

**HAINESPORT TOWNSHIP  
SCHOOL DISTRICT**

HAINESPORT SCHOOL DISTRICT  
Hainesport, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**HAINESPORT SCHOOL DISTRICT**

**HAINESPORT, NEW JERSEY**

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

**Prepared by**

**Hainesport Township Board of Education  
Finance Department**



## TABLE OF CONTENTS

	PAGE
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	7
Consultants and Advisors	9
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	13
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART I</b>	
Management's Discussion & Analysis	19
<b>BASIC FINANCIAL STATEMENTS</b>	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	31
A-2 Statement of Activities	32
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	37
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	38
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	39
Proprietary Funds:	
B-4 Statement of Net Position	43
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	44
B-6 Statement of Cash Flows	45
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	49
B-8 Statement of Changes in Fiduciary Net Position	50
Notes to Financial Statements	53
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	91
C-2 Budgetary Comparison Schedule - Special Revenue Fund	97
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	98

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System	103
L-2	Schedule of District's Contributions - Public Employees' Retirement System	104
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability Teachers' Pension and Annuity Fund	105
M.	Schedules Related to Accounting and Reporting for Other Post Employment Benefits (GASB 75)	
M-1	Schedule of Changes in the Net OPEB Liability and Related Ratios - OPEB	109
	Notes to the Required Supplementary Information- Part III	110
D.	School Based Budget Schedules Fund:	
D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	117
E-2	Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F.	Capital Projects Fund:	
F-1	Summary Statement of Project Expenditures	N/A
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	N/A
F-2a	Schedule of Project Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis	N/A
G.	Proprietary Funds:	
	Enterprise Funds:	
G-1	Combining Statement of Net Position	N/A
G-2	Combining Statement of Revenues, Expenses & Changes in Fund Net Position	N/A
G-3	Combining Statement of Cash Flows	N/A
	Internal Service Funds:	
G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	129
H-2	Combining Statement of Changes in Fiduciary Net Position	130
H-3	Student Activity Agency Fund Schedule of Receipts & Disbursements	131
H-4	Payroll Agency Fund Schedule of Receipts & Disbursements	131
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	135
I-2	Schedule of Obligations Under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	136

## STATISTICAL SECTION (unaudited)

Financial Trends:	
J-1 Net Position by Component	141
J-2 Changes in Net Position	142
J-3 Fund Balances - Governmental Funds	145
J-4 Changes in Fund Balance - Governmental Funds	146
J-5 Other Local Revenue by Source - General Fund	148
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	151
J-7 Direct & Overlapping Property Tax Rates	152
J-8 Principal Property Taxpayers	153
J-9 Property Tax Levies & Collections	154
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	157
J-11 Ratios of General Bonded Debt Outstanding	158
J-12 Direct & Overlapping Governmental Activities Debt	159
J-13 Legal Debt Margin Information	160
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	163
J-15 Principal Employers	164
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	165
J-17 Operating Statistics	169
J-18 School Building Information	170
J-19 Schedule of Required Maintenance	171
J-20 Insurance Schedule	172

## SINGLE AUDIT SECTION

K-1 Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	175
K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	177
K-3 Schedule of Expenditures of Federal Awards, Schedule A	181
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	182
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	183
K-6 Schedule of Findings & Questioned Costs	
Section I - Summary of Auditor's Results	
Section II - Financial Statement Findings	
Section III - Federal Awards and State Financial Assistance Findings & Questioned Costs	
K-7 Summary Schedule of Prior Audit Findings	189

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**INTRODUCTORY SECTION**

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# Hainesport Township School District

**Joseph R. Corn, Superintendent**

**Robert O'Brien, Business Administrator**

**Lauren Salls, Principal PreK-4**

**Thomas Simonet, Principal 5-8**

Honorable President and Members  
of the Board of Education  
Hainesport Township School District  
County of Burlington, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Hainesport Township School District for 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 Hainesport Township School District. 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, 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 district as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

**Introductory Section:**

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

**Financial Section:**

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

**Statistical Section:**

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

**Single Audit Section:**

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB,

“Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The Hainesport Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for children with special needs. The School District’s enrollment, as of October 15<sup>th</sup>, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	566	-1.39%
2018-2019	574	-8.45%
2017-2018	627	-1.57%
2016-2017	637	-5.49%
2015-2016	674	-2.03%
2014-2015	688	-0.86%
2013-2014	694	-0.86%
2012-2013	700	0.86%
2011-2012	694	

**ECONOMIC CONDITION AND OUTLOOK**

The economy, although improving, continues to be troublesome for many of our residents. There is minimum housing development on the near horizon. In fact, due to a demographic change in our community, the school district has experienced an increase in the student mobility rate which has caused a decline in the student population from last year to the current year. We do believe our student enrollment will begin to steady in the coming years.

With Senate Bill-2, approved by the governor and Legislature in 2018, the school lost \$127,000 of funding in fiscal year 2020. This number is expected to continue to grow which will decrease the funding for the school.

**MAJOR INITIATIVES**

The Hainesport Township School District has focused on continuing to increase student achievement through technology devices as a learning and teaching tool. Through an Administration and Board of Education commitment, the district now has a 1:1 Chrome Book Initiative in grades 2-8 and a 1: 1 Android Tablet Initiative in grades Pre-K-1 to meet the 21st century needs of the students. The initiative will allow teachers to use unique tools to deliver curriculum to their students in a more efficient and engaging way. The district will begin year 4 of full-day Kindergarten for the 2019-2020 school year. The district is investing in new curricular tools and revamping curriculum through the district to continue to align them

with the new standards. The district has also implemented Google Apps for Education (GAFE), an integrated communication and collaboration solution. GAFE provides the ability for students, faculty and staff to communicate, store files and collaborate on documents, spreadsheets and presentations in real time from school, work, or home, all within a secure "closed campus" online environment. Finally, the district has concluded its strategic planning project known as the Hainesport Township School District Vision 2019. The goal of the district moving forward is to create another strategic visionary planning process for the purpose of defining the decisions and actions that shape and guide the future direction for the school district over the next several years.

### **INTERNAL ACCOUNTING CONTROLS**

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

### **BUDGETARY CONTROLS**

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

### **ACCOUNTING SYSTEM AND REPORTS**

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

### **FINANCIAL POLICIES**

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when

earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

## **OTHER INFORMATION**

### *INDEPENDENT AUDIT*

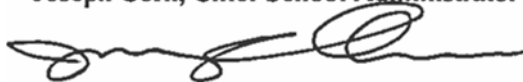
State statutes require an annual audit by independent certified public accountants. The accounting firm of Holt McNally & Associates, Inc., Certified Public Accounts and Advisors, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

## **ACKNOWLEDGEMENTS**

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

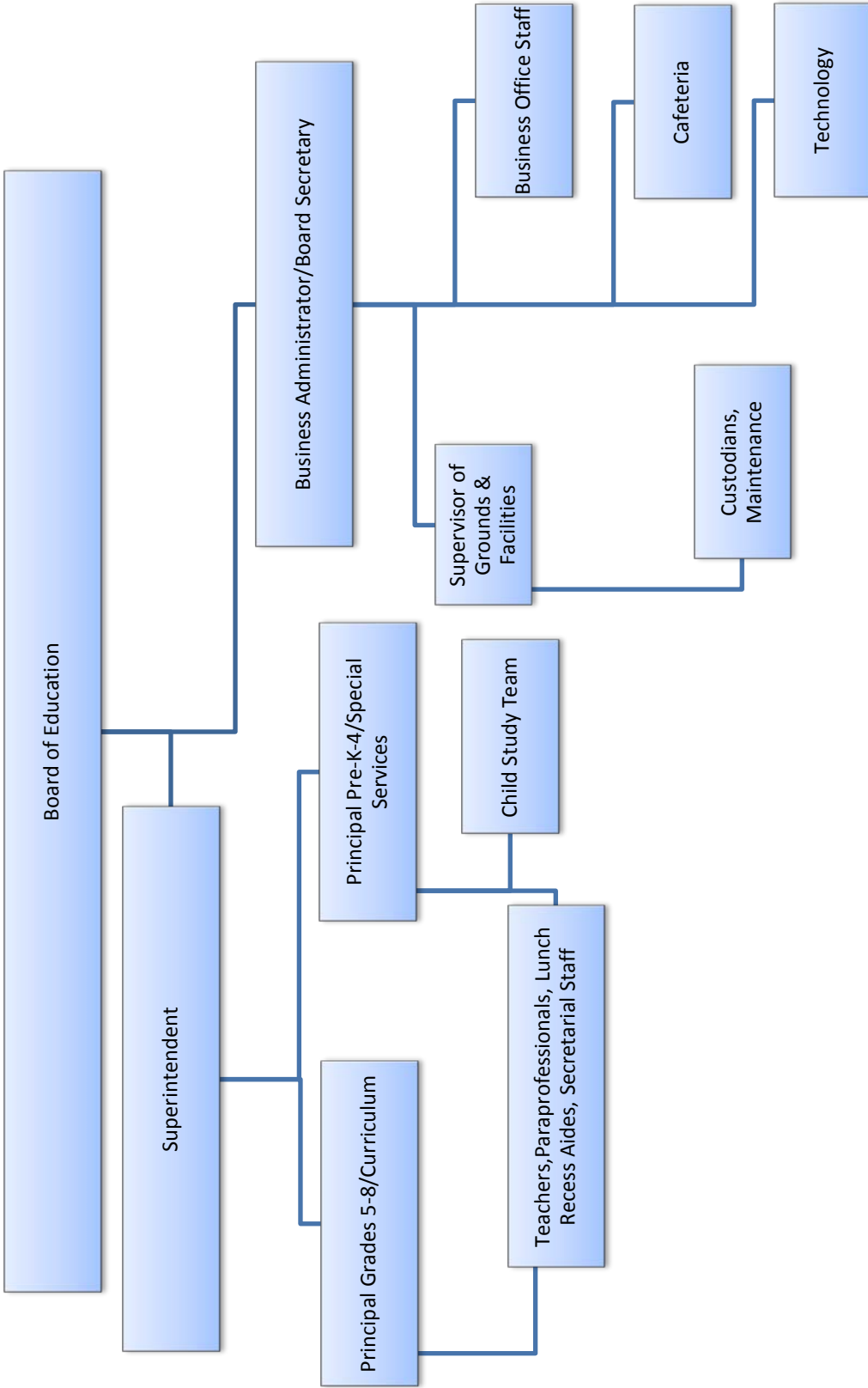
Respectfully submitted,

Joseph Corn, Chief School Administrator



*Robert O'Brien*

Robert O'Brien, School Business Administrator/Board Secretary



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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
June 30, 2020**

**MEMBERS OF THE BOARD OF EDUCATION**

Michael Morelli, President	2020
Mary Jean Kneringer, Vice President	2021
Jason Cardonick	2022
Bianca Cuniglio	2022
Jeff Duda	2022
Kristin Jakubowski	2021
Samir Patel	2021
Keith Peacock	2020
Peter Scarpati	2020

**MEMBERS OF THE BOARD OF EDUCATION**

- Mr. Joseph Corn, Chief School Administrator
- Robert O'Brien, Board Secretary/Business Administrator
- Donna Condo, Treasurer
- Adams, Gutierrez & Lattiboudere, LLC, Solicitor

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
Hainesport, New Jersey

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

David McNally, CPA, PSA  
Holt McNally & Associates, Inc.  
618 Stokes Road  
Medford, New Jersey 08055

**ATTORNEY**

Capehart & Scatchard  
8000 Midlantic Drive, Suite 300  
Mt. Laurel, New Jersey 08054

**OFFICIAL DEPOSITORY**

Bank of America  
Mt. Holly, New Jersey 08060

TD Bank  
Mt. Holly, New Jersey 08060

Fulton Bank  
Mt. Holly, New Jersey 08060

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**FINANCIAL SECTION**

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Certified Public Accountants & Advisors

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Hainesport Township School District  
County of Burlington  
Hainesport, 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 Hainesport Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and requirements 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 District'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 District'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.

618 Stokes Road, Medford, NJ 08055

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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 Hainesport Township School District, County of Burlington, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hainesport Township School District's basic financial statements. The introductory section, combining and individual fund statements long-term debt schedules and statistical section, are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* is also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,



the combining and individual fund statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally  
Certified Public Accountant  
Public School Accountant, No. 2616

Medford, New Jersey  
January 8, 2021

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

As management of the Hainesport Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
**(Unaudited) (Continued)**

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
**(Unaudited) (Continued)**

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Financial Analysis of the School District as a Whole**

Table 1 provides a summary of the School Districts net position for the fiscal years 2020 compared to fiscal year 2019.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 2,983,032	\$ 2,258,756	\$ 724,276	32%
Capital Assets, Net	9,570,384	10,170,280	(599,896)	-6%
Total Assets	<u>12,553,416</u>	<u>12,429,036</u>	124,380	1%
Deferred Outflow of Resources	<u>387,128</u>	<u>371,771</u>	15,357	4%
Current and other Liabilities	246,814	189,651	57,163	30%
Noncurrent Liabilities	<u>5,862,467</u>	<u>6,322,341</u>	(459,874)	-7%
Total Liabilities	<u>6,109,281</u>	<u>6,511,992</u>	(402,711)	-6%
Deferred Inflow of Resources	<u>655,918</u>	<u>709,565</u>	(53,647)	-8%
Net Position:				
Net Investment in Capital Asset	6,250,384	5,932,280	318,104	5%
Restricted	2,547,800	1,833,665	714,135	39%
Unrestricted (Deficit)	<u>(2,622,839)</u>	<u>(2,186,695)</u>	(436,144)	20%
Total Net Position	<u>\$ 6,175,345</u>	<u>\$ 5,579,250</u>	<u>\$ 596,095</u>	11%

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
**(Unaudited) (Continued)**

