

**SCHOOL DISTRICT OF
HAINESPORT TOWNSHIP**

HAINESPORT BOARD OF EDUCATION
Hainesport, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HAINESPORT TOWNSHIP BOARD OF EDUCATION

HAINESPORT, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by

**Hainesport Township Board of Education
Finance Department**

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INTRODUCTORY SECTION

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211 Broad Street, P.O. Box 538
Hainesport, NJ 08036
(609) 267-1316
Fax: (609) 702-0142

Superintendent's Office
Ext. 203

Chief School Administrator
Dr. Joseph S. Campisi

Secretary
Cora Schiers

Main Office
Ext. 201

Assistant Principal
Christopher Butler

Secretary
Margaret Futtly

Secretary
Nancy Rivera

Business Office
Ext. 215

Business Administrator
Nicholas Bice

Assistant to BA
Pat Gwynne

Office Clerk
Christy Eckert

Child Study Team Office
Ext. 209

Assistant Principal of Special Services & Projects
Christopher Giannotti

Secretary
Meryl Pellicore

Facility Manager's Office
Ext. 180

Facility Manager
Jules Krause

Guidance Office
Ext. 239 & 140

Counselors
Patricia Schanely
Rose Wenz

November 20, 2014

Honorable President and
Members of the Board of Education
Township of Hainesport School District
County of Burlington
Hainesport, New Jersey 08036

Dear President and Members:

The comprehensive annual financial report of the Hainesport Township School District for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** Hainesport Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Hainesport Township Board of Education and its school constitute the district's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre K through 8. These include regular and disabled youngsters. The District completed the 2013-14 fiscal year with an enrollment of 674 students. The following details the changes in the student enrollment of the District over the last five years.

AVERAGE DAILY ENROLLMENT

| Fiscal Year | Student Enrollment | Percent Change |
|----------------|-----------------------|-------------------|
| 2013-2014 | 674 | -2.03% |
| 2012-2013 | 688 | -0.86% |
| 2011-2012 | 694 | -0.86% |
| 2010-2011 | 700 | 0.57% |
| 2009-2010 | 696 | 3.41% |

- 2) **ECONOMMIC CONDITION AND OUTLOOK:** The economy, although somewhat improved, continues to be troublesome for many of our residents. There is no definitive 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 slight decline in the student population from last year to the current year.
- 3) **MAJOR INITIATIVES:** The Hainesport Township School District has focused on increasing student achievement through the advancement of technology. Through an Administration and Board of Education commitment, the district is working toward a 1:1 ChromeBook Initiative in grades 3-8 to meet the 21st century needs of 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 is also implementing Google Apps for Education (GAFE), an integrated communication and collaboration solution. GAFE will 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 embarked on a strategic planning project known as the Hainesport Township School District Vision 2019. The goal of the project is to conduct a strategic 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.
- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital

improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
- 7) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 8) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
- 9) **OTHER INFORMATION:** State statutes require an annual audit by an independent certified public accountant. The accounting firm of Holman Frenia Allison, Certified Public Accountants, was selected by the Board. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- 10) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Hainesport Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of Hainesport School District and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Dr. Joseph S. Campisi
Chief School Administrator

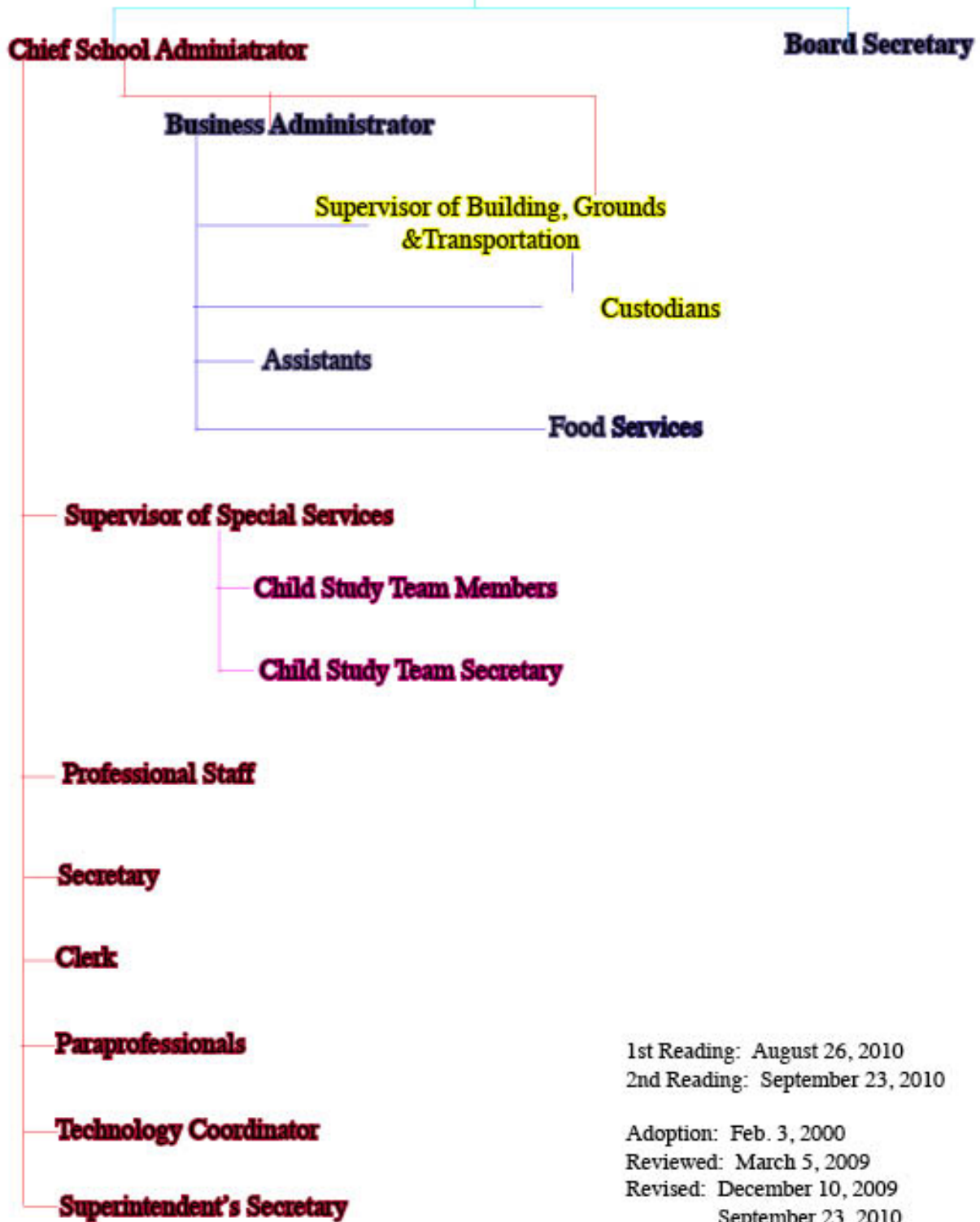


Nicholas Bice
Board Secretary/Business Administrator

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Organizational Chart

Board of Education



1st Reading: August 26, 2010
2nd Reading: September 23, 2010

Adoption: Feb. 3, 2000
Reviewed: March 5, 2009
Revised: December 10, 2009
September 23, 2010

HAINESPORT TOWNSHIP BOARD OF EDUCATION
211 Broad Street
Hainesport, New Jersey 08036

ROSTER OF OFFICIALS
JUNE 30, 2014

| MEMBERS OF THE BOARD OF EDUCATION | TERM EXPIRES |
|--|---------------------|
| Michael Morelli, President | 2014 |
| Mary Jean Kneringer, Vice President | 2015 |
| Jason Cardonick | 2016 |
| Rosa Guilardi | 2015 |
| Sherrie Hemingway | 2016 |
| David Katz | 2016 |
| Keith Peacock | 2014 |
| Peter Scarpati | 2015 |
| Jonathan Soltesz | 2014 |

OTHER OFFICIALS

Dr. Joseph S. Campisi, Chief School Administrator
Nicholas Bice, Board Secretary/Business Administrator
Sharon Deviney, Treasurer
Capehart & Scatchard, Solicitor

HAINESPORT TOWNSHIP BOARD OF EDUCATION
211 Broad Street
Hainesport, New Jersey 08036

CONSULTANTS AND ADVISORS

AUDIT FIRM

Holman Frenia Allison, P. C.
Kevin P. Frenia, CPA, PSA
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
Mount Laurel, New Jersey 08054

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hainesport Township School District
County of Burlington
Hainesport, New Jersey 08036

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 Board of Education, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 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.

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 Board of Education, County of Burlington, State of New Jersey, as of June 30, 2014, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2014 the District adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as presented 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 Board of Education's basic financial statements. The accompanying introductory section, comparative totals for June 30, 2013, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules and the accompanying Schedule of Expenditures of State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

such information directly to the underlying accounting 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 financial statements, long-term debt schedules and the accompanying Schedule of Expenditures of State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section, comparative totals for June 30, 2013, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no 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 November 20, 2014 on our consideration of the Hainesport Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hainesport Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 20, 2014

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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, 2014

UNAUDITED

As management of the Board of Education of the Hainesport Township, 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, 2014. 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.

Financial Highlights

The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$6,779,916 (net position).

Governmental activities have an unrestricted net position deficit of \$348,140. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable, the capital improvement program and the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.

The total net position of the School District decreased by \$6,509, or a 0.10% decrease from the prior fiscal year-end balance.

Fund balance of the School District's governmental funds decreased by \$1,165.

Business-type activities have unrestricted net position of \$22,383 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Services Program).

The School District's long-term obligations decreased by \$615,728 which, is the result of current year payments on existing debt obligations and capital leases payable.

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) District-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.

District-wide Financial Statements

The *district-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 district-wide financial statements include the statement of net position and the statement of net activities.

District-wide Financial Statements (continued):

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities 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 district-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.

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 district-wide financial statements. However, unlike the district-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 district-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 district-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.

Fund Financial Statements (continued):

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

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.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2014. Long-term liabilities, such as long-term obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2014.

The assets of the primary government activities exceeded liabilities by \$6,779,916 with an unrestricted deficit balance of \$348,140. As mentioned earlier, deficit unrestricted net position are primarily due to accounting treatment for compensated absences payable, the capital improvement program, accrued interest payable, the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The net position of the primary government do not include internal balances.

A net investment of \$6,249,792 in land, improvements, buildings, equipment and vehicles provide services to the School District's students. Net position of \$530,124 has been restricted as follows:

| | |
|----------------|--------------|
| Other Purposes | \$ 1,002,745 |
| Unrestricted | (348,140) |
| Debt services | (124,481) |

**Hainesport Township School District
Comparative Summary of Net Position
As of June 30, 2014 and 2013**

| | Governmental Activities | | Business-Type Activities | | District-Wide | |
|-------------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | Assets: | | | | | |
| Current Assets | \$ 1,534,649 | \$ 2,217,707 | \$ 22,383 | \$ 16,048 | \$ 1,557,032 | \$ 2,233,755 |
| Capital Assets | 13,117,799 | 13,209,690 | 6,685 | 18,364 | 13,124,484 | 13,228,054 |
| Total Assets | 14,652,448 | 15,427,397 | 29,068 | 34,412 | 14,681,516 | 15,461,809 |
| Liabilities: | | | | | | |
| Current Liabilities | 175,300 | 333,356 | - | - | 175,300 | 333,356 |
| Noncurrent Liabilities | 7,697,232 | 8,312,960 | - | - | 7,697,232 | 8,312,960 |
| Total Liabilities | 7,872,532 | 8,646,316 | - | - | 7,872,532 | 8,646,316 |
| Net Position | 6,779,916 | 6,781,081 | 29,068 | 34,412 | 6,808,984 | 6,815,493 |
| Net Position Consists of: | | | | | | |
| Net Investment in Capital Assets | 6,249,792 | 5,427,129 | 6,685 | 18,364 | 6,256,477 | 5,445,493 |
| Restricted Net Position | 878,264 | 1,656,735 | - | - | 878,264 | 1,656,735 |
| Unrestricted Net Position/(Deficit) | (348,140) | (302,783) | 22,383 | 16,048 | (325,757) | (286,735) |
| Net Position | \$ 6,779,916 | \$ 6,781,081 | \$ 29,068 | \$ 34,412 | \$ 6,808,984 | \$ 6,815,493 |

Governmental Activities

Governmental activities decreased the net position of the School District by \$1,165 during the current fiscal year. This represents a \$388,870 decrease in the change in net position from the prior fiscal year. Key elements of the decrease in change in net position for governmental activities are as follows:

| | |
|--|-------------|
| Cancellation of Prior Year Accounts Receivable | \$(353,218) |
|--|-------------|

Business-type Activities

Business Type activities decreased the School District's net position by \$5,344.

