SCHOOL DISTRICT**

**SCHOOL BUILDING INFORMATION**

**LAST TEN FISCAL YEARS**

<b><u>District Building</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Elementary:										
Knollwood Elementary:										
Square Feet	77,059	77,059	77059+	77,059	77,059	77,059	77,059	77,059	77,059	77,059
Capacity (Students)	637	637	637	637	637	637	637	637	637	637
Enrollment	556	556	591	591	591	588	591	591	580	556
Viola L. Sickles Elementary:										
Square Feet	40,598	40,598	40,598	40,598	40,598	40,598	40,598	40,598	40,598	40,598
Capacity (Students)	458	458	458	458	458	458	458	458	458	458
Enrollment	459	459	450	450	450	435	431	431	413	417

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>	
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
2019			104,601	183,746	288,347
2020			170,660	290,676	461,336
Total School Facilities		\$	915,059	1,651,862	2,566,921

\*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

**INSURANCE SCHEDULE**

J-20

**JUNE 30, 2020**

	<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	 3,000,000	
 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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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

**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, 2020, 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 January 22, 2021.

**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**

January 22, 2021

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

**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, 2020. 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, 2020.

### **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**

January 22, 2021



FAIR HAVEN SCHOOL DISTRICT  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
 FOR THE FISCAL YEAR ENDING JUNE 30, 2020

Schedule A  
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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, 2019	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years Balances	Balance at June 30, 2020		
					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	191NJ304N1099	NA	\$ 1,553	7/01/2018	6/30/2019	(115)		115						
National School Lunch Program PB	10.555	201NJ304N1099	NA	1,960	7/01/2019	6/30/2020			1,556	(1,960)			(404)		
National School Lunch Program PB	10.555	191NJ304N1099	NA	153	7/01/2018	6/30/2019	(11)		11						
National School Lunch Program	10.555	201NJ304N1099	NA	127	7/01/2019	6/30/2020			102	(127)			(25)		
<b>Total U.S. Department of Agriculture</b>							<b>(126)</b>	<b>-</b>	<b>1,784</b>	<b>(2,087)</b>	<b>-</b>	<b>-</b>	<b>(429)</b>	<b>-</b>	
U.S. Department of Education:															
Passed Through State Department of Education:															
Title I	84.010	S010A190030	NA	23,920	7/01/2019	6/30/2020			22,080	(23,920)			(1,840)		
Title I	84.010	S010A180030	NA	22,197	7/01/2018	6/30/2019	(266)		266						
Title IIA	84.367A	S367A190029	NA	12,082	7/01/2019	6/30/2020			4,158	(8,983)			(4,825)		
Title IIA	84.367A	S367A180029	NA	10,490	7/01/2018	6/30/2019	(10,324)		10,324						
Title IV	84.424	S424A190031	NA	12,580	7/01/2019	6/30/2020			8,640	(11,336)			(2,696)		
Title IV	84.424	S424A180031	NA	10,000	7/01/2018	6/30/2019	(8,898)		8,898						
L.D.E.A. Basic	84.027	H027A180100	NA	201,344	7/01/2018	6/30/2019	(44,643)		44,643						
L.D.E.A. Basic	84.027	H027A190100	NA	238,861	7/01/2019	6/30/2020			51,028	(75,654)			(24,626)		
L.D.E.A. Preschool	84.173	H173A180114	NA	7,362	7/01/2018	6/30/2019	(2,662)		2,662						
L.D.E.A. Preschool	84.173	H173A190114	NA	12,136	7/01/2019	6/30/2020									
							<b>(66,793)</b>	<b>-</b>	<b>152,699</b>	<b>(119,893)</b>	<b>-</b>	<b>-</b>	<b>(33,987)</b>	<b>-</b>	
							<b>\$ (66,919)</b>	<b>-</b>	<b>154,483</b>	<b>(121,980)</b>	<b>-</b>	<b>-</b>	<b>(34,416)</b>	<b>-</b>	

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



**BOARD OF EDUCATION**

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**FAIR HAVEN SCHOOL DISTRICT****NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2020****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	\$ 3,474,206	7,605	93	3,481,904
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)	____ (5,708)	_____	_____	____ (5,708)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 3,468,498</u>	<u>7,605</u>	<u>93</u>	<u>3,476,196</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	\$	119,893	2,087	121,980
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	<u>1,317</u>	_____	<u>1,317</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$ _____	<u>121,210</u>	<u>2,087</u>	<u>123,297</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, 2020.

**FAIR HAVEN SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*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?

           Yes   x   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)**

20-495-034-5120-089

20-495-034-5120-084

20-495-034-5095-002

**Name of State Program**

Special Education Aid (Public Cluster)

Security Aid (Public Cluster)

Reimbursed TPAF Social Security

FAIR HAVEN SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2020*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, 2020

*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 DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

State Awards (Continued)

Cause: N/A

Recommendation: N/A

Management's response: N/A

FAIR HAVEN SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prior Audit Findings:

None