Table 2 shows the changes in net position for fiscal year 2020 compared to fiscal year 2019.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 98,331	\$ 152,613	\$ (54,282)	-36%
Operating Grants & Contributions	2,441,936	2,991,187	(549,251)	-18%
General Revenues:				
Property Taxes	9,101,609	8,824,891	276,718	3%
Federal & State Aid	1,309,610	1,417,896	(108,286)	-8%
Other General Revenues	108,637	127,301	(18,664)	-15%
Total Revenues	<u>13,060,123</u>	<u>13,513,888</u>	<u>(453,765)</u>	-3%
<b>Function/Program Expenses:</b>				
Regular Instruction	3,054,614	3,079,526	(24,912)	-1%
Special Education Instruction	1,092,477	1,099,256	(6,779)	-1%
Other Instruction	124,993	188,129	(63,136)	-34%
Tuition	393,131	252,968	140,163	55%
Student & Instruction Related Services	1,109,553	1,150,199	(40,646)	-4%
General Administrative	306,233	311,148	(4,915)	-2%
School Administrative Services	184,571	177,428	7,143	4%
Central Services	265,726	272,644	(6,918)	-3%
Plant Operations & Maintenance	713,023	756,707	(43,684)	-6%
Pupil Transportation	445,495	455,954	(10,459)	-2%
Unallocated Benefits	1,976,609	2,398,793	(422,184)	-18%
On Behalf TPAF Pension and Social				
Security Contributions	1,799,002	1,869,368	(70,366)	-4%
Special Schools	18,576	20,885	(2,309)	-11%
Interest & Other Charges	187,543	218,703	(31,160)	-14%
Unallocated Depreciation	628,519	654,060	(25,541)	-4%
Food Service	163,963	199,717	(35,754)	-18%
Total Expenses	<u>12,464,028</u>	<u>13,105,485</u>	<u>(641,457)</u>	-5%
Change In Net Position	596,095	408,403	187,692	46%
Net Position - Beginning	<u>5,579,250</u>	<u>5,170,847</u>	<u>408,403</u>	8%
Net Position - Ending	<u>\$ 6,175,345</u>	<u>\$ 5,579,250</u>	<u>\$ 596,095</u>	11%



**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited) (Continued)**

**Governmental Activities**

During the fiscal year 2020, the net position of governmental activities increased by \$609,975 or 11.1%. The primary reason for the increase was a decrease in overall spending.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$6,108,016, with an unrestricted deficit balance of \$2,667,468. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Unrestricted Net Position (With GASB 68)	\$ (2,667,468)
Add back: PERS Pension Liability	1,443,101
Less: Deferred Outflows related to pensions	(319,207)
Add back: Deferred Inflows related to pensions	<u>655,918</u>
Unrestricted Net Position (With GASB 68)	<u>\$ (887,656)</u>

**Business-type Activities**

During the fiscal year 2020, the net position of business-type activities decreased by \$13,359 or 16.45%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$67,850.

**General Fund Budgeting Highlights**

Final budgeted revenues was \$9,695,258, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$71,630.

Final budgeted appropriations was \$10,152,245, which was an increase of \$20,000 from the original budget.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$2,856,443 at June 30, 2020, an increase of \$585,078 from the prior year.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
**(Unaudited) (Continued)**

**Governmental Funds**

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,845,592, an increase of \$699,038 from the prior year.

*General fund* - During the current fiscal year, the fund balance of the School District's general fund increased by \$613,942 or 28.6% to \$2,146,554 at June 30, 2019, compared to an increase of \$237,751 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Exceeded revenue projections and decrease in expenditures

*Debt service fund* – During the current fiscal year the fund balance of the School Districts debt service fund increased by \$85,096.

*Special revenue fund* – There was no change in the fund balance for the special revenue fund.

*Capital projects fund* - There was no change in the fund balance for the capital projects fund.

**Proprietary Funds**

*Food service fund* - During the current fiscal year, the net position of the School District's food service fund decreased by \$13,880 or 17.1% to \$67,329 at June 30, 2020, compared to an increase of \$14,903 in net position in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- Decrease in revenues in the current year

**Capital Assets**

The School District's capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$9,570,384 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The school districts "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$599,896. This decrease is primarily due to the current year depreciation expense. Table 4 shows fiscal 2020 balances compared to 2019.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
**(Unaudited) (Continued)**

**Table 4**  
**Summary of Capital Assets**

<u>Capital Assets:</u>	June 30, <u>2020</u>	June 30, <u>2019</u>
Land	\$ 40,490	\$ 40,490
Land Improvements	631,232	631,232
Building and Improvements	16,787,215	16,787,215
Equipment	1,733,692	1,721,958
Accumulated Depreciation	<u>(9,622,245)</u>	<u>(9,010,615)</u>
	<u>\$ 9,570,384</u>	<u>\$ 10,170,280</u>

Depreciation expense for the year was \$621,520. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$3,320,000, which is a decrease of \$918,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Contacting the School Districts Financial Management**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Hainesport Township School District Business Administrator, 211 Broad Street P.O. Box 538, Hainesport, New Jersey 08036, telephone number (609) 265-8050.

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**BASIC FINANCIAL STATEMENTS**

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Government-Wide Financial Statements

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	GOVERNMENTAL <u>ACTIVITIES</u>	BUSINESS-TYPE <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 1,331,552	\$ 47,064	\$ 1,378,616
Receivables, Net (Note 4)	71,259	3,407	74,666
Inventory	-	8,096	8,096
Restricted Cash & Cash Equivalents	1,522,175	-	1,522,175
Capital Assets, Net (Note 5)			
Non-depreciable	40,490	-	40,490
Depreciable	9,507,194	22,700	9,529,894
<b>Total Assets</b>	<b>12,472,670</b>	<b>81,267</b>	<b>12,553,937</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	314,929	-	314,929
Related to Loss on Debt Refunding	72,199	-	72,199
<b>Total Deferred Outflow of Resources</b>	<b>387,128</b>	<b>-</b>	<b>387,128</b>
<b>LIABILITIES:</b>			
Accounts Payable	64,828	-	64,828
Due to Other Governments	91,532	-	91,532
Unearned Revenue	14,566	13,417	27,983
Accrued Interest	62,471	-	62,471
Noncurrent Liabilities (Note 7):			
Due within one year	435,000	-	435,000
Due in more than one year	5,427,467	-	5,427,467
<b>Total Liabilities</b>	<b>6,095,864</b>	<b>13,417</b>	<b>6,109,281</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	655,918	-	655,918
<b>Total Deferred Inflow of Resources</b>	<b>655,918</b>	<b>-</b>	<b>655,918</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	6,227,684	22,700	6,250,384
Restricted for:			
Capital Reserve	1,195,726	-	1,195,726
Maintenance Reserve	326,449	-	326,449
Debt Service	22,625	-	22,625
Other Purposes	1,003,000	-	1,003,000
Unrestricted (Deficit)	(2,667,468)	45,150	(2,622,318)
<b>Total Net Position</b>	<b>\$ 6,108,016</b>	<b>\$ 67,850</b>	<b>\$ 6,175,866</b>

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 3,054,614	\$ -	240,785	-	(2,813,829)	\$ -	(2,813,829)
Special Education Instruction	1,092,477	-	-	-	(1,092,477)	-	(1,092,477)
Other Instruction	124,993	-	-	-	(124,993)	-	(124,993)
Support Services:							
Tuition	393,131	-	-	-	(393,131)	-	(393,131)
Student & Instruction Related Services	1,109,553	-	28,018	-	(1,081,535)	-	(1,081,535)
General Administrative	306,233	-	-	-	(306,233)	-	(306,233)
School Administrative Services	184,571	-	-	-	(184,571)	-	(184,571)
Central Services	265,726	-	-	-	(265,726)	-	(265,726)
Plant Operations & Maintenance	713,023	-	-	-	(713,023)	-	(713,023)
Pupil Transportation	445,495	-	-	-	(445,495)	-	(445,495)
Unallocated Benefits	1,976,609	-	323,276	-	(1,653,333)	-	(1,653,333)
On Behalf TPAP Pension and Social Security Contributions	1,799,002	-	1,799,002	-	-	-	-
Special Schools	18,576	-	-	-	(18,576)	-	(18,576)
Interest & Other Charges	187,543	-	-	-	(187,543)	-	(187,543)
Unallocated Depreciation	628,519	-	-	-	(628,519)	-	(628,519)
Total Governmental Activities	12,300,065	-	2,391,081	-	(9,908,984)	-	(9,908,984)
Business-Type Activities:							
Food Service	163,963	\$ 98,852	50,855	-	-	\$ (14,256)	(14,256)
Total Business-Type Activities	163,963	98,852	50,855	-	-	(14,256)	(14,256)
Total Primary Government	\$ 12,464,028	\$ 98,852	\$ 2,441,936	\$ -	(9,908,984)	(14,256)	(9,923,240)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					8,397,549		8,397,549
Property Taxes Levied for Debt Service					704,060		704,060
Federal & State Aid Restricted					8,089		8,089
Federal & State Aid Not Restricted					1,301,521		1,301,521
Tuition Charges					43,504		43,504
Miscellaneous					64,237	897	65,134
Total General Revenues					10,518,960	897	10,519,857
Change In Net Position					609,975	(13,359)	596,616
Net Position - Beginning					5,498,041	81,209	5,579,250
Net Position - Ending					\$ 6,108,016	\$ 67,850	\$ 6,175,866

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

## Fund Financial Statements

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## Governmental Funds

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 1,230,449	\$ 16,007	\$ 85,096	\$ 1,331,552
Receivables, Net:				
Interfund Receivable	444	-	-	444
Due from Other Governments:				
State	27,152	-	-	27,152
Federal	-	23,403	-	23,403
Other Receivables	19,470	1,234	-	20,704
Restricted Cash & Cash Equivalents	1,522,175	-	-	1,522,175
<b>Total Assets</b>	<b>\$ 2,799,690</b>	<b>\$ 40,644</b>	<b>\$ 85,096</b>	<b>\$ 2,925,430</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 39,194	\$ 25,634	\$ -	\$ 64,828
Interfund Payable	-	444	-	444
Unearned Revenue	-	14,566	-	14,566
<b>Total Liabilities</b>	<b>39,194</b>	<b>40,644</b>	<b>-</b>	<b>79,838</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Capital Reserve	1,195,726	-	-	1,195,726
Maintenance reserve	326,449	-	-	326,449
Excess Surplus - Current year	600,000	-	-	600,000
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	403,000	-	-	403,000
Debt Service	-	-	85,096	85,096
<b>Assigned to:</b>				
Designated for Subsequent Year's Expenditures	51,244	-	-	51,244
Designated for Subsequent Other Purposes	19,147	-	-	19,147
Unassigned	164,930	-	-	164,930
<b>Total Fund Balances</b>	<b>2,760,496</b>	<b>-</b>	<b>85,096</b>	<b>2,845,592</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 2,799,690</b>	<b>\$ 40,644</b>	<b>\$ 85,096</b>	

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 \$19,080,738 and the accumulated depreciation is \$9,533,054.	9,547,684
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	314,929
Deferred Inflows related to pensions	(655,918)
Deferred Outflow related to the loss on bond refunding of debt	72,199
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(62,471)
Accrued pension contributions for the June 30, 2020 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(91,532)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(5,862,467)
<b>Net Position of Governmental Activities</b>	<b>\$ 6,108,016</b>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 8,397,549	\$ -	\$ 704,060	\$ 9,101,609
Tuition Charges	43,504	-	-	43,504
Interest on Capital Reserve	200	-	-	200
Interest on Maintenance Reserve	40	-	-	40
Miscellaneous	52,938	7,179	11,059	71,176
Total Local Sources	<u>8,494,231</u>	<u>7,179</u>	<u>715,119</u>	<u>9,216,529</u>
State Sources	2,894,945	-	8,089	2,903,034
Federal Sources	15,463	261,624	-	277,087
Total Revenues	<u>11,404,639</u>	<u>268,803</u>	<u>723,208</u>	<u>12,396,650</u>
Expenditures:				
Instruction:				
Regular Instruction	2,813,829	240,785	-	3,054,614
Special Education Instruction	1,092,477	-	-	1,092,477
Other Instruction	124,993	-	-	124,993
Support Services:				
Tuition	393,131	-	-	393,131
Student & Instruction Related Services	1,081,535	28,018	-	1,109,553
General Administrative	306,233	-	-	306,233
School Administrative Services	184,571	-	-	184,571
Central Services	265,726	-	-	265,726
Plant Operations & Maintenance	713,023	-	-	713,023
Pupil Transportation	445,495	-	-	445,495
Unallocated Benefits	1,691,405	-	-	1,691,405
On Behalf TPAF Pension and Social Security Contributions	1,608,887	-	-	1,608,887
Special Schools	18,576	-	-	18,576
Capital Outlay	10,067	-	-	10,067
Debt Service:				
Principal	-	-	545,000	545,000
Interest & Other Charges	40,748	-	93,112	133,860
Total Expenditures	<u>10,790,696</u>	<u>268,803</u>	<u>638,112</u>	<u>11,697,611</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>613,942</u>	<u>-</u>	<u>85,096</u>	<u>699,038</u>
Other Financing Sources (Uses):				
Deferred Loss on Defeasance of Bonds	-	-	(75,999)	(75,999)
Premium-Refunding Bonds	-	-	540,022	540,022
Proceeds of Refunding Bonds	-	-	3,320,000	3,320,000
Deposit to Refunding Escrow	-	-	(3,784,023)	(3,784,023)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	613,942	-	85,096	699,038
Fund Balance, July 1	<u>2,146,554</u>	<u>-</u>	<u>-</u>	<u>2,146,554</u>
Fund Balance, June 30	<u>\$ 2,760,496</u>	<u>\$ -</u>	<u>\$ 85,096</u>	<u>\$ 2,845,592</u>

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



**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		699,038
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because</p> <p>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</p>		
	Depreciation expense (620,913) Appraisal adjustment (7,606) Capital outlays 10,067 <hr style="width: 100%;"/>	(618,452)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		66,615
Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		4,238,000
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.	Proceeds of long-term debt - net (3,320,000) Bonds refunded and deposits to escrow 91,023 Premiums and loss on refundings (464,023) <hr style="width: 100%;"/>	(3,693,000)
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:	Amortization of premium on bonds 27,001 Amortization of loss on Bond Refunding (3,800) <hr style="width: 100%;"/>	23,201
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).		14,139
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(29,337)
Change in Net Position of Governmental Activities		\$ 700,204

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## Proprietary Funds

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

ASSETS	<u>FOOD SERVICE</u>
Current Assets:	
Cash & Cash Equivalents	\$ 47,064
Accounts Receivable:	
State	530
Federal	599
Other	2,278
Inventories	<u>8,096</u>
Total Current Assets	<u>58,567</u>
Noncurrent Assets:	
Equipment	111,891
Less: Accumulated Depreciation	<u>(89,191)</u>
Total Noncurrent Assets	<u>22,700</u>
Total Assets	<u>81,267</u>
LIABILITIES	
Current Liabilities	
Unearned Revenues	<u>13,417</u>
Total Liabilities	<u>13,417</u>
NET POSITION	
Investment in Capital Assets	22,700
Unrestricted	<u>45,150</u>
Total Net Position	<u><u>\$ 67,850</u></u>