**Hainesport Township School District
Comparative Schedule of Changes in Net Position
As of June 30, 2014 and 2013**

| | Governmental Activities | | Business-Type Activities | | District-Wide | |
|--|-------------------------|-------------------|-----------------------------|----------------|-------------------|-------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ - | \$ - | \$ 141,098 | \$ 153,668 | \$ 141,098 | \$ 153,668 |
| Operating Grants & Contributions | 210,049 | 220,489 | 67,994 | 71,069 | 278,043 | 291,558 |
| General Revenues: | | | | | | |
| Property Taxes | 7,837,909 | 7,751,611 | - | - | 7,837,909 | 7,751,611 |
| State Aid | 2,253,571 | 2,319,140 | - | - | 2,253,571 | 2,319,140 |
| Tuition | 80,860 | 87,086 | - | - | 80,860 | 87,086 |
| Other Revenues | 180,087 | 47,914 | 8 | 16 | 180,095 | 47,930 |
| Total Revenues | 10,562,476 | 10,426,240 | 209,100 | 224,753 | 10,771,576 | 10,650,993 |
| Expenses | | | | | | |
| Governmental Activities | | | | | | |
| Instruction | 4,233,325 | 4,015,786 | - | - | 4,233,325 | 4,015,786 |
| Tuition | 304,022 | 126,004 | - | - | 304,022 | 126,004 |
| Related Services | 928,369 | 1,018,276 | - | - | 928,369 | 1,018,276 |
| Administrative Services | 694,251 | 662,013 | - | - | 694,251 | 662,013 |
| Operations & Maintenance | 616,837 | 591,871 | - | - | 616,837 | 591,871 |
| Transportation | 545,865 | 483,172 | - | - | 545,865 | 483,172 |
| Unallocated Benefits | 2,262,327 | 2,405,015 | - | - | 2,262,327 | 2,405,015 |
| Special Schools | 23,668 | 18,092 | - | - | 23,668 | 18,092 |
| Interest on Long-Term Debt | 324,592 | 332,612 | - | - | 324,592 | 332,612 |
| Other | 599,977 | 385,694 | - | - | 599,977 | 385,694 |
| Business-Type Activities | | | | | | |
| Food Service Operations | - | - | 214,444 | 236,703 | 214,444 | 236,703 |
| Total Expenses | 10,533,233 | 10,038,535 | 214,444 | 236,703 | 10,747,677 | 10,275,238 |
| Increase (Decrease) in Net Position Before Transfers | 29,243 | 387,705 | (5,344) | (11,950) | 23,899 | 375,755 |
| Changes in Net Position | 29,243 | 387,705 | (5,344) | (11,950) | 23,899 | 375,755 |
| Net Position July 1, (restated) | 6,750,473 | 6,393,376 | 34,412 | 46,362 | 6,784,885 | 6,439,738 |
| Net Position June 30, | \$ 6,779,716 | \$ 6,781,081 | \$ 29,068 | \$ 34,412 | \$ 6,808,784 | \$ 6,815,493 |

Financial Analysis of the Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Financial Analysis of the Governmental Funds (continued):

Governmental Funds – The focus of the School District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District’s financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$1,487,126 a decrease of \$505,349 in comparison with the prior year. This decrease is the result of the collection of the SDA grant receivable from the state in the capital projects fund.

The unassigned fund balance for the School District at the end of the fiscal year includes the General Fund of \$126,587. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) restricted cash reserved for future capital outlay expenditures (\$215,900); 2) excess surplus (\$321,755); 3) capital projects (\$354,498); 4) debt service (\$3,296); and 5) appropriated as a revenue source in the subsequent year’s budget (\$465,090).

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the deficit unassigned fund balance is due, primarily, to the accounting treatment of the last 2 state aid payments as discussed in the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The special revenue fund reflects no fund balance as revenue is generally recognized at the time that the outlays are identified.

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$255,949, while the total fund balance (budgetary basis) was \$1,258,694. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$9,508,283. Unreserved fund balance (budgetary basis) represents 2.69% of expenditures while total fund balance (budgetary basis) represents 13.24% of that same amount.

Capital Asset and Debt Administration

The School District’s capital assets for its governmental and business-type activities as of June 30, 2014, totaled \$13,124,484 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District’s capital assets for the current fiscal year was \$103,570. This decrease is primarily due to the current year depreciation expense and a net adjustment to capital assets due to a recent appraisal.

Hainesport Township School District
Capital Assets (net of accumulated depreciation)
As of June 30, 2014 and 2013

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>District-Wide</u> | |
|-----------------------------------|--------------------------------|---------------------|---------------------------------|------------------|----------------------|----------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Non Depreciable Assets | | | | | | |
| Land | \$ 40,490 | \$ 40,490 | \$ - | \$ - | \$ 40,490 | \$ 40,490 |
| Construction in Progress | 8,729,385 | 8,729,385 | - | - | 8,729,385 | 8,729,385 |
| Depreciable Assets | | | | | | |
| Site Improvements | 22,710 | 4,819 | - | - | 22,710 | 4,819 |
| Buildings & Building Improvements | 4,138,592 | 4,274,168 | - | - | 4,138,592 | 4,274,168 |
| Equipment | 186,622 | 160,828 | 6,685 | 18,364 | 193,307 | 179,192 |
| Net Assets | <u>\$ 13,117,799</u> | <u>\$13,209,690</u> | <u>\$ 6,685</u> | <u>\$ 18,364</u> | <u>\$ 13,124,484</u> | <u>\$ 13,228,054</u> |

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.

Long-term debt - During the fiscal year ended June 30, 2014, the School District had total bonded debt outstanding of \$7,208,000 backed by the full faith and credit of the School District.

General obligation bonds in the amount of \$5,853,000 were issued in the 2009/10 fiscal year in relation to the capital improvement program. All general obligation bonds and capital lease payable decreased during the current fiscal year according to the normal schedule of payments.

The school district continues to maintain its AA rating from Standard & Poor's Corporation for its general obligation bond issues.

State statutes limit the amount of amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$23,757,219 and the legal debt margin was \$16,549,219.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2014-15 fiscal year:

- For calendar year 2013, the inflation rate was 1.5 % percent. For the 2014-15 fiscal year the School District will be receiving \$12,910 more in state aid than the previous year. Salaries for certified staff are expected to increase 2.89% and salaries for support staff are expected to increase 2.03% for the 2014-15 school year per the collective bargaining agreement between the Hainesport Board of Education and Hainesport Education Association. Health benefit costs are expected to increase 11 percent, prescription benefit costs are expected to increase 11% and dental benefits are expected to increase 3%.
- In the 2013 tax year, the township of Hainesport implemented a revaluation to bring the assessed values of all properties to 100% of their true market value. This caused the overall ratable base to increase and the tax rate to decrease.

Requests for Information

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.

BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

| ASSETS | GOVERNMENTAL ACTIVITIES | BUSINESS- TYPE ACTIVITIES | TOTALS |
|--|----------------------------|---------------------------------|---------------------|
| | | | JUNE 30, 2014 |
| Cash & Cash Equivalents | \$ 848,949 | \$ 11,222 | \$ 860,171 |
| Receivables, Net | 469,800 | 4,679 | 474,479 |
| Inventory | - | 6,482 | 6,482 |
| Restricted Assets: | | | |
| Cash & Cash Equivalents | 215,900 | - | 215,900 |
| Capital Assets, Non-Depreciable (Note 5) | 8,769,875 | - | 8,769,875 |
| Capital Assets, Depreciable (Note 5) | 4,347,924 | 6,685 | 4,354,609 |
| Total Assets | 14,652,448 | 29,068 | 14,681,516 |
| LIABILITIES | | | |
| Accounts Payable | 45,572 | - | 45,572 |
| Intergovernmental Payable | 1,951 | - | 1,951 |
| Accrued Interest Payable | 127,777 | - | 127,777 |
| Noncurrent Liabilities (Note 6): | | | |
| Due Within One Year | 577,252 | - | 577,252 |
| Due Beyond One Year | 7,119,980 | - | 7,119,980 |
| Total Liabilities | 7,872,532 | - | 7,872,532 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 6,249,792 | 6,685 | 6,256,477 |
| Restricted For: | | | |
| Debt Service | (124,481) | - | (124,481) |
| Other Purposes | 1,002,745 | - | 1,002,745 |
| Unrestricted | (348,140) | 22,383 | (325,757) |
| Total Net Position | \$ 6,779,916 | \$ 29,068 | \$ 6,808,984 |

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | |
|--|------------------|----------------------|----------------------------------|---|--------------------------|----------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS & CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTALS |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 2,965,800 | - | \$ 194,960 | \$ (2,770,840) | - | \$ (2,770,840) |
| Special Education | 1,132,731 | - | - | (1,132,731) | - | (1,132,731) |
| Other Instruction | 134,794 | - | - | (134,794) | - | (134,794) |
| Support Services & Undistributed Costs: | | | | | | |
| Tuition | 304,022 | - | - | (304,022) | - | (304,022) |
| Student & Instruction Related Services | 928,369 | - | 15,089 | (913,280) | - | (913,280) |
| General Administrative Services | 317,827 | - | - | (317,827) | - | (317,827) |
| School Administrative Services | 176,092 | - | - | (176,092) | - | (176,092) |
| Central Services | 200,332 | - | - | (200,332) | - | (200,332) |
| Plant Operations & Maintenance | 616,837 | - | - | (616,837) | - | (616,837) |
| Pupil Transportation | 545,865 | - | - | (545,865) | - | (545,865) |
| Unallocated Employee Benefits | 2,262,327 | - | - | (2,262,327) | - | (2,262,327) |
| Special Schools | 23,668 | - | - | (23,668) | - | (23,668) |
| Interest & Other Changes in Long-Term Debt | 324,592 | - | - | (324,592) | - | (324,592) |
| Reduction In Compensated Absences | (25,064) | - | - | 25,064 | - | 25,064 |
| Unallocated Depreciation & Amortization | 271,823 | - | - | (271,823) | - | (271,823) |
| Cancellation of Prior Year Accounts Receivable | 353,218 | - | - | (353,218) | - | (353,218) |
| Total Governmental Activities | 10,533,233 | - | 210,049 | (10,323,184) | - | (10,323,184) |

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | TOTALS |
|--|----------------------|----------------------|---|-------------------------|---------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS & CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | |
| Business-Type Activities: | | | | | |
| Food Service | 214,444 | 141,098 | 67,994 | - | (5,352) |
| Total Business-Type Activities | 214,444 | 141,098 | 67,994 | - | (5,352) |
| Total Primary Government | <u>\$ 10,747,677</u> | <u>\$ 141,098</u> | <u>\$ 278,043</u> | <u>(10,323,184)</u> | <u>(10,328,536)</u> |
| Taxes: | | | | | |
| General Revenues: | | | | | |
| Property Taxes, Levied for General Purposes, Net | | | | 7,025,828 | 7,025,828 |
| Taxes Levied for Debt Service | | | | 812,081 | 812,081 |
| Federal & State Aid Not Restricted | | | | 2,253,571 | 2,253,571 |
| Investment Earnings | | | | 200 | 208 |
| Tuition Received | | | | 80,860 | 80,860 |
| Miscellaneous Income | | | | 38,372 | 38,372 |
| Adjustment to Capital Assets | | | | 140,715 | 140,715 |
| Cancellation of Prior Year Accounts Payable | | | | 1,000 | 1,000 |
| Total General Revenues, Special Items, Extraordinary Items & Transfers | | | | <u>10,352,627</u> | <u>10,352,635</u> |
| Change In Net Position | | | | 29,443 | (5,344) |
| Net Position - Beginning (restated) | | | | 6,750,473 | 34,412 |
| Net Position - Ending | | | | <u>\$ 6,779,916</u> | <u>\$ 6,808,984</u> |

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

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B. Fund Financial Statements

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Governmental Funds

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

(With Comparative Totals for June 30, 2013)

| | GENERAL FUND | SPECIAL REVENUE FUND | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTALS | |
|---|---------------------|----------------------------|-----------------------------|-------------------------|---------------------|---------------------------------------|
| | | | | | JUNE 30, 2014 | (MEMORANDUM ONLY) JUNE 30, 2013 |
| ASSETS & OTHER DEBITS | | | | | | |
| Assets: | | | | | | |
| Cash & Cash Equivalents | \$ 876,630 | \$ - | \$ 97 | \$ - | \$ 876,727 | \$ 1,126,056 |
| Interfund Receivable | 7,147 | - | 282 | 3,658 | 11,087 | 5,440 |
| Receivables, Net | 68,344 | 36,532 | 364,877 | - | 469,753 | 927,952 |
| Restricted Cash & Cash Equivalents | 215,900 | - | - | - | 215,900 | 215,200 |
| Total Assets | \$ 1,168,021 | \$ 36,532 | \$ 365,256 | \$ 3,658 | \$ 1,573,467 | \$ 2,274,648 |
| LIABILITIES & FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Cash Defecit | \$ - | \$ 27,416 | \$ - | \$ 362 | \$ 27,778 | \$ 82,109 |
| Accounts Payable | 38,407 | 7,165 | - | - | 45,572 | 186,966 |
| Intergovernmental Payable | - | 1,951 | - | - | 1,951 | - |
| Interfund Payable | 282 | - | 10,758 | - | 11,040 | 5,440 |
| Unearned Revenue | - | - | - | - | - | 7,658 |
| Total Liabilities | 38,689 | 36,532 | 10,758 | 362 | 86,341 | 282,173 |
| Fund Balances: | | | | | | |
| Restricted for: | | | | | | |
| Capital Reserve Account | 215,900 | - | - | - | 215,900 | 215,700 |
| Excess Surplus | 321,755 | - | - | - | 321,755 | 181,199 |
| Excess Surplus Designated for Subsequent Year's Expenditures | 181,199 | - | - | - | 181,199 | 143,950 |
| Capital Projects | - | - | 354,498 | - | 354,498 | 706,716 |
| Debt Service | - | - | - | 3,296 | 3,296 | 3,990 |
| Committed to: | | | | | | |
| Other Purposes | - | - | - | - | - | - |
| Assigned to: | | | | | | |
| Designated for Subsequent Year's Expenditures | 283,891 | - | - | - | 283,891 | 543,912 |
| Unassigned: | 126,587 | - | - | - | 126,587 | 197,008 |
| Total Fund Balances | 1,129,332 | - | 354,498 | 3,296 | 1,487,126 | 1,992,475 |
| Total Liabilities & Fund Balances | \$ 1,168,021 | \$ 36,532 | \$ 365,256 | \$ 3,658 | | |
| Amounts reported for <i>governmental activities</i> in the statement of net position (A-2) are different because: | | | | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,638,475 and the accumulated depreciation is \$5,520,676. | | | | | 13,117,799 | 13,209,690 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds: | | | | | | |
| General Obligation Bonds | | | | | (7,208,000) | (7,813,169) |
| Accrued Interest Payable | | | | | (127,777) | (138,732) |
| Compensated Absences Payable | | | | | (474,727) | (499,791) |
| Capital Lease Payable | | | | | (14,505) | - |
| Net Position of Governmental Activities | | | | | \$ 6,779,916 | \$ 6,750,473 |