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for service:	
Daily sales - reimbursable programs	\$ 59,344
Daily sales - non-reimbursable programs	32,399
Special Functions	784
Miscellaneous	<u>6,325</u>
Total Operating Revenue	<u>98,852</u>
Operating Expenses:	
Cost of Sales - reimbursable Programs	27,633
Cost of Sales - nonreimbursable Programs	28,528
General supplies	3,173
Salaries & employee benefits	68,568
Management fee	22,763
Cleaning, repair and maintenance services	6,404
Miscellaneous	6,287
Depreciation	<u>607</u>
Total Operating Expenses	<u>163,963</u>
Operating Income/(Loss)	<u>(65,111)</u>
Nonoperating Revenues/(Expense):	
State Sources:	
State School Lunch Program	2,000
Federal Sources:	
National School Lunch Program	35,239
Healthy Hunger-Free Kids Act	2,012
Food Distribution Program	11,604
Interest Revenue	<u>897</u>
Total Nonoperating Revenues/(Expenses)	<u>51,752</u>
Change in Net Position	(13,359)
Net Position - Beginning	<u>81,209</u>
Net Position - Ending	<u><u>\$ 67,850</u></u>

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>FOOD SERVICE</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 100,551
Payments to Employees	(68,568)
Payments for Supplies and Services	<u>(79,203)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(47,220)</u>
Cash Flows From Non Capital Financing Activities:	
State Sources	1,619
Federal Sources	39,877
Acquisition of Capital Assets	<u>(19,163)</u>
Net Cash Provided by (Used for) Non Capital & Related Financing Activities	<u>22,333</u>
Cash Flows From Investing Activities:	
Interest Revenue	<u>897</u>
Net Cash Provided by Investing Activities	<u>897</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(23,990)
Cash & Cash Equivalents, July 1	<u>71,054</u>
Cash & Cash Equivalents, June 30	<u><u>\$ 47,064</u></u>
 <b>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:</b>	
Operating Income/(Loss)	\$ (65,111)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:	
Food Distribution Program	11,604
(Increase)/Decrease in Inventories	(1,970)
Increase/(Decrease) in Unearned Revenues	5,951
(Increase)/Decrease in Accounts Receivable - Other	<u>1,699</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (47,220)</u></u>

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

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## Fiduciary Funds

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS		TOTAL
	SCHOLARSHIP TRUST	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL	
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 7,650	\$ 70,365	\$ 40,811	\$ 7,567	\$ 126,393
Total Assets	7,650	70,365	40,811	7,567	126,393
<b>LIABILITIES</b>					
Payroll Deductions Payable	-	-	-	7,567	7,567
Due to Student Groups	-	-	40,811	-	40,811
Total Liabilities	-	-	40,811	7,567	48,378
<b>NET POSITION</b>					
Held in Trust for Unemployment Claims	-	70,365	-	-	70,365
Held in Trust for Scholarships	7,650	-	-	-	7,650
Total Net Position	\$ 7,650	\$ 70,365	\$ -	\$ -	\$ 78,015

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

ADDITIONS	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	
Additions:			
Local Sources:			
Interest on Investments	\$ 22	\$ 702	\$ 724
Employee Withholdings	-	9,306	9,306
Total Additions	<u>22</u>	<u>10,008</u>	<u>10,030</u>
Deductions:			
Unemployment Compensation Claims	-	397	397
Scholarships	275	-	275
Total Deductions	<u>275</u>	<u>397</u>	<u>672</u>
Change in Net Position	(253)	9,611	9,358
Net Position, July 1	<u>7,903</u>	<u>60,754</u>	<u>68,657</u>
Net Position, June 30	<u>\$ 7,650</u>	<u>\$ 70,365</u>	<u>\$ 78,015</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**Note 1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Hainesport Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**Reporting Entity**

The School District is a Type II district located in the County of Burlington, 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 appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grades levels Kindergarten through 8th grade. These include regular, vocational, as well as special education for handicapped youngsters. The School District has an approximate enrollment at June 30, 2020 of 566 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

GASB Statement No.14. *The Financial Reporting Entity* , provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* , and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34* , and GASB 80, *Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14* . The School District had no component units as of for the year ended June 30, 2020.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**A. Government-Wide Financial Statements**

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**B. Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.



**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District’s policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

**Special Revenue Fund** - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

**C. Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

**D. Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

**Agency Funds** - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

**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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**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 assigned 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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Cash, Cash Equivalents and Investments**

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents.

**Tuition Receivable/Payable**

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	10-20 Years	N/A
Building and improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**Compensated Absences**

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

Non-spendable – This 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. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.



**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These 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) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**Net Position**

Net position, represents the difference between 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 components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – This component of 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.

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2020:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**Note 2. Deposits and Investments**

**Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2020, the School District’s bank balance of \$3,140,284 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	3,071,574
Uninsured and Uncollateralized		68,710
Total	\$	3,140,284

**Investments**

The School District had no investments at June 30, 2020.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 3. Reserve Accounts**

Capital Reserve

A capital reserve account was established by the School District 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.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, 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	\$	914,725
Increased by:		
Interest Earnings	\$	200
Deposits Approved by Board		280,801
Ending Balance, June 30, 2020	\$	1,195,726

Maintenance Reserve

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Beginning Balance, July 1, 2019	\$	215,409
Increased by:		
Interest Earnings	\$	40
Deposits Approved by Board		131,000
	\$	346,449
Decreased by:		
Withdrawals Approved by Board	\$	(20,000)
Ending Balance, June 30, 2020	\$	326,449

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2020 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2020, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>		Total Governmental <u>Activities</u>
	General <u>Fund</u>	Special Revenue <u>Fund</u>	
Federal Awards	\$ -	\$ 23,403	\$ 23,403
State Awards	27,152	-	27,152
Other	19,470	1,234	20,704
<b>Total</b>	<b>\$ 46,622</b>	<b>\$ 24,637</b>	<b>\$ 71,259</b>

<u>Description</u>	<u>Proprietary Funds</u>	Total Business-Type <u>Activities</u>
	Food Service <u>Fund</u>	
Federal Awards	\$ 599	\$ 599
State Awards	9	9
Other	2,278	2,278
<b>Total</b>	<b>\$ 2,886</b>	<b>\$ 2,886</b>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2020 was as follows:

	Governmental Activities			
	Balance July 1, <u>2019</u>	<u>Additions</u>	Retirements and Adjustments	Balance June 30, <u>2020</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 40,490	\$ -	\$ -	\$ 40,490
Total Capital Assets not being depreciated	40,490	-	-	40,490
Capital Assets being depreciated:				
Land Improvements	631,232	-	-	631,232
Buildings and Improvements	16,787,215	-	-	16,787,215
Equipment	1,629,230	10,067	(17,496)	1,621,801
Total Capital Assets being depreciated	19,047,677	10,067	(17,496)	19,040,248
Less: Accumulated Depreciation:				
Land Improvements	(210,494)	(1,478)	-	(211,972)
Buildings and Improvements	(7,185,834)	(614,986)	-	(7,800,820)
Equipment	(1,525,703)	(4,449)	9,890	(1,520,262)
Total Accumulated Depreciation	(8,922,031)	(620,913)	9,890	(9,533,054)
Total Capital Assets being depreciated, net	10,125,646	(610,846)	(7,606)	9,507,194
Total Governmental Activities Capital Assets, net	\$ 10,166,136	\$ (610,846)	\$ (7,606)	\$ 9,547,684
Business-Type Activities				
	Balance July 1, <u>2019</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2020</u>
<b>Business-Type Activities:</b>				
Equipment	92,728	19,163	-	111,891
Total Capital Assets being depreciated	92,728	19,163	-	111,891
Less: Accumulated Depreciation:				
Equipment	(88,584)	(607)	-	(89,191)
Total Capital Assets being depreciated, net	(88,584)	(607)	-	(89,191)
Total Business-Type Activities Capital Assets, net	\$ 4,144	\$ 18,556	\$ -	\$ 22,700

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 444	\$ -
Special Revenue Fund	-	444
Total	<u>\$ 444</u>	<u>\$ 444</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

There were no interfund transfers for the year ended June 30, 2020.

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2020 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 4,238,000	\$ 3,320,000	\$ 4,238,000	\$ 3,320,000	\$ 435,000
Unamortized Bond					
Premiums	-	513,021	-	513,021	54,002
Compensated Absences	557,008	29,337	-	586,345	-
Net Pension Liability	1,527,333	-	84,232	1,443,101	-
	<u>\$ 6,322,341</u>	<u>\$ 3,862,358</u>	<u>\$ 4,322,232</u>	<u>\$ 5,862,467</u>	<u>\$ 489,002</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and the net pension liability are liquidated by the general fund.

**Bonds Payable**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On December 17, 2019, the School District issued \$3,320,000 of Refunding Bonds, refunding the 2010 General Obligation Bonds. The Refunding Bonds were issued at interest rates varying from 4.000% to 5.000% and mature on January 15, 2030.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 435,000	\$ 160,104	\$ 595,104
2022	410,000	136,300	546,300
2023	385,000	119,900	504,900
2024	360,000	104,500	464,500
2025	335,000	86,500	421,500
2026-2030	1,395,000	201,500	1,596,500
	<u>\$ 3,320,000</u>	<u>\$ 808,804</u>	<u>\$ 4,128,804</u>

**Bonds Authorized but not Issued**

As of June 30, 2020, the School District had no bonds authorized but not issued.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans**

**A. 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). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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:

<u>Tier</u>	<u>Definition</u>
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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years 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.

**Contributions** - 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.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. 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.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2020, the School District reported a liability of \$1,443,101 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The School District's proportion measured as of June 30, 2019, was .008009%, which was a decrease of .000252% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized full accrual pension expense of \$11,289 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 25,902	\$ 6,375
Changes of Assumptions	144,099	500,896
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	22,780
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	53,396	125,867
School District contributions subsequent to measurement date	91,532	-
	<u>\$ 314,929</u>	<u>\$ 655,918</u>

\$91,532 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on the amount payable to the State due April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

<b>Year Ending June 30,</b>		
2020	\$	(106,336)
2021		(123,804)
2022		(140,223)
2023		(58,644)
2024		(3,516)
	<u>\$</u>	<u>(432,523)</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between District Contributions		
Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

**Actuarial Assumptions** – 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 assumptions:

Inflation Rate	2.75%
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%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median 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 Tables with a 91.4% adjustment for males and a 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:

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. 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%
U.S. 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%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on 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 municipals 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 employer and 100% of the actuarially determined contributions for the local employers. 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate of 6.28% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

	<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	\$ 1,835,552	\$ 1,443,101	\$ 1,130,904

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Deferred Outflows of Resources	\$ 3,149,522,616	\$ 4,684,852,302
Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Net Pension Liability	18,143,832,135	19,689,501,539
School District's portion	0.00801%	0.00776%

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

**Plan Description** - The State of New Jersey, Teachers' 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 contributions, 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). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

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, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

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 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years 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.

**Contributions** - 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 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. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2019 was \$24,923,759. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was .040612%, which was a decrease of .000928% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized a pension expense in the amount of \$1,470,070 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2019 measurement date.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

**Actuarial Assumptions** – 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	2.75%
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%

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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. 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%
U.S. 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%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.60% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

	<b>At 1% Decrease <u>(4.60%)</u></b>	<b>At Current Discount Rate <u>(5.60%)</u></b>	<b>At 1% Increase <u>6.60%</u></b>
TPAF Employer Number - 3024's Proportionate Share of the Net Pension Liability			
State of New Jersey's Proportionate Share of Net Pension Liability	\$ 29,390,628	\$ 24,923,759	\$ 21,217,668

**Pension Plan Fiduciary Net Position** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective Deferred Outflows of Resources	\$ 10,129,162,237	\$ 12,675,037,111
Collective Deferred Inflows of Resources	17,736,240,054	16,381,811,884
Collective Net Pension Liability	61,519,112,443	63,806,350,446
School District's portion	0.04051%	0.04154%

**C. Defined Contribution Retirement Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2018 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.



**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

**Note 9. Other Post-Retirement Benefits**

**General Information about the OPEB Plan**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits 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 Pensions. 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

**Basis of Presentation**

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey 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.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017. 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.

<b>Inflation Rate</b>	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
	based on years of service	based on years of service	based on years of service
Thereafter	1.55 - 3.05%	3.00 - 7.00%	Applied to all future years
	based on years of service	based on years of service	

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.

**OPEB Obligation and OPEB Expense** - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$17,130,789. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.041%, which was an increase of 0.0002% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$322,231 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**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%.

**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.

**Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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>June 30, 2019</b>		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 20,238,231	\$ 17,130,789	\$ 14,662,407
State of New Jersey's Total Nonemployer OPEB Liability	\$ 49,298,534,898	\$ 41,729,081,045	\$ 35,716,321,820

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	<b>June 30, 2019</b>		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 14,115,007	\$ 17,130,789	\$ 21,123,066
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820	\$ 41,729,081,045	\$ 51,453,912,586

\* See Healthcare Cost Trend Assumptions for details of rates.

	Deferred Outflows of	Deferred Inflows of
Change in Proportion Differences between Expected & Actual Experience	\$ 1,921,145,183	\$ (1,921,145,183)
Change in Assumptions	-	(10,484,965,300)
Contributions Made in Fiscal Year Year Ending 2019 After June 30, 2018 Measurement Date **	TBD	-
	\$ 1,921,145,183	\$ (20,887,639,826)

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Additional Information (continued):**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,		
2020	\$	(2,546,527,182)
2021		(2,546,527,182)
2022		(2,546,527,182)
2023		(2,546,527,182)
2024		(2,546,527,182)
Thereafter		(6,233,858,733)
	\$	(18,966,494,643)

**Plan Membership**

At June 30, 2018, the Program membership consisted of the following:

	June 30, 2018
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
	364,943

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

<b>Total OPEB Liability</b>	
Service Cost	\$ 1,734,404,850
Interest Cost	1,827,787,206
Difference Between Expected & Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Contributions: Member	37,971,171
Gross Benefit Payments	(1,280,958,373)
Net Change in Total OPEB Liability	(4,381,751,937)
Total OPEB Liability (Beginning)	46,110,832,982
Total OPEB Liability (Ending)	\$ 41,729,081,045
Total Covered Employee Payroll	13,929,083,479
Net OPEB Liability as a Percentage of Payroll	300%

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$933,605, \$327,887, \$346,350 and \$1,045, respectively.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 11. Risk Management**

The School 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.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 702	\$ 9,306	\$ 397	\$ 70,365
2018-2019	770	12,838	-	60,754
2017-2018	486	5,949	183	47,146

**Property and Liability Insurance** – The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Joint Insurance Pool** – The School District also participates in the School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property - Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers' Compensation
School Board Legal Liability	Comprehensive Crime Coverage

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 12. Contingencies (Continued)**

**Economic Dependency** – The School 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, could have an effect on the School District’s programs and activities.

**Note 13. Deferred Compensation**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable	Lincoln Investment Planning, Inc.	Valic Investments
The Legend Group	Security Benefit & Life	

**Note 14. Compensated Absences**

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District 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 School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2020, the liability for compensated absences reported was \$586,345.

**Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 15. Tax Abatements (Continued)**

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

**Note 16. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 was \$470,000.

**Note 17. Fund Balances**

**General Fund** – Of the \$2,760,496 General Fund fund balance at June 30, 2020, \$1,195,726 has been restricted for the Capital Reserve Account; \$326,449 has been restricted for the Maintenance Reserve Account; \$600,000 has been restricted for current year excess surplus; \$403,000 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$51,244 has been assigned and included as anticipated revenue for the year ending June 30, 2020; \$19,147 has been assigned for other purposes and \$164,930 has been unassigned.

**Note 18. Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$2,667,468 at June 30, 2020. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2020. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**Note 19. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 8, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the below have come to the attention of the School District that would require disclosure.

COVID-19 - has caused considerable economic damage to the New Jersey economy. As a result Governor Murphy decreased the originally appropriated school state aid by over \$335 million state wide for the 2020-2021 school year. The Hainesport Township School District's state aid was not reduced.

As the COVID-19 pandemic remains a fluid situation, outside of the reduction in state aid, it is not currently known what further economic challenges are ahead for local school districts.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210-000-000	\$ 8,397,549	\$ -	\$ 8,397,549	\$ 8,397,549	\$ -
Tuition from Individuals	10-1300-000-000	15,000	-	15,000	43,504	28,504
Unrestricted Miscellaneous Revenues	10-1000-000-000	12,000	-	12,000	52,938	40,938
Interest on Maintenance Reserve	10-1000-000-000	40	-	40	40	
Interest Earned on Capital Reserve	10-1000-000-000	200	-	200	200	-
<b>Total Local Sources</b>		<b>8,424,789</b>	<b>-</b>	<b>8,424,789</b>	<b>8,494,231</b>	<b>69,442</b>
<b>State Sources:</b>						
Transportation Aid	10-3121-000-000	137,699	-	137,699	137,699	-
Special Education Categorical Aid	10-3132-000-000	441,909	-	441,909	441,909	-
Equalization Aid	10-3176-000-000	604,261	-	604,261	604,261	-
Security Aid	10-3177-000-000	62,448	-	62,448	62,448	-
Non-Public Transportation Aid	10-xxx-000-000	-	-	-	10,877	10,877
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contribution		-	-	-	933,605	933,605
On-Behalf TPAF Post-Retirement Medical		-	-	-	346,350	346,350
On-Behalf TPAF Long Term Disability Insurance		-	-	-	1,045	1,045
Reimbursed TPAF Social Security		-	-	-	327,887	327,887
<b>Total State Sources</b>		<b>1,246,317</b>	<b>-</b>	<b>1,246,317</b>	<b>2,866,081</b>	<b>1,619,764</b>
<b>Federal Sources:</b>						
Medicaid Reimbursement	10-4200-000-000	24,152	-	24,152	15,463	(8,689)
<b>Total Federal Sources</b>		<b>24,152</b>	<b>-</b>	<b>24,152</b>	<b>15,463</b>	<b>(8,689)</b>
<b>Total Revenues</b>		<b>9,695,258</b>	<b>-</b>	<b>9,695,258</b>	<b>11,375,775</b>	<b>1,680,517</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Preschool	11-105-100-101	86,266	-	86,266	84,972	1,294
Kindergarten	11-110-100-101	193,015	-	193,015	192,684	331
Grades 1 - 5	11-120-100-101	1,235,179	(40,000)	1,195,179	1,175,155	20,024
Grades 6 - 8	11-130-100-101	919,217	62,500	981,717	979,844	1,873
<b>Home Instruction - Regular Programs:</b>						
Salaries of Teachers	11-150-100-101	13,000	-	13,000	345	12,655
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	151,687	36,668	188,355	142,872	45,483
<b>Purchased Professional -</b>						
<b>Educational Services</b>						
Other Purchased Services	11-190-100-500	90,000	40,000	130,000	89,139	40,861
Other Purchased Services	11-190-100-500	19,000	-	19,000	13,755	5,245
General Supplies	11-190-100-610	242,000	-	242,000	134,285	107,715
Textbooks	11-190-100-640	4,000	-	4,000	778	3,222
<b>Total Regular Programs</b>		<b>2,953,364</b>	<b>99,168</b>	<b>3,052,532</b>	<b>2,813,829</b>	<b>238,703</b>
<b>Special Education:</b>						
<b>Multiple Disabilities:</b>						
Salaries of Teachers	11-212-100-101	118,582	(118,582)	-	-	-
Other Salaries of Instruction	11-212-100-106	41,784	(41,784)	-	-	-
<b>Purchased Professional -</b>						
<b>Educational Services</b>						
General Supplies	11-212-100-320	6,000	-	6,000	-	6,000
General Supplies	11-212-100-610	2,000	-	2,000	957	1,043
<b>Total Multiple Disabilities</b>		<b>168,366</b>	<b>(160,366)</b>	<b>8,000</b>	<b>957</b>	<b>7,043</b>
<b>Resource Room / Resource Center:</b>						
Salaries of Teachers	11-213-100-101	1,022,764	51,082	1,073,846	1,047,168	26,678
<b>Purchased Professional -</b>						
<b>Educational Services</b>						
General Supplies	11-213-100-320	20,000	20,000	40,000	39,896	104

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
General Supplies	11-213-100-610	6,000	-	6,000	4,456	1,544
Total Resource Room/Resource Center		1,048,764	71,082	1,119,846	1,091,520	28,326
Total Special Education		1,217,130	(89,284)	1,127,846	1,092,477	35,369
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	140,229	(15,000)	125,229	74,360	50,869
Purchased Professional - Educational Services	11-230-100-320	3,000	-	3,000	-	3,000
General Supplies	11-230-100-610	1,500	-	1,500	549	951
Total Basic Skills/Remedial - Instruction		144,729	(15,000)	129,729	74,909	54,820
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	41,600	(3,000)	38,600	16,774	21,826
Other Objects	11-401-100-800	10,000	3,000	13,000	1,026	11,974
Total School Sponsored Cocurricular - Activities		51,600	-	51,600	17,800	33,800
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	30,000	-	30,000	26,600	3,400
Purchased Services(300-500 Series)	11-402-100-390	5,300	-	5,300	4,046	1,254
Supplies and Materials	11-402-100-600	3,000	-	3,000	1,638	1,362
Total School Sponsored Athletics - Instruction		38,300	-	38,300	32,284	6,016
Total - Instruction		4,405,123	(5,116)	4,400,007	4,031,299	368,708
Undistributed Expenditures						
Instruction:						
Tuition to Other LEAs Within State Special	11-000-100-562	66,782	(10,800)	55,982	38,700	17,282
Tuition to CSSD & Regional Day School	11-000-100-565	130,404	(2,500)	127,904	124,163	3,741
Tuition to Private Schools for Disabled Within the State	11-000-100-566	218,235	13,300	231,535	230,268	1,267
Total Undistributed Expenditures - Instruction		415,421	-	415,421	393,131	22,290
Health Services:						
Salaries	11-000-213-100	57,997	5,900	63,897	61,675	2,222
Purchased Professional & Technical Services	11-000-213-300	16,100	(2,140)	13,960	12,708	1,252
Supplies and Materials	11-000-213-600	5,000	(500)	4,500	3,236	1,264
Total Health Services		79,097	3,260	82,357	77,619	4,738
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	56,810	750	57,560	56,818	742
Supplies and Materials	11-000-216-600	1,200	-	1,200	524	676
Total Other Support Services - Students - Related Services		58,010	750	58,760	57,342	1,418

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Other Support Services - Students - Extraordinary Services:</b>						
Salaries	11-000-217-100	55,000	3,300	58,300	58,289	11
Purchased Professional & Educational Services	11-000-217-320	200,000	(750)	199,250	197,090	2,160
Supplies and Materials	11-000-217-600	2,100	-	2,100	426	1,674
<b>Total Other Support Services - Students - Extraordinary Services</b>		<b>257,100</b>	<b>2,550</b>	<b>259,650</b>	<b>255,805</b>	<b>3,845</b>
<b>Other Support Services - Students - Regular:</b>						
Salaries of Other Professional Staff	11-000-218-104	202,152	(2,400)	199,752	195,429	4,323
Supplies and Materials	11-000-218-600	5,300	-	5,300	643	4,657
<b>Total Other Support Services - Students - Regular</b>		<b>207,452</b>	<b>(2,400)</b>	<b>205,052</b>	<b>196,072</b>	<b>8,980</b>
<b>Other Support Services - Students - Special Services:</b>						
Salaries of Other Professional Staff	11-000-219-104	254,512	-	254,512	253,066	1,446
Salaries of Secretarial & Clerical Assistants	11-000-219-105	40,554	1,100	41,654	38,219	3,435
Purchased Professional - Educational Services	11-000-219-320	9,000	-	9,000	7,100	1,900
Other Purchased Services	11-000-219-500	700	-	700	69	631
Miscellaneous Purchased Services	11-000-219-592	3,500	-	3,500	2,646	854
Supplies and Materials	11-000-219-600	9,000	(1,960)	7,040	4,136	2,904
<b>Total Other Support Services - Students-Special Services</b>		<b>317,266</b>	<b>(860)</b>	<b>316,406</b>	<b>305,236</b>	<b>11,170</b>
<b>Improvement of Instruction Services:</b>						
Salaries of Supervisors of Instruction	11-000-221-102	82,194	-	82,194	82,194	-
Salaries of Other Professional Staff	11-000-221-104	6,000	-	6,000	-	6,000
Salaries of Secretarial & Clerical Assistants	11-000-221-105	1,000	-	1,000	-	1,000
Purchased Professional - Educational Services	11-000-221-320	30,000	(400)	29,600	16,760	12,840
Supplies and Materials	11-000-221-600	4,000	400	4,400	3,199	1,201
<b>Total Improvement of Instruction Services</b>		<b>123,194</b>	<b>-</b>	<b>123,194</b>	<b>102,153</b>	<b>21,041</b>
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	72,142	(16,504)	55,638	55,638	-
Salaries of Secretarial & Clerical Assistants	11-000-222-105	-	16,560	16,560	16,527	33
Purchased Professional & Technical Services	11-000-222-300	1,200	(56)	1,144	482	662
Other Purchased Services	11-000-222-500	14,000	-	14,000	6,975	7,025
Supplies and Materials	11-000-222-600	9,500	-	9,500	7,686	1,814
<b>Total Educational Media Services/School Library</b>		<b>96,842</b>	<b>-</b>	<b>96,842</b>	<b>87,308</b>	<b>9,534</b>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	138,447	1,232	139,679	139,455	224
Salaries of Secretarial & Clerical Assistants	11-000-230-105	59,136	-	59,136	59,136	-
Legal Services	11-000-230-331	35,000	(1,240)	33,760	8,961	24,799
Audit Services	11-000-230-332	24,000	(1,400)	22,600	20,999	1,601
Architectural/Engineering Services	11-000-230-334	4,000	8	4,008	4,005	3
Purchased Technical Services	11-000-230-340	23,000	-	23,000	22,951	49
Communications/Telephone	11-000-230-530	20,000	2,900	22,900	22,677	223
BOE Other Purchased Services	11-000-230-585	2,000	-	2,000	1,658	342
Other Purchased Services (400-500)	11-000-230-590	17,500	-	17,500	15,764	1,736
Supplies and Materials	11-000-230-600	-	-	-	-	-
General Supplies	11-000-230-610	8,000	(1,500)	6,500	5,556	944
BOE Membership Dues & Fees	11-000-230-895	5,100	-	5,100	5,071	29
<b>Total Support Services General Administration</b>		<b>336,183</b>	<b>-</b>	<b>336,183</b>	<b>306,233</b>	<b>29,950</b>
<b>Support Services School Administration:</b>						
Salaries of Other Professional Staff	11-000-240-104	88,909	-	88,909	88,909	-
Assistants	11-000-240-105	82,139	855	82,994	82,994	-
Salaries of Office Aides	11-000-240-106	6,583	-	6,583	6,583	-
Rentals	11-000-240-440	8,100	(855)	7,245	4,416	2,829
Other Purchased Services(400-500)	11-000-240-500	300	-	300	-	300
Travel	11-000-240-580	500	-	500	-	500
Supplies and Materials	11-000-240-600	2,500	-	2,500	1,669	831
<b>Total Support Services School Administration</b>		<b>189,031</b>	<b>-</b>	<b>189,031</b>	<b>184,571</b>	<b>4,460</b>
<b>Support Services Human Resources</b>						
Salaries	11-000-250-100	179,495	(1,115)	178,380	173,076	5,304
Rentals	11-000-250-440	6,500	(2,350)	4,150	2,976	1,174
Miscellaneous Purchased Services	11-000-250-592	1,200	-	1,200	-	1,200
Travel	11-000-250-580	1,000	1,115	2,115	1,798	317
Supplies and Materials	11-000-250-600	3,500	-	3,500	2,901	599
<b>Total Support Services Human Resources</b>		<b>191,695</b>	<b>(2,350)</b>	<b>189,345</b>	<b>180,751</b>	<b>8,594</b>
<b>Information Technology</b>						
Total Information Technology	11-000-251-330	85,000	2,350	87,350	84,975	2,375
<b>Total Central Services</b>		<b>85,000</b>	<b>2,350</b>	<b>87,350</b>	<b>84,975</b>	<b>2,375</b>
<b>Allowable Maintenance for School Facilities:</b>						
Cleaning, Repair & Maintenance Services	11-000-261-420	81,000	-	81,000	55,098	25,902
<b>Total Allowable Maintenance for School Facilities</b>		<b>81,000</b>	<b>-</b>	<b>81,000</b>	<b>55,098</b>	<b>25,902</b>
<b>Other Operation &amp; Maintenance of Plant:</b>						
Salaries	11-000-262-100	174,267	-	174,267	160,672	13,595
Salaries of Non-Instructional Aides	11-000-262-107	63,641	(3,000)	60,641	54,024	6,617
Cleaning, Repair, and Maintenance Services	11-000-262-420	134,412	4,286	138,698	130,880	7,818
Other Purchased Property Services	11-000-262-490	48,000	4,214	52,214	52,123	91
Insurance	11-000-262-520	46,000	(5,086)	40,914	40,733	181
Travel	11-000-262-580	500	-	500	125	375
General Supplies	11-000-262-610	57,600	9,586	67,186	65,852	1,334
Energy (Heat & Electricity)	11-000-262-622	190,000	(10,000)	180,000	153,516	26,484
<b>Total Other Operation &amp; Maintenance of Plant</b>		<b>714,420</b>	<b>-</b>	<b>714,420</b>	<b>657,925</b>	<b>56,495</b>