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)

| | GENERAL FUND | SPECIAL REVENUE FUND | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTALS | |
|--|---------------------|----------------------------|-----------------------------|-------------------------|---------------------|---------------------|
| | | | | | JUNE 30, 2014 | JUNE 30, 2013 |
| | | | | | (MEMORANDUM ONLY) | |
| Revenues: | | | | | | |
| Local Sources: | | | | | | |
| Local Tax Levy | \$ 7,025,828 | \$ - | \$ - | \$ 812,081 | \$ 7,837,909 | \$ 7,751,611 |
| Tuition | 80,860 | - | - | - | 80,860 | 87,086 |
| Interest on Capital Reserve | 200 | - | - | - | 200 | 500 |
| Miscellaneous | 30,706 | 7,658 | 8 | - | 38,372 | 47,414 |
| Total Local Sources | <u>7,137,594</u> | <u>7,658</u> | <u>8</u> | <u>812,081</u> | <u>7,957,341</u> | <u>7,886,611</u> |
| State Sources | 2,161,884 | 160 | - | 86,491 | 2,248,535 | 2,294,571 |
| Federal Sources | 12,854 | 202,231 | - | - | 215,085 | 245,058 |
| Total Revenues | <u>9,312,332</u> | <u>210,049</u> | <u>8</u> | <u>898,572</u> | <u>10,420,961</u> | <u>10,426,240</u> |
| Expenditures: | | | | | | |
| Current Expense: | | | | | | |
| Regular Instruction | 2,770,840 | 194,960 | - | - | 2,965,800 | 2,856,967 |
| Special Education Instruction | 1,132,731 | - | - | - | 1,132,731 | 1,028,678 |
| Other Instruction | 134,794 | - | - | - | 134,794 | 130,141 |
| Support Services: | | | | | | |
| Tuition | 304,022 | - | - | - | 304,022 | 126,004 |
| Student & Instruction Related Services | 913,280 | 15,089 | - | - | 928,369 | 1,018,276 |
| General Administrative Services | 317,827 | - | - | - | 317,827 | 304,706 |
| School Administrative Services | 176,092 | - | - | - | 176,092 | 159,784 |
| Central Services | 200,332 | - | - | - | 200,332 | 197,523 |
| Plant Operations & Maintenance | 616,837 | - | - | - | 616,837 | 591,871 |
| Pupil Transportation | 545,865 | - | - | - | 545,865 | 483,172 |
| Unallocated Employee Benefits | 2,262,327 | - | - | - | 2,262,327 | 2,405,015 |
| Capital Outlay | 87,911 | - | - | - | 87,911 | 506,212 |
| Special Schools | 23,668 | - | - | - | 23,668 | 18,092 |
| Debt Service: | | | | | | |
| Principal | - | - | - | 605,167 | 605,167 | 578,262 |
| Interest & Other Charges | - | - | - | 294,107 | 294,107 | 313,899 |
| Total Expenditures | <u>9,486,526</u> | <u>210,049</u> | <u>-</u> | <u>899,274</u> | <u>10,595,849</u> | <u>10,718,602</u> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | <u>(174,194)</u> | <u>-</u> | <u>8</u> | <u>(702)</u> | <u>(174,888)</u> | <u>(292,362)</u> |
| Other Financing Sources/(Uses): | | | | | | |
| Transfer From Other Funds | - | - | - | 8 | 8 | 3,650 |
| Transfer To Other Funds | - | - | (8) | - | (8) | (3,650) |
| Cancellation of Prior Year Accounts Payable | - | - | 1,000 | - | 1,000 | - |
| Cancellation of Prior Year Accounts Receivable | - | - | (353,218) | - | (353,218) | - |
| Capital Lease | 21,757 | - | - | - | 21,757 | - |
| Total Other Financing Sources/(Uses) | <u>21,757</u> | <u>-</u> | <u>(352,226)</u> | <u>8</u> | <u>(330,461)</u> | <u>-</u> |
| Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses | <u>(152,437)</u> | <u>-</u> | <u>(352,218)</u> | <u>(694)</u> | <u>(505,349)</u> | <u>(292,362)</u> |
| Fund Balance - July 1 | <u>1,281,769</u> | <u>-</u> | <u>706,716</u> | <u>3,990</u> | <u>1,992,475</u> | <u>2,284,837</u> |
| Fund Balance - June 30 | <u>\$ 1,129,332</u> | <u>\$ -</u> | <u>\$ 354,498</u> | <u>\$ 3,296</u> | <u>\$ 1,487,126</u> | <u>\$ 1,992,475</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 YEAR ENDED JUNE 30, 2014**

| | | |
|--|----|-----------|
| Total Net Change in Fund Balances - Governmental Funds (From B-2) | \$ | (505,349) |
|--|----|-----------|

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

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

| | | | |
|-------------------------------|----|---------------|----------|
| Depreciation Expense | \$ | (271,823) | |
| Adjustments to Capital Assets | | 140,715 | |
| Capital Asset Additions | | <u>39,217</u> | (91,891) |

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities liabilities in the statements of net assets.

| | | |
|--------------------------|--|---------|
| General Obligation Bonds | | 605,169 |
|--------------------------|--|---------|

In the statement of activities, the reduction for Capital Leases should not be an expenditure. Thus the change in Net Position will differ from the change in fund balance by the cost of the asset removed (-).

| | | |
|-------------------------|--------------|----------|
| Original Lease Purchase | (21,757) | |
| Retirement of Lease | <u>7,252</u> | (14,505) |

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 (+).

| | | |
|--------------|------------------|--------|
| Prior Year | 138,732 | |
| Current Year | <u>(127,777)</u> | 10,955 |

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

| | | |
|--------------|------------------|--------|
| Prior Year | 499,791 | |
| Current Year | <u>(474,727)</u> | 25,064 |

| | | |
|---|----|----------------------|
| Change in Net Position of Governmental Activities | \$ | <u><u>29,443</u></u> |
|---|----|----------------------|

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Proprietary Funds

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)

| ASSETS | BUSINESS-TYPE ACTIVITIES | | TOTALS | |
|----------------------------------|-----------------------------|-------------------|------------------|--|
| | ENTERPRISE FUNDS | (MEMORANDUM ONLY) | | |
| | FOOD SERVICE | JUNE 30, 2014 | JUNE 30, 2013 | |
| Current Assets: | | | | |
| Cash & Cash Equivalents | \$ 11,222 | \$ 11,222 | \$ 5,179 | |
| Accounts Receivable: | | | | |
| State | 301 | 301 | 311 | |
| Federal | 4,378 | 4,378 | 3,211 | |
| Inventories | 6,482 | 6,482 | 7,347 | |
| Total Current Assets | <u>22,383</u> | <u>22,383</u> | <u>16,048</u> | |
| Noncurrent Assets: | | | | |
| Equipment | 92,728 | 92,728 | 175,265 | |
| Less: Accumulated Depreciation | (86,043) | (86,043) | (156,901) | |
| Total Noncurrent Assets | <u>6,685</u> | <u>6,685</u> | <u>18,364</u> | |
| Total Assets | <u>29,068</u> | <u>29,068</u> | <u>34,412</u> | |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 6,685 | 6,685 | 18,364 | |
| Unrestricted | 22,383 | 22,383 | 16,048 | |
| Total Net Position | <u>\$ 29,068</u> | <u>\$ 29,068</u> | <u>\$ 34,412</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 FISCAL YEAR ENDED JUNE 30, 2014
 (With Comparative Totals for June 30, 2013)**

| | BUSINESS-TYPE ACTIVITIES | | |
|---|-----------------------------|------------------|-------------------|
| | ENTERPRISE FUNDS | TOTALS | |
| | FOOD SERVICE | JUNE 30, 2014 | JUNE 30, 2013 |
| | | | (MEMORANDUM ONLY) |
| Operating Revenues: | | | |
| Local Sources: | | | |
| Daily Sales: | | | |
| Reimbursable Programs | \$ 85,087 | \$ 85,087 | \$ 94,150 |
| Nonreimbursable Programs | 56,011 | 56,011 | 59,518 |
| Total Operating Revenue | 141,098 | 141,098 | 153,668 |
| Operating Expenses: | | | |
| Cost of Sales | 85,647 | 85,647 | 100,421 |
| Supplies & Materials | 6,017 | 6,017 | 7,126 |
| Salaries & Fringe Benefits | 88,339 | 88,339 | 95,102 |
| Management Fee | 12,190 | 12,190 | 12,017 |
| Cleaning, Maintenance & Repairs | 4,123 | 4,123 | 8,439 |
| Miscellaneous | 6,449 | 6,449 | 7,137 |
| Depreciation | 5,084 | 5,084 | 6,461 |
| Net Adjustment to Capital Assets | 6,595 | 6,595 | - |
| Total Operating Expenses | 214,444 | 214,444 | 236,703 |
| Operating Income/(Loss) | (73,346) | (73,346) | (83,035) |
| Nonoperating Revenues: | | | |
| State Sources: | | | |
| State School Lunch Program | 2,170 | 2,170 | 2,495 |
| Federal Sources: | | | |
| National School Lunch Program | 46,158 | 46,158 | 50,396 |
| Healthy Hunger-Free Kids Act | 2,790 | 2,790 | - |
| Food Distribution Program | 16,876 | 16,876 | 18,178 |
| Local Sources: | | | |
| Interest Earned on Investments | 8 | 8 | 16 |
| Total Nonoperating Revenues/(Expenses) | 68,002 | 68,002 | 71,085 |
| Change in Net Position | (5,344) | (5,344) | (11,950) |
| Total Net Position - Beginning | 34,412 | 34,412 | 46,362 |
| Total Net Position - Ending | \$ 29,068 | \$ 29,068 | \$ 34,412 |

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)

| | BUSINESS-TYPE ACTIVITIES | | |
|---|-----------------------------|------------------|------------------|
| | ENTERPRISE FUNDS | TOTALS | |
| | FOOD SERVICE | JUNE 30, 2014 | JUNE 30, 2013 |
| Cash Flows From Operating Activities: | | | |
| Receipts from Customers | \$ 139,941 | \$ 139,941 | \$ 154,267 |
| Payments to Employees | (88,339) | (88,339) | (95,102) |
| Payments to Suppliers for Goods & Services | (113,561) | (113,561) | (134,460) |
| Net Cash Provided/(Used) by Operating Activities | (61,959) | (61,959) | (75,295) |
| Cash Flows From Capital & Related Financing Activities: | | | |
| Cash Received From State Sources | 2,170 | 2,170 | 2,495 |
| Cash Received From Federal Sources | 65,824 | 65,824 | 68,574 |
| Net Cash Provided by Capital & Related Financing Activities | 67,994 | 67,994 | 71,069 |
| Cash Flows From Investing Activities: | | | |
| Interest on Cash Equivalents | 8 | 8 | 16 |
| Net Cash Provided by Investing Activities | 8 | 8 | 16 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 6,043 | 6,043 | (4,210) |
| Cash & Cash Equivalents, July 1 | 5,179 | 5,179 | 9,389 |
| Cash & Cash Equivalents, June 30 | \$ 11,222 | \$ 11,222 | \$ 5,179 |

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

| | | | |
|---|-------------|-------------|-------------|
| Operating Income/(Loss) | \$ (73,346) | \$ (73,346) | \$ (83,035) |
| Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities: | | | |
| Net Adjustment to Capital Assets | 6,595 | 6,595 | - |
| Depreciation Expense | 5,084 | 5,084 | 6,461 |
| Change in Assets & Liabilities: | | | |
| (Increase)/Decrease in Inventory | 865 | 865 | 680 |
| (Increase)/Decrease in Accounts Receivable | (1,157) | (1,157) | 599 |
| Net Cash Provided/(Used) by Operating Activities | \$ (61,959) | \$ (61,959) | \$ (75,295) |

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

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Fiduciary Fund

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

| ASSETS | PRIVATE PURPOSE | | AGENCY FUNDS | | TOTALS | |
|--|---------------------|------------------------------|-----------------------------|----------|------------------|------------------|
| | SCHOLARSHIP FUND | UNEMPLOYMENT COMPENSATION | STUDENT ACTIVITY PAYROLL | | JUNE 30, 2014 | JUNE 30, 2013 |
| Cash & Cash Equivalents | \$ 9,000 | \$ 13,100 | \$ 18,655 | \$ 8,296 | \$ 49,051 | \$ 39,193 |
| Total Assets | 9,000 | 13,100 | 18,655 | 8,296 | 49,051 | 39,193 |
| LIABILITIES | | | | | | |
| Payroll Deductions & Withholdings | - | - | - | 8,249 | 8,249 | 6,240 |
| Due to Student Groups | - | - | 18,655 | - | 18,655 | 19,933 |
| Accounts Payable | 67 | 232 | - | - | 299 | - |
| Interfund Payable | - | - | - | 47 | 47 | - |
| Total Liabilities | 67 | 232 | 18,655 | 8,296 | 27,250 | 26,173 |
| NET POSITION | | | | | | |
| Reserved for Unemployment Claims | - | 12,868 | - | - | 12,868 | 3,701 |
| Reserved for Scholarships | 8,933 | - | - | - | 8,933 | 9,319 |
| Total Net Position | \$ 8,933 | \$ 12,868 | \$ - | \$ - | \$ 21,801 | \$ 13,020 |

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 YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

| ADDITIONS | PRIVATE PUPOSE | | TOTALS | |
|---|------------------------------|---------------------|------------------|--|
| | UNEMPLOYMENT COMPENSATION | SCHOLARSHIP FUND | JUNE 30, 2014 | JUNE 30, 2013 <small>(MEMORANDUM ONLY)</small> |
| Contributions: | | | | |
| Employee Contributions | \$ 9,797 | \$ - | \$ 9,797 | \$ 9,657 |
| Cancelled Prior Year Outstanding Check | - | 47 | 47 | - |
| Total Contributions | 9,797 | 47 | 9,844 | 9,657 |
| Investment Earnings: | | | | |
| Interest | 4 | 5 | 9 | 15 |
| Net Investment Earnings | 4 | 5 | 9 | 15 |
| Total Additions | 9,801 | 52 | 9,853 | 9,672 |
| DEDUCTIONS | | | | |
| Unemployment Claims | 582 | - | 582 | 10,368 |
| Scholarships Awarded | - | 275 | 275 | 275 |
| Service Charges | 52 | 163 | 215 | - |
| Total Deductions | 634 | 438 | 1,072 | 10,643 |
| Change in Net Position | 9,167 | (386) | 8,781 | (971) |
| Net Position - Beginning of the Year | 3,701 | 9,319 | 13,020 | 13,991 |
| Net Position - End of the Year | \$ 12,868 | \$ 8,933 | \$ 21,801 | \$ 13,020 |

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

**HAINESPORT TOWNSHIP
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

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HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

The financial statements of the Hainesport Board of Education (the 'District') have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

A. Reporting Entity

The Hainesport Township Board of Education 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 operation of the District includes one (1) school located in Hainesport Township. 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 grade levels K through 8. These include regular, vocational, as well as special education for handicapped students. Students in grades 9 through 12 attend the Rancocas Valley Regional High School District. The Hainesport Township Board of Education has an approximate enrollment at June 30, 2014 of 674 students.