**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Student Transportation Services:						
Salaries of Non-Instructional Aid	11-000-270-107	3,369	3,634	7,003	5,187	1,816
Contracted Services (Between Home & School) - Vendors	11-000-270-511	250,177	(11,900)	238,277	228,994	9,283
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	10,500	-	10,500	6,756	3,744
Contracted Services (Between Home & School) - Joint Agreement	11-000-270-513	110,000	-	110,000	59,325	50,675
Contracted Services - ESC's & CTSA's - (Special Education Students) - Joint Agreements	11-000-270-515	108,000	11,900	119,900	119,838	62
Contracted Services (Aid in Lieu of Payments-Non Public)	11-000-270-503	26,000	(1,818)	24,182	19,085	5,097
Other Objects	11-000-270-800	12,000	-	12,000	6,310	5,690
<b>Total Student Transportation Services</b>		<b>520,046</b>	<b>1,816</b>	<b>521,862</b>	<b>445,495</b>	<b>76,367</b>
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	107,000	(1,065)	105,935	97,198	8,737
Other Retirement Contributions - PERS	11-000-291-241	90,000	(184)	89,816	82,363	7,453
Other Retirement Contributions - DCRP	11-000-291-249	2,500	1,249	3,749	3,749	-
Workmen's Compensation	11-000-291-260	69,000	(2,127)	66,873	57,788	9,085
Health Benefits	11-000-291-270	1,679,553	-	1,679,553	1,407,985	271,568
Tuition Reimbursements	11-000-291-280	24,499	287	24,786	24,786	-
Unused Sick Payments	11-000-291-299	15,825	-	15,825	15,824	1
Purchased Professional & Technical Services	11-000-291-320	-	1,840	1,840	1,712	128
<b>Total Unallocated Benefits</b>		<b>1,988,377</b>	<b>-</b>	<b>1,988,377</b>	<b>1,691,405</b>	<b>296,972</b>
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	933,605	(933,605)
On-Behalf TPAF Post-Retirement Medical		-	-	-	346,350	(346,350)
On-Behalf TPAF Long Term Disability Insurance		-	-	-	1,045	(1,045)
Reimbursed TPAF Social Security		-	-	-	327,887	(327,887)
<b>Total Undistributed Expenditures</b>		<b>5,660,134</b>	<b>5,116</b>	<b>5,665,250</b>	<b>6,690,006</b>	<b>(1,024,756)</b>
<b>Total Expenditures - Current Expense</b>		<b>10,065,257</b>	<b>-</b>	<b>10,065,257</b>	<b>10,721,305</b>	<b>(656,048)</b>
Capital Outlay:						
Equipment:						
Undistributed - Custodial Services	12-000-262-730	-	20,000	20,000	10,067	9,933
<b>Total Equipment</b>		<b>-</b>	<b>20,000</b>	<b>20,000</b>	<b>10,067</b>	<b>9,933</b>
Facilities Acquisition & Construction Services:						

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Assessment for Debt Service on SDA Funding	12-000-400-896	40,748	-	40,748	40,748	-
Interest Deposit to Capital Reserve	10-604	200	-	200	-	200
Interest Deposit to Capital Reserve	10-606	40	-	40	-	40
Total Facilities Acquisition & Construction Services		40,988	-	40,988	40,748	240
Total Capital Outlay		40,988	20,000	60,988	50,815	10,173
Special Schools:						
Summer School - Instruction:						
Salaries of Teachers	13-422-100-101	26,000	-	26,000	18,576	7,424
Total Special Schools		26,000	-	26,000	18,576	7,424
Total Expenditures		10,132,245	20,000	10,152,245	10,790,696	(638,451)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)		(436,987)	(20,000)	(456,987)	585,078	1,042,065
Fund Balances, July 1		2,271,365	-	2,271,365	2,271,365	-
Fund Balances, June 30		\$ 1,834,378	\$ (20,000)	\$ 1,814,378	\$ 2,856,443	\$ 1,042,065

**RECAPITULATION OF BUDGET TRANSFERS:**

Withdrawal from Maintenance Reserve	20,000
Total Budget Transfers	<u>\$ 20,000</u>

**RECAPITULATION OF FUND BALANCE**

<b>Restricted Fund Balance:</b>	
Capital Reserve	\$ 1,195,726
Maintenance Reserve	326,449
Current Year Excess Surplus	600,000
Excess Surplus Designated of Subsequent Year's Expenditures	403,000
<b>Assigned to:</b>	
Designated for Subsequent Year's Expenditures	51,244
Year End Encumbrances	19,147
<b>Unassigned Fund Balance</b>	<u>260,877</u>
Subtotal	2,856,443
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(95,947)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,760,496</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE 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>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
REVENUES:					
State Sources	\$ -	\$ -		\$ -	\$ -
Federal Sources	206,468	66,860	273,328	261,624	(11,704)
Local Sources	13,099	4,412	17,511	7,179	(10,332)
	<hr/>				
Total Revenues	219,567	71,272	290,839	268,803	(22,036)
	<hr/>				
EXPENDITURES:					
Instruction:					
Salaries of Teachers	72,363	7,691	80,054	80,054	-
Purchased Professional Technical Services	16,145	6,785	22,930	11,983	10,947
Tuition	123,213	18,356	141,569	141,569	-
General Supplies	7,846	7,477	15,323	4,234	11,089
Other Purchased Services	-	2,945	2,945	2,945	-
	<hr/>				
Total Instruction	219,567	43,254	262,821	240,785	22,036
	<hr/>				
Support Services:					
Personal Services - Employee Benefits	-	28,018	28,018	28,018	-
	<hr/>				
Total Support Services	-	28,018	28,018	28,018	-
	<hr/>				
Total Expenditures	219,567	71,272	290,839	268,803	22,036
	<hr/>				
Total Outflows	219,567	71,272	290,839	268,803	22,036
	<hr/>				
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 11,375,775	\$ 268,803
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	124,811	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(95,947)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 11,404,639</u>	<u>\$ 268,803</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 10,790,696</u>	<u>\$ 268,803</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 10,790,696</u>	<u>\$ 268,803</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST SEVEN FISCAL YEARS\***

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00801%	0.00776%	0.00828%	0.00822%	0.00864%	0.00975%	0.00963%
School District's proportionate share of the net pension liability \$	1,443,101 \$	1,527,333 \$	2,433,551 \$	1,939,329 \$	1,825,090 \$	1,939,329 \$	1,825,000
School District's covered payroll	\$ 589,045 \$	\$ 597,072 \$	\$ 581,363 \$	\$ 631,093 \$	\$ 635,047 \$	\$ 641,067 \$	\$ 631,057
School District's proportionate share of the net pension liability as a percentage of its covered payroll	244.99%	255.80%	418.59%	307.30%	287.39%	302.52%	289.20%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	56.31%	62.41%	58.70%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
 LAST SEVEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 77,904	\$ 77,158	\$ 76,661	\$ 81,000	\$ 72,996	\$ 74,274	\$ 80,361
Contributions in relation to the contractually required contribution	(77,904)	(77,158)	(76,661)	(81,000)	(72,996)	(74,274)	(80,361)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 598,963	\$ 589,045	\$ 597,072	\$ 581,363	\$ 631,093	\$ 635,047	\$ 641,067
Contributions as a percentage of covered payroll	13.01%	13.10%	12.84%	13.93%	11.57%	11.70%	12.54%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST SEVEN FISCAL YEARS\***

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	24,923,759	26,426,384	27,322,879	32,968,761	23,842,623	20,490,228	18,935,957
School District's covered payroll	\$ 4,564,055	\$ 4,488,241	\$ 4,438,531	\$ 4,306,207	\$ 4,429,511	\$ 4,327,511	Not Available
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST  
EMPLOYMENT BENEFITS (GASB 75)**

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**HAINESPORT BOARD OF EDUCATION**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)**  
**LAST THREE FISCAL YEARS\***

	2020	2019	2018
<b>District's Total OPEB Liability</b>			
Service Cost	\$ 731,187	\$ 865,196	\$ 1,046,507
Interest Cost	747,745	844,207	729,289
Difference between Expected & Actual Differences	(2,936,399)	(3,174,587)	-
Changes of Assumptions	255,421	(2,162,341)	(3,103,429)
Contributions: Member	15,588	17,414	19,580
Gross Benefit Payments	(525,864)	(503,858)	(531,735)
Net Change in District's Total OPEB Liability	(1,712,322)	(4,113,969)	(1,839,788)
District's Total OPEB Liability (Beginning)	18,843,111	22,957,080	24,796,868
District's Total OPEB Liability (Ending)	<u>\$ 17,130,789</u>	<u>\$ 18,843,111</u>	<u>\$ 22,957,080</u>
District's Covered Employee Payroll	\$ 5,153,100	\$ 5,085,313	\$ 5,019,894
District's Net OPEB Liability as a Percentage of Payroll	332%	371%	457%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

**Public Employees' 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.

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.



**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	IDEA PART B BASIC	IDEA PART B PRESCHOOL	TITLE I PART A	TITLE II PART A	TITLE IV	LOCKHEAD MARTIN DONATION GRANT	PBSIS GRANT	LOCAL SAFETY GRANT	TOTAL
Revenues:									
Federal Sources	\$ 141,569	\$ 9,197	\$ 98,875	\$ 9,983	\$ 2,000	\$ -	\$ -	\$ -	\$ 261,624
Local Sources	-	-	-	-	-	3,000	1,234	2,945	7,179
Total Revenues	\$ 141,569	\$ 9,197	\$ 98,875	\$ 9,983	\$ 2,000	\$ 3,000	\$ 1,234	\$ 2,945	\$ 268,803
Expenditures:									
Instruction:									
Salaries of Teachers	\$ -	\$ 6,813	\$ 73,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,054
Purchased Professional Technical Services				9,983	2,000				11,983
Tuition	141,569	-	-	-	-	-	-	-	141,569
Supplies	-	-	-	-	-	3,000	1,234	-	4,234
Other Purchased Services								2,945	2,945
Total Instruction	141,569	6,813	73,241	9,983	2,000	3,000	1,234	2,945	240,785
Support Services:									
Employee Benefits	-	2,384	25,634	-	-	-	-	-	28,018
Total Support Services	-	2,384	25,634	-	-	-	-	-	28,018
Total Expenditures	\$ 141,569	\$ 9,197	\$ 98,875	\$ 9,983	\$ 2,000	\$ 3,000	\$ 1,234	\$ 2,945	\$ 268,803

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F. Capital Projects Fund

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## G. Proprietary Funds

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Enterprise Funds

(See Exhibits B-4, B-5, B-6)

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

ASSETS	PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS		TOTAL
	SCHOLARSHIP TRUST	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 7,650	\$ 70,365	\$ 40,811	\$ 7,567	\$ 126,393
Total Assets	7,650	70,365	40,811	7,567	126,393
LIABILITIES					
Payroll Deductions Payable	-	-	-	7,567	7,567
Due to Student Groups	-	-	40,811	-	40,811
Total Liabilities	-	-	40,811	7,567	48,378
NET POSITION					
Held in Trust for Unemployment Claims	-	70,365	-	-	70,365
Held in Trust for Scholarships	7,650	-	-	-	7,650
Total Net Position	\$ 7,650	\$ 70,365	\$ -	\$ -	\$ 78,015

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	
Additions:			
Local Sources:			
Interest on Investments	\$ 22	\$ 702	\$ 724
Employee Withholdings	-	9,306	9,306
Total Additions	<u>22</u>	<u>10,008</u>	<u>10,030</u>
Deductions:			
Unemployment Compensation Claims	-	397	397
Scholarships	275	-	275
Total Deductions	<u>275</u>	<u>397</u>	<u>672</u>
Change in Net Position	(253)	9,611	9,358
Net Position, July 1	<u>7,903</u>	<u>60,754</u>	<u>68,657</u>
Net Position, June 30	<u>\$ 7,650</u>	<u>\$ 70,365</u>	<u>\$ 78,015</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	BALANCE JULY 1, <u>2019</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2020</u>
Hainesport School	\$ 37,581	\$ 27,141	\$ 23,911	\$ 40,811
Total Assets	<u>\$ 37,581</u>	<u>\$ 27,141</u>	<u>\$ 23,911</u>	<u>\$ 40,811</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

ASSETS	BALANCE JULY 1, <u>2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2020</u>
Cash & Cash Equivalents	\$ 4,253	\$ 6,005,615	\$ 6,002,301	\$ 7,567
Total Assets	<u>\$ 4,253</u>	<u>\$ 6,005,615</u>	<u>\$ 6,002,301</u>	<u>\$ 7,567</u>
<b>LIABILITIES</b>				
Net Payroll	\$ -	\$ 3,248,593	\$ 3,248,593	\$ -
Payroll Deductions & Withholdings	4,253	2,757,022	2,753,708	7,567
Total Liabilities	<u>\$ 4,253</u>	<u>\$ 6,005,615</u>	<u>\$ 6,002,301</u>	<u>\$ 7,567</u>

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## I. Long-Term Debt

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
JUNE 30, 2020**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2019</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2020</u>
2010 General Obligation Bonds	01/21/10	\$ 5,853,000				\$ 4,238,000	\$ -	\$ 4,238,000	\$ -
Refunding School Bond Series 2019	12/17/19	3,320,000	1/15/21	435,000	4.00%	-	3,320,000	-	3,320,000
			1/15/22	410,000	4.00%				
			1/15/23	385,000	4.00%				
			1/15/24	360,000	5.00%				
			1/15/25	335,000	5.00%				
			1/15/26	315,000	5.00%				
			1/15/27	290,000	5.00%				
			1/15/28	275,000	5.00%				
			1/15/29	265,000	5.00%				
			1/15/30	250,000	5.00%				
<b>Total</b>						<b>\$ 4,238,000</b>	<b>\$ 3,320,000</b>	<b>\$ 4,238,000</b>	<b>\$ 3,320,000</b>

Principal Payment	\$ 545,000
Refunded	<u>3,693,000</u>
<b>Total</b>	<b><u>\$ 4,238,000</u></b>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 704,060	\$ -	\$ 704,060	\$ 704,060	\$ -
State Sources:					
Debt Service Aid Type II	8,089	-	8,089	8,089	-
Miscellaneous	-	-	-	11,059	11,059
Total Revenues	<u>712,149</u>	<u>-</u>	<u>712,149</u>	<u>723,208</u>	<u>11,059</u>
Expenditures					
Regular Debt Service:					
Interest	167,149	-	167,149	93,112	74,037
Redemption of Principal	545,000	-	545,000	545,000	-
Total Expenditures	<u>712,149</u>	<u>-</u>	<u>712,149</u>	<u>638,112</u>	<u>74,037</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,096</u>	<u>85,096</u>
Other Financing Sources:					
Deferred Loss on Defeasance of Bonds	-	-	-	(75,999)	(75,999)
Premium - Refunding Bonds	-	-	-	540,022	540,022
Proceeds of Refunding Bonds	-	-	-	3,320,000	3,320,000
Deposit to Refunding Escrow	-	-	-	(3,784,023)	(3,784,023)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,096</u>	<u>85,096</u>
Fund Balance, July 1				<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,096</u>	<u>\$ 85,096</u>

**STATISTICAL SECTION (Unaudited)**

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

Note the the Exhibits are presented for the last ten fiscal years.