B. Component Units

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

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

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

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

District-Wide Financial Statements – The governmental fund 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 a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

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

transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. District-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net Position are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted Net Position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

E. Fund Accounting

The accounts of the Hainesport Township Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

E. Fund Accounting (continued):

certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the Hainesport Township Board of Education 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 Hainesport Township Board of Education includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) 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. These resources can be transferred from and to Current Expense by board resolution.

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 the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

Proprietary Fund

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

E. Fund Accounting (continued):

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

All Proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total position) is segregated into contributed capital and unreserved net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line-method. The estimated useful lives are as follows:

| | |
|--------------------------|-------------|
| Buildings & Improvements | 10-50 years |
| Equipment | 12 years |
| Light Trucks & Vehicles | 4 years |
| Heavy Trucks & Vehicles | 6 years |

The District’s Enterprise Fund is comprised of the following:

- Food Service Fund – This fund accounts for the financial activity related to the food service operations of the School District.

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity’s own operating programs which includes private purpose trust funds and agency funds.

Private Purpose Trust Funds - used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains Unemployment and Scholarship Funds as private purpose trusts.

Agency Funds - assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The District currently maintains Payroll and Student Activity Funds as Agency Funds.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

F. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

In its accounting and financial reporting, the Hainesport Township Board of Education follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Hainesport Township Board of Education's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

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

G. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the 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.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

G. Budgets/Budgetary Control (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 last 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 and C-2, includes all amendments to the adopted budget, if any.

H. Encumbrances

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

Open encumbrances in the special revenue fund for which the Hainesport Township Board of Education has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

I. Cash and Cash Equivalents

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

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.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

I. Cash and Cash Equivalents (continued):

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.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

J. Tuition Receivable/Payable

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

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2014, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2011-2012 have been established and the District has billed/paid the school boards that have adjustments.

K. Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

L. Prepaid Expenses

Prepaid expenses, which benefit future periods, are only recorded in the government-wide financial statements and in the proprietary fund statements. Prepaid expenses in the proprietary fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014. They are recorded as expenditure during the year of purchase.

M. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Hainesport Township Board of Education and that are due within one year.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

N. Capital Assets

General capital assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated capital assets are valued at their estimated fair market value on the date received. The general capital assets acquired or constructed were valued by an independent appraisal company. General capital assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General capital assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

| | |
|-------------------------|------------|
| Buildings | 50 Years |
| Machinery and Equipment | 5-20 Years |
| Improvements | 40 Years |

O. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2014 for such salaries.

P. Compensated Absences

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

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

Q. Unearned Revenue

Unearned revenue in the general and special revenue fund represents cash, which has been received but not yet earned.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

R. Long-Term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

S. Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Hainesport Township School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Hainesport Township Board of Education uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the Hainesport Township Board of Education would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

T. 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 in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

U. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 66, *Technical Corrections—2012*—an amendment of GASB Statements No. 10 and No. 62. GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for periods beginning after December 15, 2012 although the District elected to early implement Statement 62 in fiscal year 2012. The adoption of GASB 66 does not have any impact on the District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. Management has implemented this Statement in the District's financial statements for the year ended June 30, 2014 with a prior period adjustment to beginning net position. See note 19 for more information.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

V. Subsequent Events:

Hainesport Township Board of Education has evaluated subsequent events occurring after June 30, 2014 through the date of November 20, 2014, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

The District is governed by the deposit limitations of New Jersey state law. The Deposits held at June 30, 2014, and reported at fair value are as follows:

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 2. Cash and Cash Equivalents (continued):

| Type | Carrying Value |
|--|---------------------|
| Deposits | |
| Demand Deposits | \$ 1,125,122 |
| Total Deposits | <u>\$ 1,125,122</u> |
| The District's Cash and Cash Equivalents are Reported as Follows: | |
| Government Activities | \$ 1,064,849 |
| Business-Type Activities | 11,222 |
| Fiduciary Funds | <u>49,051</u> |
| Total Cash and Cash Equivalents | <u>\$ 1,125,122</u> |

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 the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. 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 funds or 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, 2014, the District’s bank balance of \$1,437,997 was exposed to custodial credit risk as follows:

| | |
|---|--------------------|
| Insured Under FDIC | \$ 259,000 |
| Uninsured and uncollateralized | 200,326 |
| Collateralized in the District’s Name Under GUDPA (See Note 3) | <u>978,671</u> |
| Total | <u>\$1,437,997</u> |

Note 3. Capital Reserve Account

The Hainesport Township Board of Education created their capital reserve account 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.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 3. Capital Reserve Account (continued):

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a 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 of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A 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 June 30, 2013 to June 30, 2014 fiscal year is as follows:

| | |
|---------------------------------|--------------------------|
| Beginning Balance, July 1, 2013 | \$ 215,700 |
| Interest Earnings | <u>200</u> |
| Ending Balance, June 30, 2014 | <u><u>\$ 215,900</u></u> |

Note 4. Accounts Receivable

Accounts receivable at June 30, 2014 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

| | General Fund | Special Revenue Fund | Capital Projects Fund | Proprietary Funds | Total |
|-------------|-------------------------|-------------------------------------|--------------------------------------|------------------------------|-------------------|
| State Aid | \$ 61,204 | \$ - | \$ 364,877 | \$ 301 | \$ 426,382 |
| Federal Aid | - | 36,532 | - | 4,378 | 40,910 |
| Other | 7,140 | - | - | - | 7,140 |
| Total | <u>\$ 68,344</u> | <u>\$ 36,532</u> | <u>\$ 364,877</u> | <u>\$ 4,679</u> | <u>\$ 474,432</u> |

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 5. Capital Assets

Governmental Activities:

| | June 30, 2013 | Additions | Deletions | Adjustments | June 30, 2014 |
|-------------------------------------|--------------------------|---------------------|------------------|--------------------|--------------------------|
| <u>Non-Depreciable Assets</u> | | | | | |
| Land | \$ 40,490 | \$ - | \$ - | \$ - | \$ 40,490 |
| Construction in Progress | 8,729,385 | - | - | - | 8,729,385 |
| Total Non-Depreciable Assets | 8,769,875 | - | - | - | 8,769,875 |
| <u>Depreciable Assets</u> | | | | | |
| Land Improvements | 21,420 | - | - | 197,271 | 218,691 |
| Buildings | 7,993,841 | 17,460 | - | 19,268 | 8,030,569 |
| Machinery & Equipment | 1,447,967 | 21,757 | - | 149,616 | 1,619,340 |
| Subtotal | 18,233,103 | 39,217 | - | 366,155 | 18,638,475 |
| Accumulated Depreciation | (5,023,413) | (271,823) | - | (225,440) | (5,520,676) |
| Total | \$ 13,209,690 | \$ (232,606) | \$ - | \$ 140,715 | \$ 13,117,799 |

Business-Type Activities:

| | June 30, 2013 | Additions | Deletions | Adjustments | June 30, 2014 |
|---------------------------|--------------------------|-------------------|------------------|--------------------|--------------------------|
| <u>Depreciable Assets</u> | | | | | |
| Machinery & Equipment | \$ 175,265 | \$ - | \$ - | \$ (82,537) | \$ 92,728 |
| Subtotal | 175,265 | - | - | (82,537) | 92,728 |
| Accumulated Depreciation | (156,901) | (5,084) | - | 75,942 | (86,043) |
| Total | \$ 18,364 | \$ (5,084) | \$ - | \$ (6,595) | \$ 6,685 |

Note 6. Long-Term Obligations

A. Long-Term Obligation Activity

During the fiscal year ended June 30, 2014 the following changes occurred in liabilities reported in the long-term debt:

| | June 30, 2013 | Accrued/ Increases | Retired/ Decreases | June 30, 2014 | Due Within One Year |
|---------------------------------|--------------------------|-------------------------------|-------------------------------|--------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 7,813,169 | \$ - | \$ (605,169) | \$ 7,208,000 | \$ 570,000 |
| Capital Lease Payable | - | 21,757 | (7,252) | 14,505 | 7,252 |
| Compensated Absences | 499,791 | - | (25,064) | 474,727 | - |
| Total | \$ 8,312,960 | \$ 21,757 | \$ (637,485) | \$ 7,697,232 | \$ 577,252 |

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 6. Long-Term Obligations (continued):

B. 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. Bonds issued by the Board are general obligation bonds.

Principal and interest due on serial bonds outstanding is as follows:

| Year-ending June 30, | Principal | Interest | Total |
|-------------------------|--------------|--------------|--------------|
| 2015 | \$ 570,000 | \$ 273,099 | \$ 843,099 |
| 2016 | 595,000 | 252,599 | 847,599 |
| 2017 | 640,000 | 229,849 | 869,849 |
| 2018 | 595,000 | 204,949 | 799,949 |
| 2019 | 570,000 | 187,099 | 757,099 |
| 2020-2024 | 2,295,000 | 649,444 | 2,944,444 |
| 2025-2029 | 1,660,000 | 249,969 | 1,909,969 |
| 2030 | 283,000 | 11,674 | 294,674 |
| Total | \$ 7,208,000 | \$ 2,058,682 | \$ 9,266,682 |

C. Bond Issuances

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. Bonds issued by the Board are general obligation bonds.

The Hainesport Township Board of Education has the following bond issues outstanding:

- 2010 School Bonds dated January 12, 2010 at an original issue amount of \$5,853,000 with annual installments that are due through January 15, 2030. These installments bear interest rates ranging from 2% to 4.125%.
- 2005 Refunding of 1997 Series Bonds dated February 1, 2005 at an original issue amount of \$4,990,000 with annual installments that are due through January 1, 2017. These installments bear interest rates ranging from 2% to 4%.

The Hainesport Township Board of Education has retired the following bond issues in the current year:

- 1993 Small Facilities Loan Bonds dated April 18, 1993. The original issue totaled \$200,690 due in annual installments through July 15, 2013, bearing interest of 1.50%.
- 1993 Small Project Loan Bonds dated April 18, 1993. The original issue totaled \$603,070 due in annual installments through July 15, 2013, bearing interest of 5.288%.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 6. Long-Term Obligations (continued):

D. Bonds Authorized But Not Issued

As of June 30, 2014, the District had no authorized but not issued bonds.

C. Capital Leases Payable

The school district is leasing a truck with a total purchase price of \$21,757 with lease terms of 3 years at a 6.45% annual rate. The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2014 are:

| Year-ending June 30, | Amount |
|------------------------------------|-------------------------|
| 2015 | \$ 7,946 |
| 2016 | <u>7,946</u> |
| Total Minimum Lease Payments | 15,892 |
| Less: Amount Representing Interest | <u>(1,387)</u> |
| Present Value of Lease Payments | <u><u>\$ 14,505</u></u> |

F. Compensated Absences

Compensated Absences will be paid from the fund from which the employees' salaries are paid.

Note 7. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2014:

| Fund | Interfund Receivable | Interfund Payable |
|-----------------------|-------------------------|-------------------------|
| General Fund | \$ 7,147 | \$ 282 |
| Capital Projects Fund | 282 | 10,758 |
| Debt Service Fund | 3,658 | - |
| Payroll Trust Fund | <u>-</u> | <u>47</u> |
| Total | <u><u>\$ 11,087</u></u> | <u><u>\$ 11,087</u></u> |

The purpose of interfunds are for short-term borrowings.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 8. Inventory

Inventory recorded at June 30, 2014 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

| | |
|----------|-----------------|
| Food | \$ 4,775 |
| Supplies | <u>1,707</u> |
| Total | <u>\$ 6,482</u> |

Note 9. Pension Plans

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

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

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

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 9. Pension Plans (continued):

for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Significant Legislation below.

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

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 9. Pension Plans (continued):

funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

| Year Funded | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------------------------|--|--|---------------------------------------|
| 6/30/2014 | \$ 81,485 | 100% | - |
| 6/30/2013 | 84,960 | 100% | - |
| 6/30/2012 | 107,230 | 100% | - |

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions
(Paid on behalf of the District)**

| Year Funded | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------------------------|--|--|---------------------------------------|
| 6/30/2014 | \$ 428,106 | 100% | - |
| 6/30/2013 | 515,855 | 100% | - |
| 6/30/2012 | 397,690 | 100% | - |

During the year ended June 30, 2014 the State of New Jersey contributed \$428,106 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A.18A:66-66* the State of New Jersey reimbursed the District \$314,668 for the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 10. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 100,134 retirees receiving post-retirement medical benefits, and the state contributed \$1.07 billion on their behalf.. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 10. Post-Retirement Benefits (continued):

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2014.

Note 11. Risk Management

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

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

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

| | Employee Contributions | | Interest Earnings | | Amount Reimbursed | | Account Fees | | Ending Balance |
|--|-----------------------------------|--|------------------------------|--|------------------------------|--|-------------------------|--|---------------------------|
| | \$ 9,797 | | \$ 4 | | \$ 582 | | \$ 52 | | \$ 12,868 |
| | 9,657 | | 6 | | 10,368 | | - | | 3,701 |
| | 9,110 | | 2 | | 39,271 | | - | | 4,406 |

Note 12. Contingent Liabilities

The 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 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, 2014 may be impaired. In the opinion of the 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.

Note 13. Economic Dependency

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

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 14. Deferred Compensation

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

Voya Financial

Note 15. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of Net Position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2014 is \$474,727.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014 there was no liability for compensated absences in the proprietary fund types.

Note 16. Fund Balance Disclosure

General Fund – of the \$1,129,332 General Fund fund balance at June 30, 2014, \$215,900 has been restricted for the Capital Reserve Account; \$321,755 is restricted current year excess surplus; \$465,090 has been appropriated and included as anticipated revenue for the year-ended June 30,2015;and \$126,587 is unassigned.

Capital Projects Fund – The fund balance of \$354,498 has been restricted for future Capital Projects.

Debt Service Fund – of the Debt Service Fund fund balance at June 30, 2014, \$3,296 is reserved in accordance with N.J.S.A 7F-41c(2).

Note 17. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as

HAINESPORT TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 17. Calculation of Excess Surplus (continued):

budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$321,755.

Note 18. Transfers to Capital Outlay

During the year ending June 30, 2014, the district did not transfer funds to the capital outlay accounts.

Note 19. Prior Period Restatement

As discussed in Note 1, the District has implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities* in the District's financial statements for the year ended June 30, 2014. As a result, net position as of July 1, 2013 has been restated as follows:

| | <u>Original Balance</u> | <u>Net Adjustment</u> | <u>Restated Balance</u> |
|--|-----------------------------|---------------------------|-----------------------------|
| Unamortized Bond Issuance Costs (1) | \$ 30,608 | \$ (30,608) | \$ -0- |
| Net Position, July 1, 2013 | \$ (6,781,081) | \$ 30,608 | \$ (6,750,473) |

(1) Previously reported as an asset on the Statement of Net Position and amortized over the life of related debt.