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 6,227,684	\$ 5,928,136	\$ 5,812,129	\$ 5,771,422	\$ 6,616,186	\$ 6,249,792	\$ 5,427,129	\$ 4,760,097	\$ 1,797,899	\$ (3,640,978)
Restricted	2,547,800	1,833,665	1,602,684	1,439,774	933,253	878,264	1,656,735	1,965,048	4,079,480	9,041,522
Unrestricted	(2,627,248)	(2,263,760)	(2,310,272)	(2,455,747)	(2,211,097)	(348,140)	(302,783)	(331,769)	(311,657)	(390,618)
<b>Total Governmental Activities</b>	<b>\$ 6,148,236</b>	<b>\$ 5,498,041</b>	<b>\$ 5,104,541</b>	<b>\$ 4,755,449</b>	<b>\$ 5,338,342</b>	<b>\$ 6,779,916</b>	<b>\$ 6,781,081</b>	<b>\$ 6,393,376</b>	<b>\$ 5,565,722</b>	<b>\$ 5,009,926</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 22,700	\$ 4,144	\$ 4,144	\$ 4,144	\$ 4,144	\$ 6,685	\$ 18,364	\$ 24,825	\$ 27,957	\$ 25,758
Unrestricted	44,629	77,065	62,162	30,146	21,295	22,383	16,048	21,537	30,816	45,836
<b>Total Business-Type Activities</b>	<b>\$ 67,329</b>	<b>\$ 81,209</b>	<b>\$ 66,306</b>	<b>\$ 34,290</b>	<b>\$ 25,439</b>	<b>\$ 29,068</b>	<b>\$ 34,412</b>	<b>\$ 46,362</b>	<b>\$ 58,773</b>	<b>\$ 71,594</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 6,250,384	\$ 5,932,280	\$ 5,816,273	\$ 5,775,566	\$ 6,620,330	\$ 6,256,477	\$ 5,445,493	\$ 4,784,922	\$ 1,825,856	\$ (3,615,220)
Restricted	2,547,800	1,833,665	1,602,684	1,439,774	933,253	878,264	1,656,735	1,965,048	4,079,480	9,041,522
Unrestricted	(2,582,619)	(2,186,695)	(2,248,110)	(2,425,601)	(2,189,802)	(325,757)	(286,735)	(310,232)	(280,841)	(344,782)
<b>Total District Net Position</b>	<b>\$ 6,215,565</b>	<b>\$ 5,579,250</b>	<b>\$ 5,170,847</b>	<b>\$ 4,789,739</b>	<b>\$ 5,363,781</b>	<b>\$ 6,808,984</b>	<b>\$ 6,815,493</b>	<b>\$ 6,439,738</b>	<b>\$ 5,624,495</b>	<b>\$ 5,081,520</b>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 3,054,614	\$ 3,079,526	\$ 2,980,043	\$ 2,857,986	\$ 2,943,711	\$ 2,965,800	\$ 2,856,967	\$ 2,844,048	\$ 2,712,862	\$ 3,006,838
Special Education	1,092,477	1,099,256	1,137,371	1,217,565	1,172,147	1,132,731	1,028,678	975,785	948,708	342,215
Other Instruction	124,993	188,129	174,878	91,307	160,167	134,794	130,141	117,169	90,950	1,045,373
Support Services:										
Tuition	393,131	252,968	348,837	283,851	297,399	304,022	126,004	109,621	180,687	40,606
Student & Instruction Related Services	1,109,553	1,150,199	1,064,010	1,000,082	1,009,453	928,369	1,018,276	929,005	864,118	842,708
General Administrative	490,804	488,576	531,146	516,250	448,435	493,919	464,490	469,545	470,951	606,213
Central Services	265,726	272,644	258,611	233,662	242,149	200,332	197,523	194,514	204,368	209,806
Plant Operations & Maintenance	739,791	756,707	750,928	740,755	650,118	616,837	591,871	637,909	684,113	690,863
Pupil Transportation	445,495	455,954	486,468	483,951	543,668	545,865	483,172	451,866	495,641	404,197
Unallocated Employee Benefits	1,976,358	2,398,793	1,554,700	3,633,489	3,156,437	2,262,327	2,405,015	2,223,838	2,084,430	2,135,543
On Behalf TPAF Pension and Social Security Contributions	1,799,002	1,869,368	3,670,066							
Special Schools	18,576	20,885	26,348	26,980	21,657	23,668	18,092	2,736	3,054	25,498
Interest & Other Charges	119,721	218,703	237,516	267,751	310,499	324,592	332,612	330,103	346,958	242,451
Reduction in Compensated Absences				52,987	36,125	(25,064)	(3,877)	(14,419)	7,749	(47,199)
Unallocated Depreciation	628,519	654,060	626,925	1,288,942	212,783	271,823	389,571	198,080	292,583	221,839
Cancellation of Prior Years										
Accounts Receivable						353,218				
Total Governmental Activities	12,258,760	12,905,768	13,847,847	12,695,558	11,204,748	10,533,233	10,038,535	9,469,800	9,387,172	9,766,951
Expenses										
Business-Type Activities:										
Food Service	163,963	199,717	197,776	194,930	205,561	214,444	244,464	249,694	250,631	242,376



**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Business-Type Activities Expense	163,963	199,717	197,776	194,930	205,561	214,444	236,703	244,464	249,694	250,631
Total District Expenses	\$ 12,422,723	\$ 13,105,485	\$ 14,045,623	\$ 12,890,488	\$ 11,410,309	\$ 10,747,677	\$ 10,275,238	\$ 9,714,264	\$ 9,636,866	\$ 10,017,582
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 2,390,036	\$ 2,930,243	\$ 3,950,474	\$ 2,386,047	\$ 1,946,361	\$ 210,049	\$ 220,489	\$ 255,956	\$ 246,661	\$ 261,175
Total Governmental Activities Program Revenues	2,390,036	2,930,243	3,950,474	2,386,047	1,946,361	210,049	220,489	255,956	246,661	261,175
Charges for Services:										
Food Service	98,331	152,613	149,761	138,524	137,525	141,098	153,668	167,297	176,660	185,569
Operating Grants & Contributions	50,855	60,944	60,527	65,216	64,390	67,994	71,069	64,733	59,774	63,995
Total Business-Type Activities Program Revenues	149,186	213,557	210,288	203,740	201,915	209,092	224,737	232,030	236,434	249,564
Total District Program Revenues	\$ 2,539,222	\$ 3,143,800	\$ 4,160,762	\$ 2,589,787	\$ 2,148,276	\$ 419,141	\$ 445,226	\$ 487,986	\$ 483,095	\$ 510,739
Net/(Expense)/Revenue:										
Governmental Activities	\$ (9,868,724)	\$ (9,975,525)	\$ (9,897,373)	\$ (10,309,511)	\$ (9,258,387)	\$ (10,323,184)	\$ (9,818,046)	\$ (9,213,844)	\$ (9,140,511)	\$ (9,505,776)
Business-Type Activities	(14,777)	13,840	12,512	8,810	(3,646)	(5,352)	(11,966)	(12,434)	(13,260)	(1,067)
Total Government-Wide Net Expense	\$ (9,883,501)	\$ (9,961,685)	\$ (9,884,861)	\$ (10,300,701)	\$ (9,262,033)	\$ (10,328,536)	\$ (9,830,012)	\$ (9,226,278)	\$ (9,153,771)	\$ (9,506,843)

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Revenues &amp; Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 8,397,549	\$ 8,077,033	\$ 7,860,580	\$ 7,530,541	\$ 7,256,722	\$ 7,025,828	\$ 6,952,443	\$ 6,934,825	\$ 6,804,063	\$ 6,588,096
Property Taxes Levied for Debt Service	704,060	747,858	790,862	592,643	760,687	812,081	799,167	788,941	731,242	506,624
Federal & State Aid Restricted	8,089	8,600	9,087							
Federal & State Aid Not Restricted	1,301,521	1,409,296	1,465,062	1,516,233	1,521,131	2,253,571	2,319,140	2,193,908	1,873,911	6,026,342
Tuition Charges	43,504	52,852	18,976	34,562	75,895	80,860	87,086	66,000	112,567	135,433
Investment Earnings	-	-	-	200	-	200	500	2,208	2,461	3,223
Miscellaneous	64,197	73,386	27,850	42,555	43,215	38,372	47,414	55,616	172,063	59,444
Adjustment to Capital Assets	-	-	-	9,884	-	140,715	-	-	-	-
Cancellation of Prior Years	-	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	-	1,000	-	-	-	-
<b>Total Governmental Activities</b>	<b>10,518,920</b>	<b>10,369,025</b>	<b>10,172,417</b>	<b>9,726,618</b>	<b>9,657,650</b>	<b>10,352,627</b>	<b>10,205,750</b>	<b>10,041,498</b>	<b>9,696,307</b>	<b>13,319,162</b>
Business-Type Activities:										
Miscellaneous	897	1,063	606	41	17	8	16	23	439	292
<b>Total Business-Type Activities</b>	<b>897</b>	<b>1,063</b>	<b>606</b>	<b>41</b>	<b>17</b>	<b>8</b>	<b>16</b>	<b>23</b>	<b>439</b>	<b>292</b>
<b>Total District-Wide</b>	<b>\$ 10,519,817</b>	<b>\$ 10,370,088</b>	<b>\$ 10,173,023</b>	<b>\$ 9,726,659</b>	<b>\$ 9,657,667</b>	<b>\$ 10,352,635</b>	<b>\$ 10,205,766</b>	<b>\$ 10,041,521</b>	<b>\$ 9,696,746</b>	<b>\$ 13,319,454</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 650,195	\$ 393,500	\$ 275,044	\$ (582,893)	\$ 399,263	\$ 29,443	\$ 387,704	\$ 827,654	\$ 555,796	\$ 3,813,386
Business-Type Activities	(13,880)	14,903	13,118	8,851	(3,629)	(5,344)	(11,950)	(12,411)	(12,821)	(775)
<b>Total District-Wide</b>	<b>\$ 636,315</b>	<b>\$ 408,403</b>	<b>\$ 288,162</b>	<b>\$ (574,042)</b>	<b>\$ 395,634</b>	<b>\$ 24,099</b>	<b>\$ 375,754</b>	<b>\$ 815,243</b>	<b>\$ 542,975</b>	<b>\$ 3,812,611</b>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 2,525,175	\$ 1,910,275	\$ 1,687,797	\$ 1,332,603	\$ 1,044,622	\$ 718,854	\$ 540,849	\$ 485,302	\$ 361,412	\$ 258,445
Assigned To	70,391	59,846	35,481	34,617	5,949	283,891	543,912	438,760	143,578	-
Unassigned	164,930	176,433	185,525	163,014	157,469	126,587	197,008	171,899	206,430	131,616
<b>Total General Fund</b>	<b>2,760,496</b>	<b>2,146,554</b>	<b>1,908,803</b>	<b>1,530,234</b>	<b>1,208,040</b>	<b>1,129,332</b>	<b>1,281,769</b>	<b>1,095,961</b>	<b>711,420</b>	<b>390,061</b>
All Other Governmental Funds:										
Committed To	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,090	\$ 1,868,283	\$ -
Assigned To	-	-	-	-	-	-	-	7,636	9,037	-
Restricted, Reported in:										
Capital Projects Fund	-	-	-	178,128	353,128	354,498	706,716	901,810	1,848,076	8,909,209
Debt Service Fund	85,096	-	641	723	281	3,296	3,990	340	6,302	23,423
<b>Total All Other Governmental Funds</b>	<b>\$ 85,096</b>	<b>\$ -</b>	<b>\$ 641</b>	<b>\$ 178,851</b>	<b>\$ 353,409</b>	<b>\$ 357,794</b>	<b>\$ 710,706</b>	<b>\$ 1,188,876</b>	<b>\$ 3,731,698</b>	<b>\$ 8,932,632</b>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Tax Levy	\$ 9,101,609	\$ 8,824,891	\$ 8,651,442	\$ 8,123,184	\$ 8,017,409	\$ 7,837,909	\$ 7,751,611	\$ 7,723,767	\$ 7,535,305	\$ 7,094,720
Tuition	43,504	52,852	18,976	34,562	75,895	80,860	87,086	66,000	112,567	135,433
Interest Earnings	240	200	-	-	-	200	500	2,208	2,461	3,223
Miscellaneous	71,176	81,040	42,517	42,755	43,215	38,372	47,414	55,616	172,063	59,444
State Sources	2,903,034	2,905,161	2,816,625	2,554,589	2,338,258	2,248,535	2,294,571	2,128,179	1,858,476	5,849,596
Federal Sources	277,087	281,638	280,107	227,429	230,612	215,085	245,058	321,685	262,096	437,921
<b>Total Revenue</b>	<b>12,396,650</b>	<b>12,145,782</b>	<b>11,809,667</b>	<b>10,982,519</b>	<b>10,705,389</b>	<b>10,420,961</b>	<b>10,426,240</b>	<b>10,297,455</b>	<b>9,942,968</b>	<b>13,580,337</b>
<b>Expenditures:</b>										
<b>Current Expense:</b>										
Regular Instruction	3,054,614	3,079,526	2,980,043	2,857,986	2,943,711	2,965,800	2,856,967	2,844,048	2,712,862	3,006,838
Special Education Instruction	1,092,477	1,099,256	1,137,371	1,217,565	1,172,147	1,132,731	1,028,678	975,785	948,708	342,215
Other Instruction	124,993	188,129	174,878	91,307	160,167	134,794	130,141	117,169	90,950	1,045,373
<b>Support Services:</b>										
Tuition	393,131	252,968	348,837	283,851	297,399	304,022	126,004	109,621	180,687	40,606
Student & Instruction Related Services	1,109,553	1,150,199	1,064,010	1,000,082	1,009,453	928,369	1,018,276	929,005	864,118	842,708
General Administrative Services	306,233	311,148	355,719	345,984	295,143	317,827	304,706	308,524	309,128	364,400
School Administrative Services	184,571	177,428	175,427	162,320	153,292	176,092	159,784	161,021	161,823	253,819
Central Services	265,726	272,644	258,611	233,662	242,149	200,332	197,523	194,514	204,368	209,806
Plant Operations & Maintenance	713,023	729,939	735,043	740,755	650,118	616,837	591,871	637,909	684,113	690,863
Pupil Transportation	445,495	455,954	486,468	483,951	543,668	545,865	483,172	451,866	495,641	404,197
Other Support Services	1,691,405	1,631,772	1,579,103	2,494,147	2,240,938	2,262,327	2,405,015	2,223,838	2,084,430	2,135,543
On Behalf TPAF Pension and Social Security Contributions	1,608,887	1,514,142	1,356,842							
Special Schools	18,576	20,885	26,348	26,980	21,657	23,668	18,092	2,736	3,054	25,498
Capital Outlay	10,067	226,835	237,864	48,694	58,125	87,911	506,212	2,616,484	5,239,350	822,442
<b>Debt Service:</b>										
Principal	545,000	570,000	595,000	595,000	570,000	605,167	578,262	551,448	499,763	453,160
Interest & Other Charges	133,860	227,847	245,697	252,599	273,099	294,107	313,899	331,768	343,548	149,834
<b>Total Expenditures</b>	<b>11,697,611</b>	<b>11,908,672</b>	<b>11,757,261</b>	<b>10,834,883</b>	<b>10,631,066</b>	<b>10,595,849</b>	<b>10,718,602</b>	<b>12,455,736</b>	<b>14,822,543</b>	<b>10,787,302</b>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	699,038	237,110	52,406	147,636	74,323	(174,888)	(292,362)	(2,158,281)	(4,879,575)	2,793,035
Other Financing Sources/(Uses):										
Proceeds from Bond Issuance	-	-	-	-	-	-	-	-	-	5,853,000
Cancellation of Prior Years Accounts Payable	-	-	-	-	-	1,000	-	-	-	-
Cancellation of Prior Years Accounts Receivable	-	-	-	-	-	(353,218)	-	-	-	-
Lease Purchase Agreement Transfers In	-	-	-	175,000	273	8	3,650	22,129	21,316	23,414
Transfers Out	-	-	-	(175,000)	(273)	(8)	(3,650)	(22,129)	(21,316)	(23,414)
Total Other Financing Sources/ (Uses)	-	-	-	-	-	(330,461)	-	-	-	5,853,000
Net Change in Fund Balance	\$ 699,038	\$ 237,110	\$ 52,406	\$ 147,636	\$ 74,323	\$ (505,349)	\$ (292,362)	\$ (2,158,281)	\$ (4,879,575)	\$ 8,646,035
Debt Service as a Percentage of Noncapital Expenditures	5.81%	6.83%	7.30%	7.86%	7.97%	8.56%	8.74%	8.98%	8.80%	6.05%