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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 YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|---|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | | |
| | | | | | | | | |
| Revenues: | | | | | | | | |
| Local Sources: | | | | | | | | |
| Local Tax Levy | \$ 7,025,828 | \$ - | \$ 7,025,828 | \$ 7,025,828 | \$ - | \$ 6,952,444 | \$ 6,952,444 | \$ - |
| Tuition | 15,000 | (15,000) | - | 80,860 | - | 60,000 | 87,086 | 27,086 |
| Interest on Capital Reserve | 200 | (200) | - | 200 | - | 500 | 500 | - |
| Unrestricted Miscellaneous | 7,000 | 15,200 | 22,200 | 30,706 | - | 8,500 | 43,764 | 35,264 |
| Total Local Sources | 7,048,028 | - | 7,048,028 | 7,137,594 | - | 7,021,444 | 7,083,794 | 62,350 |
| State Sources: | | | | | | | | |
| Categorical Transportation Aid | 149,208 | - | 149,208 | 149,208 | - | 147,648 | 147,648 | - |
| Categorical Special Education Aid | 381,603 | - | 381,603 | 381,603 | - | 375,729 | 375,729 | - |
| Equalization Aid | 689,609 | - | 689,609 | 689,609 | - | 634,159 | 634,159 | - |
| Categorical Security Aid | 57,433 | - | 57,433 | 57,433 | - | 55,738 | 55,738 | - |
| Adjustment Aid | 96,002 | - | 96,002 | 96,002 | - | 125,576 | 125,576 | - |
| Under Adequacy Aid | 4,376 | - | 4,376 | 4,376 | - | - | - | - |
| Extraordinary Aid | 40,000 | - | 40,000 | 29,668 | - | (10,332) | 55,428 | 55,428 |
| Non-Public Transportation Aid | 10,000 | - | 10,000 | 15,949 | - | 5,949 | 16,204 | 16,204 |
| Anti-Bullying | - | - | - | - | - | - | - | - |
| Nonbudgeted: | | | | | | | | |
| On-Behalf TPAF Pension Contribution | - | - | - | 162,184 | - | - | 242,101 | 242,101 |
| On-Behalf TPAF Post-Retirement Medical | - | - | - | 265,922 | - | - | 273,754 | 273,754 |
| Reimbursed TPAF Social Security | - | - | - | 314,668 | - | - | 290,846 | 290,846 |
| Total State Sources | 1,428,231 | - | 1,428,231 | 2,166,622 | - | 1,338,850 | 2,217,183 | 878,333 |
| Federal Sources: | | | | | | | | |
| Medicaid Reimbursement | 7,667 | - | 7,667 | 12,854 | - | 8,000 | 15,771 | 7,771 |
| Education Jobs Fund | - | - | - | - | - | - | 8,798 | 8,798 |
| Total Federal Sources | 7,667 | - | 7,667 | 12,854 | - | 8,000 | 24,569 | 16,569 |
| Total Revenues | 8,483,926 | - | 8,483,926 | 9,317,070 | - | 8,368,294 | 9,325,546 | 957,252 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|---|------------------|------------------|------------------|------------------|------------------|------------------|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Expenditures: | | | | | | | |
| Current Expense: | | | | | | | |
| Instruction - Regular Programs: | | | | | | | |
| Salaries of Teachers: | | | | | | | |
| Preschool | 82,795 | (7,942) | 74,853 | 69,638 | - | 69,638 | 69,510 |
| Kindergarten | 138,514 | (34,870) | 103,644 | 178,214 | (22,439) | 155,775 | 109,578 |
| Grades 1 - 5 | 1,493,689 | (79,843) | 1,413,846 | 1,387,216 | 16,968 | 1,404,184 | 1,398,579 |
| Grades 6 - 8 | 852,989 | (75,617) | 777,372 | 866,599 | (8,927) | 857,672 | 842,903 |
| Home Instruction - Regular Programs: | | | | | | | |
| Salaries of Teachers | 20,000 | 3,509 | 23,509 | 10,000 | 7,376 | 17,376 | 17,376 |
| Purchased Professional - Educational Services | 500 | 339 | 839 | 2,000 | (100) | 1,900 | - |
| Regular Programs - Undistributed Instruction: | | | | | | | |
| Other Salaries for Instruction | - | 118,943 | 118,943 | - | - | - | - |
| Other Purchased Services | 12,500 | (1,960) | 10,540 | 20,000 | - | 20,000 | 12,472 |
| General Supplies | 201,250 | 64,193 | 265,443 | 217,950 | (10,138) | 207,812 | 157,884 |
| Textbooks | 50,000 | (24,937) | 25,063 | 50,000 | (8,713) | 41,287 | 28,014 |
| Other Objects | - | - | - | 16,780 | (3,876) | 12,904 | 11,285 |
| Total Regular Programs | 2,852,237 | (38,185) | 2,814,052 | 2,818,397 | (29,849) | 2,788,548 | 2,647,601 |
| Special Education: | | | | | | | |
| Multiple Disabilities: | | | | | | | |
| Salaries of Teachers | 58,784 | 52,177 | 110,961 | 53,259 | 24,256 | 77,515 | 69,026 |
| Other Salaries of Instruction | 37,574 | (15,380) | 22,194 | 19,859 | 9,703 | 29,562 | 27,280 |
| General Supplies | 2,500 | - | 2,500 | 175 | 234 | 409 | 409 |
| Total Multiple Disabilities | 98,858 | 36,797 | 135,655 | 73,293 | 34,193 | 107,486 | 96,715 |
| Resource Room / Resource Center: | | | | | | | |
| Salaries of Teachers | 1,016,095 | (11,387) | 1,004,708 | 1,003,002 | (33,559) | 969,443 | 931,963 |
| General Supplies | 200 | - | 200 | 175 | - | 175 | - |
| Total Resource Room/Resource Center | 1,016,295 | (11,387) | 1,004,908 | 1,003,177 | (33,559) | 969,618 | 931,963 |
| Total Special Education | 1,115,153 | 25,410 | 1,140,563 | 1,076,470 | 634 | 1,077,104 | 1,028,678 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Basic Skills/Remedial - Instruction: | | | | | | | |
| Salaries of Teachers | 120,267 | (47,435) | 72,832 | 72,277 | - | 72,277 | 11,330 |
| General Supplies | 600 | - | 600 | 600 | - | 600 | 600 |
| Total Basic Skills/Remedial - Instruction | 120,867 | (47,435) | 73,432 | 72,877 | - | 72,877 | 11,930 |
| School Sponsored Cocurricular Activities: | | | | | | | |
| Salaries | 40,050 | (150) | 39,900 | 42,510 | (713) | 41,797 | 7,622 |
| Supplies and Materials | 25 | - | 25 | 25 | - | 25 | 25 |
| Other Objects | 6,345 | - | 6,345 | 6,345 | 718 | 7,063 | 823 |
| Total School Sponsored Cocurricular - Activities | 46,420 | (150) | 46,270 | 48,880 | 5 | 48,885 | 8,470 |
| School Sponsored Athletics - Instruction: | | | | | | | |
| Salaries | 25,000 | (598) | 24,402 | 25,000 | - | 25,000 | 301 |
| Purchased Services(300-500 Series) | 4,000 | 598 | 4,598 | 4,000 | (170) | 3,830 | 141 |
| Supplies and Materials | 250 | 150 | 400 | - | 391 | 391 | - |
| Total School Sponsored Athletics - Instruction | 29,250 | 150 | 29,400 | 29,000 | 221 | 29,221 | 442 |
| Total - Instruction | 4,163,927 | (60,210) | 4,103,717 | 4,045,624 | (28,989) | 4,016,635 | 210,215 |
| Undistributed Expenditures | | | | | | | |
| Instruction: | | | | | | | |
| Tuition to Other LEAs Within State | | | | | | | |
| Regular | - | 24,768 | 24,768 | - | - | - | - |
| Tuition to Other LEAs Within State | | | | | | | |
| Special | 92,000 | (72,616) | 19,384 | 50,000 | - | 50,000 | 5,369 |
| Tuition to CSSD & Regional Day School | 43,773 | (29,523) | 14,250 | 110,123 | (19,662) | 90,461 | 46,148 |
| Tuition to Private Schools for Disabled Within the State | 81,936 | 163,684 | 245,620 | 50,957 | (10,629) | 40,328 | 3,268 |
| Total Undistributed Expenditures - Instruction | 217,709 | 86,313 | 304,022 | 211,080 | (30,291) | 180,789 | 54,785 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|--|-----------------|------------------|--------------|-----------------|------------------|--------------|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Attendance and Social Work Services: Purchased Professional & Technical Services | - | 3,448 | 3,448 | - | - | - | - |
| 11-000-211-300 | - | 3,448 | 3,415 | - | - | - | - |
| Total Attendance and Social Work Services | - | 3,448 | 3,415 | - | - | - | - |
| Health Services: | | | | | | | |
| Salaries | 72,278 | (6,668) | 65,559 | 51 | 68,362 | 70,722 | 526 |
| Purchased Professional & Technical Services | 6,875 | 351 | 7,226 | - | 6,275 | 7,788 | 190 |
| Supplies and Materials | 3,000 | 663 | 3,663 | - | 3,000 | 3,000 | 153 |
| 11-000-213-100 | 72,278 | (6,668) | 65,559 | 51 | 68,362 | 70,722 | 526 |
| 11-000-213-300 | 6,875 | 351 | 7,226 | - | 6,275 | 7,788 | 190 |
| 11-000-213-600 | 3,000 | 663 | 3,663 | - | 3,000 | 3,000 | 153 |
| Total Health Services | 82,153 | (5,654) | 76,499 | 51 | 77,637 | 81,510 | 869 |
| Other Support Services - Students - Related Services: | | | | | | | |
| Salaries | 90,830 | (1,622) | 89,208 | 460 | 79,213 | 79,493 | - |
| Supplies and Materials | 1,500 | (251) | 1,249 | 712 | 1,500 | 1,159 | 538 |
| 11-000-216-100 | 90,830 | (1,622) | 89,208 | 460 | 79,213 | 79,493 | - |
| 11-000-216-600 | 1,500 | (251) | 1,249 | 712 | 1,500 | 1,159 | 538 |
| Total Other Support Services - Students - Related Services | 92,330 | (1,873) | 90,457 | 1,172 | 80,713 | 80,652 | 538 |
| Other Support Services - Students - Extraordinary Services: | | | | | | | |
| Salaries | 112,549 | (14,822) | 97,727 | 576 | 104,342 | 117,681 | 29 |
| Purchased Professional & Educational Services | 140,000 | - | 140,000 | 26,988 | 141,000 | 141,174 | - |
| Supplies and Materials | 2,000 | - | 2,000 | 883 | 2,000 | 2,467 | - |
| 11-000-217-100 | 112,549 | (14,822) | 97,727 | 576 | 104,342 | 117,681 | 29 |
| 11-000-217-320 | 140,000 | - | 140,000 | 26,988 | 141,000 | 141,174 | - |
| 11-000-217-600 | 2,000 | - | 2,000 | 883 | 2,000 | 2,467 | - |
| Total Other Support Services - Students - Extraordinary Services | 254,549 | (14,822) | 239,727 | 28,447 | 247,342 | 261,322 | 29 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|---|-----------------|------------------|----------------|-----------------|------------------|---------------|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Other Support Services - Students - Regular: | | | | | | | |
| Salaries of Other Professional Staff | 119,196 | 4,383 | 123,579 | 144 | 97,993 | 6,121 | 104,114 |
| Supplies and Materials | 500 | - | 500 | - | 500 | - | 104,114 |
| | | | | | | | 377 |
| | | | | | | | 123 |
| Total Other Support Services - Students - Regular | 119,696 | 4,383 | 124,079 | 144 | 98,493 | 6,121 | 104,491 |
| Other Support Services - Students - Special Services: | | | | | | | |
| Salaries of Other Professional Staff | 209,964 | (952) | 209,012 | 81 | 199,565 | 2,983 | 202,177 |
| Salaries of Secretarial & Clerical Assistants | 34,965 | 82 | 35,047 | - | 34,279 | (1,125) | 33,145 |
| Purchased Professional - Educational Services | - | 8,712 | 8,712 | - | - | - | - |
| Miscellaneous Purchased Services | 4,000 | (976) | 3,024 | - | 4,750 | 5,879 | 10,629 |
| Other Purchased Services | 100 | - | 100 | 65 | - | 4,773 | 3,568 |
| Supplies and Materials | 7,000 | - | 7,000 | 2,414 | 14,000 | (5,720) | 6,891 |
| | | | | | | | 1,389 |
| Total Other Support Services - Students-Special Services | 256,029 | 6,866 | 262,895 | 2,560 | 252,594 | 6,790 | 256,410 |
| Improvement of Instruction Services: | | | | | | | |
| Salaries of Supervisors of Instruction | 76,653 | (7,882) | 68,771 | 5,771 | 45,450 | 21,936 | 67,386 |
| Salaries of Other Professional Staff | 30,000 | 1,924 | 31,924 | 27,719 | 20,000 | 7,719 | 27,629 |
| Salaries of Secretarial & Clerical Assistants | 1,500 | 2,806 | 4,306 | 499 | 2,500 | (1,454) | 345 |
| Purchased Professional - Educational Services | 45,000 | (7,172) | 37,828 | 24,563 | 60,000 | (13,929) | 42,969 |
| Other Purchased Services | 100 | - | 100 | 100 | - | 647 | 647 |
| Supplies and Materials | 2,250 | - | 2,250 | 2,190 | 250 | 2,370 | 2,370 |
| | | | | | | | 250 |
| Total Improvement of Instruction Services | 155,503 | (10,324) | 145,179 | 60,842 | 128,200 | 17,289 | 141,346 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | | JUNE 30, 2013 | | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | |
|--|---|------------------|----------------|----------------|---|------------------|--------------|----------------|---|---------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | | |
| | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | | | | | |
| Educational Media Services/School Library: | | | | | | | | | | |
| 11-000-222-100 | 71,384 | (7,683) | 63,701 | 55,383 | 8,318 | 62,344 | 7,090 | 69,434 | 69,302 | 132 |
| Salaries | | | | | | | | | | |
| Purchased Professional & Technical Services | | | | | | | | | | |
| 11-000-222-300 | - | - | - | - | - | - | - | - | - | - |
| 11-000-222-500 | 2,600 | 2,222 | 4,822 | 4,822 | - | 2,500 | 179 | 2,679 | 2,473 | 206 |
| 11-000-222-600 | 11,000 | (4,420) | 6,580 | 4,040 | 2,540 | 11,050 | 37 | 11,087 | 11,083 | 4 |
| Total Educational Media Services/School Library | 84,984 | (9,881) | 75,103 | 64,245 | 10,858 | 75,894 | 7,306 | 83,200 | 82,858 | 342 |
| Support Services General Administration: | | | | | | | | | | |
| 11-000-230-100 | 181,987 | (10,000) | 171,987 | 171,890 | 97 | 183,614 | (318) | 183,296 | 168,425 | 14,871 |
| 11-000-230-331 | 30,000 | 20,130 | 50,130 | 50,130 | - | 50,000 | - | 50,000 | 41,535 | 8,465 |
| 11-000-230-332 | 18,500 | 2,000 | 20,500 | 20,500 | - | 18,250 | - | 18,250 | 17,850 | 400 |
| 11-000-230-333 | - | - | - | - | - | - | - | - | - | - |
| 11-000-230-334 | 2,000 | 316 | 2,316 | 2,263 | 53 | 7,500 | (4,773) | 2,727 | 800 | 1,927 |
| 11-000-230-340 | 30,000 | 384 | 30,384 | 29,970 | 414 | 35,000 | (1,522) | 33,478 | 27,711 | 5,767 |
| 11-000-230-530 | 16,000 | 1,000 | 17,000 | 16,839 | 161 | 16,000 | - | 16,000 | 15,293 | 707 |
| 11-000-230-585 | 2,000 | 362 | 2,362 | 1,910 | 452 | 1,000 | 1,069 | 2,069 | 1,668 | 401 |
| 11-000-230-590 | 11,980 | 338 | 12,318 | 10,997 | 1,321 | 14,500 | 6,402 | 20,902 | 18,210 | 2,692 |
| 11-000-230-610 | 8,000 | 350 | 8,350 | 8,257 | 93 | 9,000 | (857) | 8,143 | 8,143 | - |
| 11-000-230-820 | - | - | - | - | - | - | - | - | - | - |
| 11-000-230-895 | 5,500 | - | 5,500 | 5,071 | 429 | 5,500 | - | 5,500 | 5,071 | 429 |
| Total Support Services General Administration | 305,967 | 14,880 | 320,847 | 317,827 | 3,020 | 340,364 | 1 | 340,365 | 304,706 | 35,659 |
| Support Services School Administration: | | | | | | | | | | |
| 11-000-240-104 | 87,393 | (1,399) | 85,994 | 85,680 | 314 | 86,495 | (2,200) | 84,295 | 75,950 | 8,345 |
| Salaries of Other Professional Staff | | | | | | | | | | |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|---|-----------------|------------------|----------------|-----------------|------------------|----------------|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Support Services School Administration (continued): | | | | | | | |
| Salaries of Secretarial & Clerical Assistants | 76,828 | - | 76,828 | 75,819 | 1,009 | 75,119 | 75,307 |
| Other Purchased Services(400-500) | 8,200 | 4,943 | 13,143 | 11,399 | 1,744 | 7,700 | 6,404 |
| Supplies and Materials | 3,500 | 2,000 | 5,500 | 3,194 | 2,306 | 2,450 | 2,123 |
| Total Support Services School Administration | 175,921 | 5,544 | 181,465 | 176,092 | 5,373 | 171,764 | 159,784 |
| Support Services Human Resources | | | | | | | |
| Salaries | - | 132,947 | 132,947 | 132,458 | 489 | - | - |
| Other Purchased Services | - | 8,064 | 8,064 | 6,783 | 1,281 | - | - |
| Supplies and Materials | - | 3,500 | 3,500 | 3,192 | 308 | - | - |
| Total Support Services Humn Resources | - | 144,511 | 144,511 | 142,433 | 2,078 | - | - |
| Central Services: | | | | | | | |
| Salaries | 136,326 | (136,326) | - | - | - | 135,669 | 136,065 |
| Purchased Professional & Technical Services | - | 57,899 | 57,899 | 57,899 | - | - | - |
| Miscellaneous Purchased Services | 6,800 | (6,800) | - | - | - | 5,000 | 4,099 |
| Supplies and Materials | 3,500 | (3,500) | - | - | - | 6,000 | 2,889 |
| Total Central Services | 146,626 | (88,727) | 57,899 | 57,899 | - | 146,669 | 143,053 |
| Administration Information Technology | | | | | | | |
| Salaries | 57,750 | (57,750) | - | - | - | 67,894 | 4,137 |
| Other Purchased Services(400-500) | - | - | - | - | - | 100 | 50,333 |
| Total Administration Information Technology | 57,750 | (57,750) | - | - | - | 67,994 | 54,470 |
| Allowable Maintenance for School Facilities | | | | | | | |
| Cleaning, Repair & Maintenance Services | 67,000 | - | 67,000 | 66,499 | 501 | 56,500 | 26,850 |
| Total Allowable Maintenance for School Facilities: | 67,000 | - | 67,000 | 66,499 | 501 | 56,500 | 26,850 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|--|-----------------|------------------|----------------|-----------------|------------------|----------------|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | |
| Other Operation & Maintenance of Plant: | | | | | | | |
| Salaries | 172,988 | (58,856) | 114,132 | 111,352 | 2,780 | 268,390 | 10,302 |
| Salaries of Non-Instructional Aides | 27,494 | 70,836 | 98,330 | 98,235 | 95 | 43,515 | - |
| Cleaning, Repair, and Maintenance Services | 107,244 | (12,316) | 94,928 | 94,710 | 218 | - | - |
| Other Purchased Property Services | 43,000 | - | 43,000 | 26,400 | 16,600 | 40,000 | 954 |
| Insurance | 36,500 | - | 36,500 | 35,688 | 812 | 33,551 | 385 |
| Miscellaneous Purchased Services | - | 344 | 344 | 344 | - | - | - |
| General Supplies | 53,250 | - | 53,250 | 36,519 | 16,731 | 50,250 | 1,856 |
| Energy (Heat & Electricity) | 183,000 | - | 183,000 | 147,090 | 35,910 | 211,546 | 68,734 |
| Other Objects | - | - | - | - | - | 600 | 600 |
| Total Other Operation & Maintenance of Plant | 623,476 | 8 | 623,484 | 550,338 | 73,146 | 647,852 | 82,831 |
| Student Transportation Services: | | | | | | | |
| Salaries of Non-Instructional Aid | 6,041 | (6,041) | - | - | - | (1,329) | - |
| Contracted Services (Between Home & School) - Vendors | 274,367 | - | 274,367 | 274,367 | - | 268,000 | 664 |
| Contracted Services (Other Than Between Home & School) - Vendors | 8,000 | 1,256 | 9,256 | 9,256 | - | 8,000 | 1,235 |
| Contracted Services (Between Home & School) - Joint Agreement | 110,000 | (740) | 109,260 | 109,260 | - | 110,249 | - |
| Contracted Services - ESC's & CTSA's - (Special Education Students) - Joint Agreements | 50,000 | 61,876 | 111,876 | 111,876 | - | 55,515 | - |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|--|------------------|------------------|------------------|------------------|------------------|------------------|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | |
| Student Transportation Services (continued): | | | | | | | |
| Contracted Services (Aid in Lieu of Payments-Non Public) | 25,000 | (1,687) | 23,313 | 23,313 | | 26,370 | 3,356 |
| Other Objects | 11,000 | 2,946 | 13,946 | 13,946 | | 15,528 | 950 |
| Miscellaneous - Student Transp. | - | 6,041 | 6,041 | 3,847 | - | 5,715 | - |
| Total Student Transportation Services | 484,408 | 63,651 | 548,059 | 545,865 | 2,194 | 489,377 | 6,205 |
| Unallocated Benefits - Employee Benefits: | | | | | | | |
| Social Security Contributions | 130,000 | - | 130,000 | 96,496 | 33,504 | 119,000 | 639 |
| Other Retirement Contributions - Regular | 91,000 | (1,278) | 89,722 | 81,485 | 8,237 | 92,492 | 7,087 |
| Unemployment Compensation | 50,000 | 360 | 50,360 | 50,360 | - | 50,000 | 16,981 |
| Workmen's Compensation | 71,516 | (9,364) | 62,152 | 62,152 | - | 65,794 | 2,956 |
| Health Benefits | 1,436,500 | (27,060) | 1,409,440 | 1,187,787 | 221,653 | 1,390,012 | 129,002 |
| Tuition Reimbursements | 12,000 | 3,247 | 15,247 | 13,780 | 1,467 | 12,000 | 1,139 |
| Other Employee Benefits | 25,100 | 2,410 | 27,510 | 27,493 | 17 | 32,300 | 82 |
| Total Unallocated Benefits | 1,816,116 | (31,685) | 1,784,431 | 1,519,553 | 264,878 | 1,756,204 | 157,886 |
| Nonbudgeted: | | | | | | | |
| On-Behalf TPAF Pension Contribution | - | - | - | 162,184 | (162,184) | - | (242,101) |
| On-Behalf TPAF Post-Retirement Medical | - | - | - | 265,922 | (265,922) | - | (273,754) |
| Reimbursed TPAF Social Security | - | - | - | 314,668 | (314,668) | - | (290,846) |
| Total Undistributed Expenditures | 4,940,217 | 108,888 | 5,049,105 | 5,336,582 | (287,477) | 4,852,063 | (409,289) |
| Total Expenditures - Current Expense | 9,104,144 | 48,678 | 9,152,822 | 9,374,947 | (222,125) | 8,897,687 | (199,074) |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | | JUNE 30, 2013 | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|--|-----------------|------------------|--------------|-----------------|------------------|--------------|---|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | | |
| Capital Outlay: | | | | | | | | |
| Interest Deposit to Capital Reserve | 200 | - | 200 | 500 | - | 500 | - | 500 |
| Total Interest Deposit to Capital Reserve | 200 | - | 200 | 500 | - | 500 | - | 500 |
| Facilities Acquisition & Construction Services: | | | | | | | | |
| Construction Services | - | 17,460 | 17,460 | - | - | - | - | - |
| Lease Purchase Agreement Principal | - | - | - | - | - | - | - | - |
| Custodial Equipment | 7,946 | - | 7,946 | - | 11,821 | 11,821 | 11,809 | 12 |
| Other Objects | 40,748 | - | 40,748 | 20,219 | - | 20,219 | 20,219 | - |
| Total Facilities Acquisition & Construction Services | 48,694 | 17,460 | 66,154 | 20,219 | 11,821 | 32,040 | 32,028 | 12 |
| Assets Acquired Under Capital Leases (Nonbudgeted): | | | | | | | | |
| Undistributed Expenditures: | | | | | | | | |
| Instructional Equipment | - | - | - | 21,757 | - | - | - | - |
| Total Assets Acquired Under Capital Leases (Nonbudgeted) | - | - | - | 21,757 | - | - | - | - |
| Total Capital Outlay | 48,894 | 17,460 | 66,354 | 87,911 | 11,821 | 32,540 | 32,028 | 512 |
| Special Schools: | | | | | | | | |
| Summer School - Instruction: | | | | | | | | |
| Salaries of Teachers | 13,000 | 5,236 | 18,236 | 11,000 | 1,666 | 12,666 | 12,666 | - |
| Other Salaries for Instruction | 5,000 | 432 | 5,432 | 3,800 | 990 | 4,790 | 4,790 | - |
| Purchased Professional Services | - | 576 | 576 | - | 636 | 636 | 636 | - |
| General Supplies | 750 | (750) | - | - | - | - | - | - |
| Total Special Schools | 18,750 | 5,494 | 24,244 | 14,800 | 3,292 | 18,092 | 18,092 | - |
| Total Expenditures | 9,171,788 | 71,632 | 9,243,420 | 8,933,206 | - | 8,933,206 | 9,131,768 | (198,562) |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| ACCOUNT NUMBER | JUNE 30, 2014 | | JUNE 30, 2013 | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | |
|--|---------------------------|--------------|---------------------------|--------------|---|---|--------------|
| | ORIGINAL BUDGET TRANSFERS | FINAL BUDGET | ORIGINAL BUDGET TRANSFERS | FINAL BUDGET | | | |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses) | (687,862) | (759,494) | (169,456) | 590,038 | (564,912) | 193,778 | 758,690 |
| Other Financing Sources/(Uses): | - | - | 21,757 | 21,757 | - | - | - |
| Capital Leases (Nonbudgeted): | - | - | 21,757 | 21,757 | - | - | - |
| Total Other Financing Uses | - | - | 21,757 | 21,757 | - | - | - |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses) Fund Balances, July 1 | (687,862) | (759,494) | (147,699) | 611,795 | (564,912) | 193,778 | 758,690 |
| Fund Balances, June 30 | 1,406,393 | 1,406,393 | 1,406,393 | - | 1,212,615 | 1,212,615 | - |
| | \$ 718,531 | (71,632) | \$ 646,899 | \$ 1,258,694 | \$ 647,703 | \$ 647,703 | \$ 1,406,393 |