**HAINESPORT TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

<u>FISCAL</u> <u>YEAR</u> <u>ENDED</u> <u>JUNE 30,</u>	<u>INTEREST ON</u> <u>INVESTMENTS</u>	<u>TUITION</u>	<u>PRIOR YEAR</u> <u>REFUNDS</u>	<u>RENTAL OF</u> <u>FACILITIES</u>	<u>SALE OF</u> <u>SCHOOL</u> <u>BUSES</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2020	\$ 34,220	\$ 43,504	\$ -	\$ 7,925	\$ -	\$ 11,033	96,682
2019	36,320	52,852	-	11,156	-	25,710	126,038
2018	10,164	18,976	-	4,296	-	13,390	46,826
2017	3,140	34,562	-	4,244	-	25,383	67,329
2016	1,195	75,895	7,269	9,248	-	18,965	112,572
2015	1,195	80,860	7,269	9,248	-	13,194	111,766
2014	2,238	87,086	7,446	10,004	-	24,576	131,350
2013	2,284	66,000	23,218	5,938	-	21,261	118,701
2012	15,805	112,567	-	-	119,000	18,403	265,775
2011	13,661	135,433	5,664	5,988	-	9,806	170,552

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS**

YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2020	\$ 14,642,500	\$ 613,528,700	\$ 10,202,500	\$ 376,900	\$ 83,715,000	\$ 44,869,800	\$ 606,000	\$ 767,941,400	\$ 1,141,773	\$ 769,083,173	\$ 50,439,800	1.189	\$ 854,586,610
2019	14,910,600	613,779,200	10,202,500	366,200	83,084,700	44,869,800	606,000	767,819,000	1,232,395	769,051,395	49,121,600	1.184	845,779,885
2018	16,294,700	612,553,000	9,761,100	362,600	80,907,000	45,556,600	606,000	766,041,000	1,214,206	767,255,206	47,918,900	1.127	816,393,610
2017	17,416,700	606,105,200	8,740,600	346,600	81,110,600	46,460,900	606,000	760,786,600	1,268,178	762,054,778	47,501,300	1.084	797,836,073
2016	17,589,300	605,896,300	8,740,600	363,800	80,125,000	46,460,900	606,000	759,781,900	1,268,178	761,050,078	47,501,300	1.067	780,920,684
2015	14,931,100	608,153,200	7,841,800	361,800	81,808,400	47,825,200	606,000	761,527,500	1,271,371	761,053,271	47,121,600	1.051	780,765,445
2014	15,858,500	607,273,000	9,180,700	356,600	78,592,900	48,382,700	606,000	760,250,400	1,223,181	762,750,681	44,457,500	1.029	unavailable
2013	7,072,400	359,354,600	4,916,000	321,000	40,490,733	26,969,900	247,500	439,372,133	1,178,706	761,429,106	43,909,000	1.761	unavailable
2012	7,353,700	356,556,700	5,219,500	349,100	40,933,333	27,543,700	247,500	438,203,533	723,220	440,095,353	16,960,900	1.760	unavailable
2011	7,509,600	355,461,900	5,618,900	221,300	42,825,433	28,180,100	247,500	440,064,733	734,285	438,937,818	16,286,400	1.709	unavailable

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	HAINESPORT TOWNSHIP	REGIONAL SCHOOL	BURLINGTON COUNTY		
2020	1.089	0.100	1.189	0.354	0.498	0.439	2.480	
2019	1.084	0.100	1.184	0.349	0.475	0.439	2.447	
2018	1.026	0.103	1.129	0.355	0.445	0.431	2.360	
2017	1.004	0.080	1.084	0.354	0.430	0.430	2.298	
2016	0.927	0.140	1.067	0.316	0.412	0.455	2.250	
2015	0.951	0.100	1.051	0.330	0.355	0.391	2.127	
2014	0.849	0.180	1.029	0.315	0.338	0.394	2.076	
2013	1.581	0.180	1.761	0.502	0.559	0.709	3.531	
2012	1.580	0.180	1.760	0.499	0.543	0.746	3.548	
2011	1.587	0.122	1.709	0.491	0.525	0.761	3.486	

Source: Municipal Tax Collector

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO**

<u>TAXPAYER</u>	2020		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
DDRM Crossroads Plaza	\$ 14,475,000	1	1.69%
South Hainesport Industrial Trust	10,875,400	2	1.27%
Berry Drive, LLC	8,772,800	3	1.03%
Creek Crossing II, LLC	7,746,500	4	0.91%
Mt Laurel RD Limited Partnership	6,295,300	5	0.74%
Diamantis Children's Trust	4,135,900	6	0.48%
Hoppecke USA REM, LLC	3,279,100	7	0.38%
Hainesport Properties LLC	3,262,400	8	0.38%
Hainesport Industrial Park	3,201,000	9	0.37%
Hainesport Enterprises, Inc	3,143,800	10	0.37%
Total	<u>\$ 65,187,200</u>		<u>7.63%</u>

	2011		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Inland Southeast Hainesport	\$ 7,700,000	1	1.78%
Berry Drive, LLC	6,156,300	2	1.42%
Creek Crossing , LLC	4,533,500	3	1.05%
Mt. Laurel Road Limited Partnership	3,325,000	4	0.77%
Arrow International	2,531,800	5	0.58%
South Hainesport Industrial Trust	1,828,000	6	0.42%
White Cap Inc.	1,731,500	7	0.40%
Guiseppe Ventimiglia	1,639,100	8	0.38%
Creek Crossing , LLC	1,570,700	9	0.36%
Drenk Institute	1,338,500	10	0.31%
Total	<u>\$ 32,354,400</u>		<u>7.47%</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2020	\$ 9,101,609	\$ 9,101,609	100.00%
2019	8,824,891	8,824,891	100.00%
2018	8,651,442	8,651,442	100.00%
2017	8,239,914	8,239,914	100.00%
2016	8,123,184	8,123,184	100.00%
2015	7,837,909	7,837,909	100.00%
2014	7,751,611	7,751,611	100.00%
2013	7,723,767	7,723,767	100.00%
2012	7,535,305	7,535,305	100.00%
2011	7,094,720	7,094,720	100.00%

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

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			TOTAL <u>DISTRICT</u>	PERCENTAGE OF PERSONAL <u>INCOME</u>	<u>PER CAPITA</u>
	GENERAL OBLIGATION <u>BONDS</u>	CAPITAL <u>LEASES</u>				
2020	\$ 3,320,000	\$ -	\$ -	\$ 3,320,000	unavailable	unavailable
2019	4,238,000	-	-	4,238,000	unavailable	unavailable
2018	4,808,000	-	-	4,808,000	unavailable	unavailable
2017	5,403,000	-	-	5,403,000	unavailable	unavailable
2016	6,043,000	7,041	-	6,050,041	1.75%	106
2015	6,068,000	21,335	-	6,089,335	1.82%	110
2014	7,234,907	35,629	-	7,270,536	2.26%	138
2013	8,391,431	-	-	8,391,431	2.69%	164
2012	8,942,878	40,000	-	8,982,878	2.88%	177
2011	9,442,640	52,006	-	9,494,646	3.11%	191

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>DEDUCTIONS</u>	<u>NET GENERAL BONDED DEBT OUTSTANDING</u>	<u>PERCENTAGE OF NET VALUATION TAXABLE</u>	<u>PER CAPITA</u>
2020	\$ 3,320,000	\$ -	\$ 3,320,000	0.39%	Unavailable
2019	4,238,000	-	4,238,000	0.55%	Unavailable
2018	4,808,000	-	4,808,000	0.63%	Unavailable
2017	5,403,000	-	5,403,000	0.71%	Unavailable
2016	6,043,000	-	6,043,000	0.79%	Unavailable
2015	6,068,000	-	6,068,000	0.80%	110
2014	7,208,000	-	7,208,000	0.95%	136
2013	7,234,907	-	7,234,907	0.95%	141
2012	8,391,431	-	8,391,431	1.91%	165
2011	8,942,878	-	8,942,878	2.04%	180



**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2020**

<u>GOVERNMENTAL UNIT</u>	<u>NET DEBT (1)</u>	<u>TOWNSHIP PROPORTIONATE SHARE</u>	<u>NET DEBT ALLOCAED TO TOWNSHIP</u>
Hainesport Township	\$ 1,740,461	100.00%	\$ 1,740,461
Burlington County (2)	221,311,009	1.79%	3,961,467
Rancocas Valley Regional High School (3)	32,521,000	18.53%	6,027,489
Hainesport Township School District	3,320,000	100.00%	<u>3,320,000</u>
Total Direct & Overlapping Debt			<u>\$ 15,049,417</u>

(1) 2019 Annual Debt Statement

(2) County net debt is allocated as a proportion of the Township's share of the total 2019 Equalized Value, which is provided by the New Jersey Division of Taxation

(3) Regional high school net debt is allocated as a percentage of the Average Equalized Valuations of the municipalities within the regional high school district, which is provided by the Division of Local Government

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN YEARS**

	YEAR ENDING DECEMBER 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$ 25,111,747	\$ 24,668,677	\$ 24,233,631	\$ 23,827,099	\$ 23,516,820	\$ 23,368,427	\$ 23,757,219	\$ 24,652,707	\$ 25,604,732	\$ 26,698,346
Total Net Debt Applicable to Limit	3,320,000	4,808,000	5,403,000	6,043,000	6,043,000	6,068,000	7,208,000	7,813,169	8,391,431	8,942,878
Legal Debt Margin	\$ 21,791,747	\$ 19,860,677	\$ 18,830,631	\$ 17,784,099	\$ 17,473,820	\$ 17,300,427	\$ 16,549,219	\$ 16,839,538	\$ 17,213,301	\$ 17,755,468
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.22%	19.49%	22.30%	25.36%	25.70%	25.97%	30.34%	31.69%	32.77%	33.50%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Equalized Valuation Basis	
2019	\$ 850,863,254
2018	\$ 840,840,974
2017	\$ 819,470,475
	<u>\$ 2,511,174,703</u>
Average Equalized Valuation of Taxable Property	<u>\$ 837,058,234</u>
Debt Limit (3 % of Average Equalization Value)	\$ 25,111,747
Net Debt Applicable to Limit	<u>3,320,000</u>
Legal Debt Margin	<u>\$ 21,791,747</u>

SOURCE: Annual Debt Statement

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>YEAR</u>	<u>POPULATION</u> <sup>a</sup>	PERSONAL INCOME (THOUSANDS OF <u>DOLLARS</u> ) <sup>b</sup>	BURLINGTON COUNTY PER CAPITA <u>INCOME</u> <sup>c</sup>	UNEMPLOYMENT <u>RATE</u> <sup>d</sup>
2020	6,048	unavailable	unavailable	unavailable
2019	6,083	320,002,848	52,606	3.8%
2018	6,058	307,410,488	50,745	3.9%
2017	6,068	344,735,216	56,812	4.0%
2016	6,059	335,371,709	55,351	5.2%
2015	6,099	322,289,457	52,843	6.4%
2014	6,109	312,389,824	51,136	9.8%
2013	6,145	311,791,155	50,739	7.6%
2012	6,143	305,288,671	49,697	7.4%
2011	6,135	294,387,975	47,985	7.6%

Source: NJ Dept of Labor and Workforce Development

<sup>a</sup> NJ Dept of Labor & Workforce Development

<sup>b</sup> Based upon the Municipal population & per capita personal income presented.

<sup>c</sup> Provided by the NJ Department of Labor & Workforce Development

<sup>d</sup> Provided by the NJ Department of Labor & Workforce Development

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

	2020
	EMPLOYEES
Shop Rite Supermarket	180
PRN Medical Transport	150
Visiting Nurse	120
Hainesport Township School District	93
Tranquility Salon & Spa	70
Hainesport Auto & Truck Repair	53
Brother's Electric, Inc.	50
Classic Cars Nissan, Inc.	50
Center for Kidney Care & Renal	40
Perry Videx, LLC	40
Total	846

2011 Information was not available

Source: Burlington County Economic Development

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	37	39	39	39	39	40	45	43	40	49
Special Education	19	20	20	20	18	19	19	19	18	12
Other Special Education	1	1	1	1	2	2	1	1	1	4
Support Services:										
Student & Instruction Related Services	26	23	23	22	21	21	15	14	11	14
School Administrative Services	5	5	5	5	5	5	5	5	5	5
Business Administrative Services	3	3	3	3	3	3	3	3	4	4
Plant Operations & Maintenance	3	3	3	3	3	3	7	9	8	9
Pupil Transportation	-	-	-	-	-	-	0	0	0	3
<b>Total</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>93</b>	<b>91</b>	<b>93</b>	<b>95</b>	<b>94</b>	<b>87</b>	<b>100</b>

**Source:** District Personnel Records

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Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	JUNE 30, ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2020	566	\$ 11,008,684	\$ 19,450	2.58%	66	8.58:1	572.6	554.1	-4.63%	96.78%
2019	574	10,883,990	18,962	6.36%	60	10.45:1	624.0	581.0	-2.52%	95.51%
2018	627	10,678,700	17,828	10.11%	60	10.45:1	624.0	596.0	0.00%	95.51%
2017	627	10,151,729	16,191	2.31%	60	10.45:1	624.0	596.0	1.36%	95.51%
2016	628	9,938,590	15,826	3.61%	60	10.46:1	626.0	588.0	-2.00%	93.93%
2015	637	9,729,842	15,274	7.14%	59	11.80:1	639.0	600.0	-5.84%	93.90%
2014	674	9,608,664	14,256	5.24%	61	11.05:1	663.9	637.2	-2.09%	95.98%
2013	688	9,320,229	13,547	4.97%	59	11.66:1	672.3	650.8	-2.69%	96.80%
2012	694	8,956,036	12,905	3.36%	57	12.18:1	697.3	668.8	-0.07%	95.91%
2011	700	8,739,882	12,486	-9.68%	57	12.28:1	700.2	669.3	8.09%	95.59%

**Sources:** 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).

**HAINESPORT TOWNSHIP BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary Schools:										
Hainesport Elementary (1925):										
Square Feet	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782
Capacity (Students)	636	636	636	636	636	636	636	636	636	636
Enrollment	566	574	627	628	637	674	688	694	700	699

Number of Schools at June 30, 2020:  
Elementary = 1

Source: District Facilities Office

**HAINESPORT TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

SCHOOL FACILITIES	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Hainesport Elementary	\$ 55,098	\$ 52,497	\$ 53,326	\$ 72,169	\$ 53,384	\$ 59,434	\$ 66,499	\$ 26,850	\$ 72,581	\$ 60,240

\* 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

**HAINESPORT TOWNSHIP BOARD OF EDUCATION  
INSURANCE SCHEDULE  
June 30, 2020**

	COVERAGE	SELF-INSURED RETENTION	DEDUCTIBLE
School Package Policy - Utica National Insurance Company:			
Building & Contents (All Locations)			
Limits of Liability per Occurrence	\$ 23,717,698	\$ -	\$ 1,000
General Liability	3,000,000	-	-
Flood	25,000	-	-
Automobile Liability	1,000,000	-	1,000
Crime Coverage	100,000	-	-
Inland Marine	30,000	-	250
Umbrella Liability	10,000,000	10,000	-
New Jersey School Boards Association:			
Workers' Compensation	2,000,000	-	-
The Maskin Group:			
Student Accident	1,000,000	-	-
New Jersey School Boards Association:			
Surety Bonds:			
Treasurer	200,000	-	-
Board Secretary	300,000	-	-

Source: District records.

**SINGLE AUDIT SECTION**

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Certified Public Accountants & Advisors

EXHIBIT K-1

**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**

Honorable President and Members  
of the Board of Education  
Hainesport Township School District  
County of Burlington  
Hainesport, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hainesport Township School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Hainesport Township School District's basic financial statements, and have issued our report thereon dated January 8, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hainesport Township School District'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 on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hainesport Township School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally  
Certified Public Accountant  
Public School Accountant, No. 2616

Medford, New Jersey  
January 8, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB  
CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
Hainesport Township School District  
County of Burlington  
Hainesport, New Jersey

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

We have audited the Hainesport Township School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2020. The Hainesport Township School District'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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Hainesport Township School District'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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Hainesport Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

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

Management of the Hainesport Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District'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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB's 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 School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally  
Certified Public Accountant  
Public School Accountant, No. 2616

Medford, New Jersey  
January 8, 2021

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HAINESPORT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	(ACCOUNTS RECEIVABLE)	BALANCE, JUNE 30, 2020 DUE TO GRANTOR	UNEARNED REVENUE				
93.778	2005N5MAP	100-054-7540-211	\$ 15,463	7/1/19-6/30/20	\$ -	\$ 15,463	\$ (15,463)	\$ -	\$ -	\$ -	\$ -	\$ -				
<b>U.S. Department of Health and Human Services</b>																
Passed Through New Jersey Department of Human Services: Medical Assistance Program (SEM)																
<b>Total U.S. Department of Health and Human Services</b>																
<b>U.S. Department of Agriculture</b>																
Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster:																
10.555	201N304N1099	100-010-3350-026	35,239	7/1/19-6/30/20	-	34,652	(35,239)	-	-	(687)	-	-				
10.555	191N304N1099	100-010-3350-026	44,530	7/1/18-6/30/19	(3,051)	3,051	-	-	-	-	-	-				
10.555	201N304N1099	100-010-3350-026	2,012	7/1/19-6/30/20	-	2,000	(2,012)	-	-	(12)	-	-				
10.555	191N304N1099	100-010-3350-026	2,537	7/1/18-6/30/19	(174)	174	-	-	-	-	-	-				
10.555	201N304N1099	Unavailable	8,171	7/1/19-6/30/20	3,433	13,003	(8,171)	-	-	-	-	4,832				
10.555	191N304N1099	Unavailable	8,981	7/1/18-6/30/19	-	(3,433)	-	-	-	-	-	-				
Total Child Nutrition Cluster																
Total U.S. Department of Agriculture																
<b>U.S. Department of Education</b>																
Passed Through New Jersey Department of Education: I.D.E.A. Part B (Special Education Cluster)																
84.027	H027A190100	100-034-5065-016	141,569	7/1/19-6/30/20	-	141,569	(141,569)	-	-	-	-	-				
84.173	H173A190114	100-034-5065-020	9,197	7/1/19-6/30/20	-	9,197	(9,197)	-	-	-	-	-				
Total Special Education Cluster																
No Child Left Behind (N.C.L.B.):																
84.010	S010A190030	100-034-5064-194	101,940	7/1/19-6/30/20	-	75,472	(98,875)	-	-	(23,403)	-	-				
84.010	S010A180030	100-034-5064-194	90,454	7/1/18-6/30/19	(11,843)	11,843	-	-	-	-	-	-				
Title II - Part A, Supporting Effective Instruction																
84.367A	S367A190029	100-034-5063-290	12,629	7/1/19-6/30/20	-	9,983	(9,983)	-	-	-	-	-				
84.367A	S367A180029	100-034-5063-290	13,615	7/1/18-6/30/19	(275)	275	-	-	-	-	-	-				
Title IV - Student Support and Academic Enrichment																
84.424A	S424A190031	100-034-5063-348	2,000	7/1/19-6/30/20	-	2,000	(2,000)	-	-	-	-	-				
Total U.S. Department of Education																
<b>Total Expenditures of Federal Awards</b>																
											\$ (11,910)	\$ 318,682	\$ (325,942)	\$ (24,002)	\$ -	\$ 4,832

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

HAINESPORT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANTOR/PROGRAM/TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE, JUNE 30, 2020		MEMO	
							ACCOUNTS RECEIVABLE	UNEARNEED REVENUE	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>New Jersey Department of Education:</b>										
General Fund:										
State Aid Public:										
Equalization Aid	495-034-5120-078	\$ 604,261	7/1/19-6/30/20	\$ -	\$ 604,261	\$ (604,261)	\$ -	\$ -	\$ 46,519	\$ 604,261
Security Aid	495-034-5120-084	62,448	7/1/19-6/30/20	-	62,448	(62,448)	-	-	4,807	62,448
Special Education Categorical Aid	495-034-5120-089	441,909	7/1/19-6/30/20	-	441,909	(441,909)	-	-	34,020	441,909
Total State Aid Public					1,108,618	(1,108,618)	-	-	85,346	1,108,618
Transportation Aid	495-034-5120-014	137,699	7/1/19-6/30/20	-	137,699	(137,699)	-	-	10,601	137,699
Additional Nonpublic School Transportation Aid	495-034-5120-014	10,877	7/1/19-6/30/20	(16,938)	-	(10,877)	(10,877)	-	-	10,877
Additional Nonpublic School Transportation Aid	495-034-5120-014	16,938	7/1/18-6/30/19	(34,306)	16,938	-	-	-	-	-
Extraordinary Aid	495-034-5120-044	34,306	7/1/18-6/30/19	-	34,306	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	100-034-5094-003	327,887	7/1/19-6/30/20	-	311,612	(327,887)	(16,275)	-	-	327,887
TPAF - Post Retirement										
Medical (Noncash Assistance)	495-034-5094-001	346,350	7/1/19-6/30/20	-	346,350	(346,350)	-	-	-	346,350
TPAF Pension										
Contributions (Noncash Assistance)	495-034-5094-002	933,605	7/1/19-6/30/20	-	933,605	(933,605)	-	-	-	933,605
TPAF Pension - Long Term Disability										
Insurance (Noncash Assistance)	495-034-5094-004	1,045	7/1/19-6/30/20	-	1,045	(1,045)	-	-	-	1,045
Total General Fund				(51,244)	2,890,173	(2,866,081)	(27,152)	-	95,947	2,866,081
Debt Service Fund:										
School Construction Debt Service Aid	495-034-5120-075	8,089	7/1/19-6/30/20	-	8,089	(8,089)	-	-	-	8,089
Total Debt Service Fund					8,089	(8,089)	-	-	-	8,089
<b>New Jersey Department of Agriculture:</b>										
Enterprise Fund:										
National School Lunch Program	100-010-3350-023	2,000	7/1/19-6/30/20	-	1,470	(2,000)	(530)	-	-	2,000
National School Lunch Program	100-010-3350-023	2,168	7/1/18-6/30/19	(149)	149	-	-	-	-	-
Total Enterprise Fund				(149)	1,619	(2,000)	(530)	-	-	2,000
<b>Total State Financial Assistance</b>				(51,393)	2,899,881	(2,876,170)	(27,682)	\$ -	\$ 95,947	2,876,170
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
TPAF - Post Retirement										
Medical (Noncash Assistance)	495-034-5094-001	346,350	7/1/19-6/30/20	-	-	-	-	-	\$ 346,350	-
TPAF Pension										
Contributions (Noncash Assistance)	495-034-5094-002	933,605	7/1/19-6/30/20	-	-	-	-	-	933,605	-
TPAF Pension - Long Term Disability										
Insurance (Noncash Assistance)	495-034-5094-004	1,045	7/1/19-6/30/20	-	-	-	-	-	1,045	-
<b>Total State Financial Assistance subject to Calculation for Major Program Determination</b>									\$ (1,595,170)	

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



**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Hainesport Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of 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*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2020. 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.

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

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 3. Relationship to Basic Financial Statements (continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$28,864 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 15,463	\$ 2,894,945	\$ 2,910,408
Special Revenue Fund	261,624	-	261,624
Debt Service Fund	-	8,089	8,089
Food Service Fund	48,855	2,000	50,855
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 325,942</u>	<u>\$ 2,905,034</u>	<u>\$ 3,230,976</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. Federal and State Loans Outstanding**

The Hainesport Township School District had no loan balances outstanding at June 30, 2020.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?        yes   X   no

2) Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

**SECTION IS N/A - NOT REQUIRED**

Internal control over major programs:

1) Material weakness(es) identified?        yes        no

2) Significant deficiency(ies) identified?        yes        none reported

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

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?        yes        no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee?        yes        no

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Section I - Summary of Auditor's Results (continued)**

**State Financial Assistance**

Dollar threshold used to determine Type A programs \$750,000.00

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Auditee qualified as low-risk auditee?  X  yes      no

Internal control over major programs:

1) Material weakness(es) identified?      yes  X  no

2) Significant deficiency(ies) identified?      yes  X  no

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

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Any audit findings disclosed that are required to be reported  
in accordance with New Jersey OMB's Circular 15-08?      yes  X  no

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid Public: Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-089	Special Education Categorical Aid

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, 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.

**FEDERAL AWARDS**

N/A – Federal single audit not required

**STATE FINANCIAL ASSISTANCE**

None

**HAINESPORT TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, 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.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.