RECAPITULATION OF BUDGET TRANSFERS:

| | |
|------------------------|------------------|
| Board Resolution | \$ 71,632 |
| Total Budget Transfers | <u>\$ 71,632</u> |

RECAPITULATION OF FUND BALANCE

| | |
|---|---------------------|
| Restricted Fund Balance: | |
| Capital Reserve | \$ 215,900 |
| Current Year Excess Surplus | 321,755 |
| Excess Surplus Designated of Subsequent Year's Expenditures | 181,199 |
| Assigned Fund Balance: | |
| Designated for Subsequent Year's Expenditures | 283,891 |
| Unassigned Fund Balance | <u>255,949</u> |
| Subtotal | 1,258,694 |
| Reconciliation to Governmental Fund Statements (GAAP) | |
| Last Two State Aid Payments Not Recognized on GAAP Basis | <u>(129,362)</u> |
| Total Fund Balance per Governmental Funds (GAAP): | <u>\$ 1,129,332</u> |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| | JUNE 30, 2014 | | JUNE 30, 2013 | | VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|---|--------------------|-----------------|--------------------|-----------------|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ORIGINAL BUDGET | FINAL BUDGET | |
| REVENUES | | | | | |
| State Sources | \$ 1,217 | \$ 1,217 | \$ 160 | \$ (1,057) | \$ (1,020) |
| Federal Sources | 41,006 | 211,239 | 202,231 | (9,008) | 220,489 |
| Local Sources | 7,658 | 7,658 | 7,658 | - | (7,658) |
| Total Revenues | 49,881 | 220,114 | 210,049 | (10,065) | (8,678) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 10,035 | 37,589 | 37,589 | - | - |
| Purchased Professional Services | 7,658 | 7,658 | 7,658 | - | - |
| Tuition | 21,392 | 158,561 | 149,553 | 9,008 | 161,375 |
| General Supplies | 160 | 160 | 160 | - | 7,795 |
| Other Purchased Services | - | - | - | - | 33 |
| Textbooks | 439 | 439 | - | 439 | 370 |
| Total Instruction | 39,684 | 204,407 | 194,960 | 9,447 | 8,165 |
| Support Services: | | | | | |
| Personal Services - Employee Benefits | 3,135 | 8,645 | 8,645 | - | - |
| Purchased Professional - Educational Services | 6,444 | 6,444 | 6,444 | - | - |
| Other Purchased Services | 618 | 618 | - | 618 | 513 |
| Travel | - | - | - | - | - |
| Total Support Services | 10,197 | 15,707 | 15,089 | 618 | 513 |
| Total Expenditures | 49,881 | 220,114 | 210,049 | 10,065 | 8,678 |
| Total Outflows | 49,881 | 220,114 | 210,049 | 10,065 | 8,678 |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | - | - | - | - | - |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2014**

**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) | \$ 9,317,070 | \$ 210,049 |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 124,624 | - |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | (129,362) | - |
| | <hr/> | <hr/> |
| Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2) | <u>\$ 9,312,332</u> | <u>\$ 210,049</u> |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | <u>\$ 9,486,526</u> | <u>\$ 210,049</u> |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2) | <u>\$ 9,486,526</u> | <u>\$ 210,049</u> |

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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 FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

| | IDEA PART B BASIC | TITLE I PART A | TITLE II PART A | NONPUBLIC TECHNOLOGY | LOCAL SAFETY GRANT | 2014 | 2013 |
|---|-------------------------|-------------------|--------------------|-------------------------|--------------------------|-------------------|-------------------|
| Revenues: | | | | | | | |
| State Sources | \$ - | \$ - | \$ - | \$ 160 | \$ - | \$ 160 | \$ - |
| Federal Sources | 149,553 | 46,234 | 6,444 | - | - | 202,231 | 220,489 |
| Local Sources | - | - | - | - | 7,658 | 7,658 | - |
| Total Revenues | \$ 149,553 | \$ 46,234 | \$ 6,444 | \$ 160 | \$ 7,658 | \$ 210,049 | \$ 220,489 |
| Expenditures: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | \$ - | \$ 37,589 | \$ - | \$ - | \$ - | \$ 37,589 | \$ 47,958 |
| Purchased Professional Technical Services | - | - | - | - | 7,658 | 7,658 | - |
| Tuition | 149,553 | - | - | - | - | 149,553 | 161,375 |
| Supplies | - | - | - | 160 | - | 160 | - |
| Other Purchased Service | - | - | - | - | - | - | 33 |
| Total Instruction | 149,553 | 37,589 | - | 160 | 7,658 | 194,960 | 209,366 |
| Support Services: | | | | | | | |
| Employee Benefits | - | 8,645 | - | - | - | 8,645 | 9,821 |
| Purchased Professional Educational Services | - | - | 6,444 | - | - | 6,444 | - |
| Travel | - | - | - | - | - | - | 1,302 |
| Total Support Services | - | 8,645 | 6,444 | - | - | 15,089 | 11,123 |
| Total Facilities Acquisition & Construction Services | - | - | - | - | - | - | - |
| Total Expenditures | \$ 149,553 | \$ 46,234 | \$ 6,444 | \$ 160 | \$ 7,658 | \$ 210,049 | \$ 220,489 |

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F. Capital Projects Fund

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

| PROJECT | DATE | APPROPRIATION | EXPENDITURES TO DATE | | PRIOR YEAR RECEIVABLES CANCELLED | PRIOR YEAR PAYABLES CANCELLED | UNEXPENDED BALANCE |
|---------------------------------------|---------|---------------|-------------------------|-----------------|--|-------------------------------------|-----------------------|
| | | | PRIOR YEAR | CURRENT YEAR | | | |
| Various Projects & Rehabilitations | 1/12/11 | \$ 9,645,657 | \$ 8,938,941 | \$ - | \$ 353,218 | \$ 1,000 | \$ 354,498 |
| | | Total | \$ 8,938,941 | \$ - | \$ 353,218 | \$ 1,000 | \$ 354,498 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

| | |
|---|-------------|
| Revenues & Other Financing Sources: | |
| Cancellation of Prior Year | |
| Accounts Payable | \$ 1,000 |
| | <hr/> |
| Total Revenues & Other Financing Sources | 1,000 |
| | <hr/> |
| Expenditures & Other Financing Uses: | |
| Cancellation of Prior Year | |
| Accounts Receivable | 353,218 |
| | <hr/> |
| Total Expenditures & Other Financing Uses | 353,218 |
| | <hr/> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (352,218) |
| Fund Balance - Beginning | 706,716 |
| | <hr/> |
| Fund Balance - Ending | \$ 354,498 |
| | <hr/> <hr/> |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
VARIOUS PROJECTS & REHABILITATIONS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

| | PRIOR PERIODS | CURRENT YEAR | TOTALS | REVISED AUTHORIZED COST |
|--|------------------|-----------------|--------------|-------------------------------|
| Revenues & Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 3,772,202 | \$ - | \$ 3,772,202 | \$ 3,772,202 |
| Bond Proceeds | 5,853,000 | - | 5,853,000 | 5,853,000 |
| Transfer from Capital Reserve | 20,455 | - | 20,455 | 20,455 |
| Cancellation of Prior Year Accounts Payable | - | 1,000 | 1,000 | - |
| | <hr/> | | | |
| Total Reserve | 9,645,657 | 1,000 | 9,646,657 | 9,645,657 |
| <hr/> | | | | |
| Expenditures & Other Financing Uses: | | | | |
| Purchased Professional & Technical Services | 1,106,261 | - | 1,106,261 | 914,505 |
| Construction Services | 7,649,015 | - | 7,649,015 | 8,570,178 |
| Equipment Purchases | 183,665 | - | 183,665 | 160,974 |
| Cancellation of Prior Year Accounts Receivable | - | 353,218 | 353,218 | - |
| | <hr/> | | | |
| Total Expenditures & Other Financing Uses | 8,938,941 | 353,218 | 9,292,159 | 9,645,657 |
| <hr/> | | | | |
| Excess/Deficiency) of Revenues Over/ (Under) Expenditures | \$ 706,716 | \$ (352,218) | \$ 354,498 | \$ - |
| | <hr/> <hr/> | | | |

ADDITIONAL PROJECT INFORMATION

| | |
|---|------------------|
| Project Number | 1910-050-09-0ZQO |
| Grant Date | 12/30/2009 |
| Bond Authorization Date | 1/21/2011 |
| Bonds Authorized | \$ 5,853,000 |
| Bonds Issued | 5,853,000 |
| Original Authorized Cost | 9,625,202 |
| Additional Authorized Cost | 20,455 |
| Revised Authorized Cost | 9,645,657 |
| | |
| Percentage Increase Over Original Authorized Cost | |
| Percentage Completion | 96.33% |
| Original Target Completion Date | 5/1/2011 |
| Revised Target Completion Date | 8/1/2013 |

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G. Proprietary Funds

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Enterprise Funds

Not Applicable

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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, 2014
(With Comparative Totals for June 30, 2013)**

| ASSETS | TRUST FUNDS | | AGENCY FUNDS | | |
|---------------------------------------|------------------|---------------------------|------------------|----------|-----------|
| | SCHOLARSHIP FUND | UNEMPLOYMENT COMPENSATION | STUDENT ACTIVITY | PAYROLL | |
| Cash & Cash Equivalents | \$ 9,000 | \$ 13,100 | \$ 18,655 | \$ 8,296 | \$ 49,051 |
| Total Assets | 9,000 | 13,100 | 18,655 | 8,296 | 39,193 |
| LIABILITIES | | | | | |
| Payroll Deductions Payable | - | - | - | 8,249 | 8,249 |
| Due to Student Groups | - | - | 18,655 | - | 18,655 |
| Accounts Payable | 67 | 232 | - | - | 299 |
| Interfund Payable | - | - | - | 47 | 47 |
| Total Liabilities | 67 | 232 | 18,655 | 8,296 | 27,250 |
| NET POSITION | | | | | |
| Held in Trust for Unemployment Claims | - | 12,868 | - | - | 12,868 |
| Held in Trust for Scholarships | 8,933 | - | - | - | 8,933 |
| Total Net Position | \$ 8,933 | \$ 12,868 | \$ - | \$ - | \$ 21,801 |
| | | | | | \$ 13,020 |

HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)

| | <u>PRIVATE PURPOSE</u> | | 2014 | 2013 |
|--|------------------------|------------------------------|-----------|-----------|
| | SCHOLARSHIP FUNDS | UNEMPLOYMENT COMPENSATION | | |
| Operating Revenues: | | | | |
| Local Sources: | | | | |
| Interest on Investments | \$ 5 | \$ 4 | \$ 9 | \$ 15 |
| Cancelled Prior Year Outstanding Check | 47 | - | 47 | - |
| Employee Withholdings | - | 9,797 | 9,797 | 9,657 |
| | <hr/> | | | |
| Total Operating Revenues | 52 | 9,801 | 9,853 | 9,672 |
| | <hr/> | | | |
| Operating Expenditures: | | | | |
| Unemployment Compensation Claims | - | 582 | 582 | 10,368 |
| Scholarships | 275 | - | 275 | 275 |
| Service Charges | 163 | 52 | 215 | - |
| | <hr/> | | | |
| Total Operating Expenses | 438 | 634 | 1,072 | 10,643 |
| | <hr/> | | | |
| Excess/(Deficit) of Revenues Over | | | | |
| Expenditures | (386) | 9,167 | 8,781 | (971) |
| Net Position, July 1 | 9,319 | 3,701 | 13,020 | 13,991 |
| | <hr/> | | | |
| Net Position, June 30 | \$ 8,933 | \$ 12,868 | \$ 21,801 | \$ 13,020 |
| | <hr/> | | | |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

| ASSETS | BALANCE JULY 1, 2013 | CASH RECEIPTS | CASH DISBURSEMENTS | BALANCE JUNE 30, 2014 |
|-------------------|----------------------------|------------------|-----------------------|-----------------------------|
| Hainesport School | \$ 19,933 | \$ 47,424 | \$ 48,702 | \$ 18,655 |
| Total Assets | <u>\$ 19,933</u> | <u>\$ 47,424</u> | <u>\$ 48,702</u> | <u>\$ 18,655</u> |

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

| ASSETS | BALANCE JULY 1, 2013 | ADDITIONS | DELETIONS | BALANCE JUNE 30, 2014 |
|--------------------------------------|----------------------------|---------------------|---------------------|-----------------------------|
| Cash & Cash Equivalents | \$ 6,240 | \$ 5,949,039 | \$ 5,946,983 | \$ 8,296 |
| Total Assets | <u>\$ 6,240</u> | <u>\$ 5,949,039</u> | <u>\$ 5,946,983</u> | <u>\$ 8,296</u> |
| LIABILITIES | | | | |
| Net Payroll | \$ - | \$ 3,294,409 | \$ 3,294,409 | \$ - |
| Payroll Deductions & Withholdings | 6,240 | 2,654,583 | 2,652,574 | 8,249 |
| Interfund Payable | - | 47 | - | 47 |
| Total Liabilities | <u>\$ 6,240</u> | <u>\$ 5,949,039</u> | <u>\$ 5,946,983</u> | <u>\$ 8,296</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, 2014**

| ISSUE | DATE OF ISSUE | AMOUNT OF ISSUE | ANNUAL MATURITIES DATE | AMOUNT | INTEREST RATE | BALANCE JULY 1, 2013 | ISSUED | RETIRED | BALANCE JUNE 30, 2014 |
|--|---------------|-----------------|--|---|--|----------------------|--------|------------|-----------------------|
| New Jersey Public School Facilities: Loan Assistance Programs Loan Award | 08/18/93 | \$ 200,690 | | | | \$ 10,565 | \$ - | \$ 10,565 | \$ - |
| Small Projects Loan | 08/18/93 | 602,070 | | | | 44,604 | - | 44,604 | - |
| Refunding 1997 Issue | 02/01/04 | 4,990,000 | 02/01/15 02/01/16 02/01/17 | 500,000 525,000 570,000 | 3.75% 3.75% 4.00% | 2,075,000 | - | 480,000 | 1,595,000 |
| School Bonds | 01/21/10 | 5,853,000 | 1/15/15 1/15/16 1/15/17 1/15/18 1/15/19 1/15/20 1/15/21 1/15/22 1/15/23 1/15/24 1/15/25 1/15/26 1/15/27 1/15/28 1/15/29 1/15/30 | 70,000 70,000 70,000 595,000 570,000 545,000 475,000 450,000 425,000 400,000 375,000 350,000 325,000 310,000 300,000 283,000 | 2.50% 2.50% 3.00% 3.00% 3.50% 3.50% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.13% | 5,683,000 | - | 70,000 | 5,613,000 |
| Total | | | | | | \$ 7,813,169 | \$ - | \$ 605,169 | \$ 7,208,000 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2014**

| SERIES | DATE OF LEASE | MATURITY DATE | INTEREST RATE | AMOUNT OF | | ISSUED | RETIRED | AMOUNT OUTSTANDING JUNE 30, 2014 |
|-------------|---------------|---------------|---------------|--------------------|-----------|-----------|----------|----------------------------------|
| | | | | ORIGINAL PRINCIPAL | INTEREST | | | |
| Truck Lease | 12/11/2013 | 12/11/2016 | 6.45% | \$ 21,757 | \$ 2,774 | \$ - | \$ 7,252 | \$ 14,505 |
| Total | | | | \$ - | \$ 21,757 | \$ 21,757 | \$ 7,252 | \$ 14,505 |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

| | JUNE 30, 2014 | | JUNE 30, 2013 | | VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|---|---------------------------------|---------------------------|---------------------------------|---------------------------|---|---|
| | ORIGINAL BUDGET TRANSFERS | FINAL BUDGET ACTUAL | ORIGINAL BUDGET TRANSFERS | FINAL BUDGET ACTUAL | | |
| Revenues: | | | | | | |
| Local Sources: | | | | | | |
| Local Tax Levy | \$ 812,081 | \$ 812,081 | \$ 812,081 | \$ 799,167 | \$ 799,167 | \$ - |
| State Sources: | | | | | | |
| Debt Service Aid Type II | 86,491 | 86,491 | 86,491 | 85,358 | 85,358 | - |
| Total Revenues | 898,572 | 898,572 | 898,572 | 884,525 | 884,525 | - |
| Expenditures | | | | | | |
| Regular Debt Service: | | | | | | |
| Interest | 294,107 | 294,107 | 294,107 | 313,899 | 313,899 | - |
| Redemption of Principal | 605,167 | 605,167 | 605,167 | 578,262 | 578,262 | - |
| Total Expenditures | 899,274 | 899,274 | 899,274 | 892,161 | 892,161 | - |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (702) | (702) | (702) | (7,636) | (7,636) | - |
| Other Financing Sources: | | | | | | |
| Operating Transfers In | - | 8 | 8 | - | 3,650 | 3,650 |
| Total Other Financing Sources | - | 8 | 8 | - | 3,650 | 3,650 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses Fund Balance, July 1 | (702) | (702) | (694) | (7,636) | (3,986) | 3,650 |
| | 3,990 | 3,990 | 3,990 | 7,976 | 7,976 | - |
| Fund Balance, June 30 | \$ 3,288 | \$ 3,288 | \$ 3,296 | \$ 340 | \$ 3,990 | \$ 3,650 |

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STATISTICAL SECTION (Unaudited)

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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, | | | | | | | | | |
|---------------------------------------|-----------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 6,249,792 | \$ 5,427,129 | \$ 4,760,097 | \$ 1,797,899 | \$(3,640,978) | \$ 1,092,687 | \$ 850,905 | \$ 699,744 | \$ 639,738 | \$ 465,715 |
| Restricted | 878,264 | 1,656,735 | 1,965,048 | 4,079,480 | 9,041,522 | 557,534 | 755,069 | 964,860 | 967,645 | 563,831 |
| Unrestricted | (348,140) | (302,783) | (331,769) | (311,657) | (390,618) | (453,681) | (383,474) | (282,601) | (537,888) | (382,863) |
| Total Governmental Activities | | | | | | | | | | |
| Net Position | \$ 6,779,916 | \$ 6,781,081 | \$ 6,393,376 | \$ 5,565,722 | \$ 5,009,926 | \$ 1,196,540 | \$ 1,222,500 | \$ 1,382,002 | \$ 1,069,495 | \$ 646,683 |
| Business-Type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 6,685 | \$ 18,364 | \$ 24,825 | \$ 27,957 | \$ 25,758 | \$ 36,004 | \$ 46,250 | \$ 56,497 | \$ 66,745 | \$ 76,991 |
| Unrestricted | 22,383 | 16,048 | 21,537 | 30,816 | 45,836 | 36,365 | 27,945 | 32,961 | 14,338 | 8,452 |
| Total Business-Type Activities | | | | | | | | | | |
| Net Position | \$ 29,068 | \$ 34,412 | \$ 46,362 | \$ 58,773 | \$ 71,594 | \$ 72,369 | \$ 74,195 | \$ 89,458 | \$ 81,083 | \$ 85,443 |
| District-Wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 6,256,477 | \$ 5,445,493 | \$ 4,784,922 | \$ 1,825,856 | \$(3,615,220) | \$ 1,128,691 | \$ 897,155 | \$ 756,241 | \$ 706,483 | \$ 542,706 |
| Restricted | 878,264 | 1,656,735 | 1,965,048 | 4,079,480 | 9,041,522 | 557,534 | 755,069 | 964,860 | 967,645 | 563,831 |
| Unrestricted | (325,757) | (286,735) | (310,232) | (280,841) | (344,782) | (417,316) | (355,529) | (249,640) | (523,550) | (374,411) |
| Total District Net Position | | | | | | | | | | |
| | \$ 6,808,984 | \$ 6,815,493 | \$ 6,439,738 | \$ 5,624,495 | \$ 5,081,520 | \$ 1,268,909 | \$ 1,296,695 | \$ 1,471,460 | \$ 1,150,578 | \$ 732,126 |

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

| | FISCAL YEAR ENDING JUNE 30, | | | | | | | | | |
|---|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Expenses: | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 2,965,800 | \$ 2,856,967 | \$ 2,844,048 | \$ 2,712,862 | \$ 3,006,838 | \$ 3,270,169 | \$ 3,242,491 | \$ 3,105,943 | \$ 2,982,576 | \$ 4,070,989 |
| Special Education | 1,132,731 | 1,028,678 | 975,785 | 948,708 | 342,215 | 592,843 | 627,149 | 602,389 | 499,941 | 534,834 |
| Other Instruction | 134,794 | 130,141 | 117,169 | 90,950 | 1,045,373 | 337,861 | 374,962 | 279,590 | 319,072 | 170,544 |
| Support Services & Undistributed Costs: | | | | | | | | | | |
| Tuition | 304,022 | 126,004 | 109,621 | 180,687 | 40,606 | 162,611 | 195,680 | 119,028 | 54,701 | 175,439 |
| Student & Instruction Related Services | 928,369 | 1,018,276 | 929,005 | 864,118 | 842,708 | 251,134 | 243,644 | 239,983 | 237,340 | 788,002 |
| General & Business Administrative Services | 493,919 | 464,490 | 469,545 | 470,951 | 606,213 | 359,778 | 331,099 | 401,559 | 333,831 | 381,778 |
| Central Services | 200,332 | 197,523 | 194,514 | 204,368 | 209,806 | 204,439 | 197,652 | 176,262 | 166,389 | 165,436 |
| Plant Operations & Maintenance | 616,837 | 591,871 | 637,909 | 684,113 | 690,863 | 670,793 | 710,586 | 600,518 | 470,160 | 452,306 |
| Pupil Transportation | 545,865 | 483,172 | 451,866 | 495,641 | 404,197 | 442,779 | 484,950 | 450,249 | 446,995 | 458,449 |
| Business & Other Support Services | - | - | - | - | - | - | - | - | - | - |
| Unallocated Employee Benefits | 2,262,327 | 2,405,015 | 2,223,838 | 2,084,430 | 2,135,543 | 2,065,618 | 2,183,718 | 1,977,556 | 1,701,561 | - |
| Special Schools | 23,668 | 18,092 | 2,736 | 3,054 | 25,498 | 21,456 | 27,062 | 16,360 | 10,399 | 6,683 |
| Interest on Long-Term Debt | 324,592 | 332,612 | 330,103 | 346,958 | 242,451 | 161,566 | 181,349 | 196,903 | 211,452 | 322,647 |
| Reduction In Compensated Absences | (25,064) | (3,877) | (14,419) | 7,749 | (47,199) | - | - | - | - | - |
| Unallocated Depreciation | 271,823 | 389,571 | 198,080 | 292,583 | 221,839 | 33,989 | 35,126 | 35,347 | 35,021 | 33,916 |
| Cancellation of Prior Years Accounts Receivable | 353,218 | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Expenses | 10,533,233 | 10,038,535 | 9,469,800 | 9,387,172 | 9,766,951 | 9,508,198 | 9,682,990 | 8,933,372 | 8,196,078 | 7,802,192 |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 214,444 | 244,464 | 249,694 | 250,631 | 242,376 | 246,433 | 211,239 | 181,523 | 180,957 | 174,839 |

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

| | FISCAL YEAR ENDING JUNE 30, | | | | | | | | | |
|--|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Total Business-Type Activities Expense | 214,444 | 236,703 | 244,464 | 249,694 | 250,631 | 242,376 | 246,433 | 211,239 | 181,523 | 180,957 |
| Total District Expenses | \$ 10,747,677 | \$ 10,275,238 | \$ 9,714,264 | \$ 9,636,866 | \$ 10,017,582 | \$ 9,750,574 | \$ 9,929,423 | \$ 9,144,611 | \$ 8,377,601 | \$ 7,983,149 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Operating Grants & Contributions | \$ 210,049 | \$ 220,489 | \$ 255,956 | \$ 246,661 | \$ 261,175 | \$ 875,347 | \$ 1,026,259 | \$ 1,015,823 | \$ 762,721 | \$ 679,356 |
| Total Governmental Activities Program Revenues | 210,049 | 220,489 | 255,956 | 246,661 | 261,175 | 875,347 | 1,026,259 | 1,015,823 | 762,721 | 679,356 |
| Charges for Services: | | | | | | | | | | |
| Food Service | 141,098 | 153,668 | 167,297 | 176,660 | 185,569 | 179,098 | 173,857 | 168,696 | 134,912 | 117,477 |
| Operating Grants & Contributions | 67,994 | 71,069 | 64,733 | 59,774 | 63,995 | 61,323 | 56,676 | 50,118 | 41,840 | 39,998 |
| Total Business-Type Activities Program Revenues | 209,092 | 224,737 | 232,030 | 236,434 | 249,564 | 240,421 | 230,533 | 218,814 | 176,752 | 157,475 |
| Total District Program Revenues | \$ 419,141 | \$ 445,226 | \$ 487,986 | \$ 483,095 | \$ 510,739 | \$ 1,115,768 | \$ 1,256,792 | \$ 1,234,637 | \$ 939,473 | \$ 836,831 |
| Net/(Expense)/Revenue: | | | | | | | | | | |
| Governmental Activities Business-Type Activities | \$(10,323,184) | \$(9,818,046) | \$(9,213,844) | \$(9,140,511) | \$(9,505,776) | \$(8,632,851) | \$(8,656,731) | \$(7,917,549) | \$(7,433,357) | \$(7,122,836) |
| Business-Type Activities | (5,352) | (11,966) | (12,434) | (13,260) | (1,067) | (1,955) | (15,900) | 7,575 | (4,771) | (23,482) |
| Total District-Wide Net Expense | \$(10,328,536) | \$(9,830,012) | \$(9,226,278) | \$(9,153,771) | \$(9,506,843) | \$(8,634,806) | \$(8,672,631) | \$(7,909,974) | \$(7,438,128) | \$(7,146,318) |

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

| | FISCAL YEAR ENDING JUNE 30, | | | | | | | | | |
|---|-----------------------------|----------------------|----------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Revenues & Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | \$ 7,025,828 | \$ 6,952,443 | \$ 6,934,825 | \$ 6,804,063 | \$ 6,588,096 | \$ 6,424,790 | \$ 6,289,590 | \$ 6,053,150 | \$ 5,745,356 | \$ 5,359,697 |
| Taxes Levied for Debt Service | 812,081 | 799,167 | 788,941 | 731,242 | 506,624 | 505,786 | 492,912 | 504,147 | 493,357 | 485,493 |
| Unrestricted Grants & Contributions | 2,253,571 | 2,319,140 | 2,193,908 | 1,873,911 | 6,026,342 | 1,508,966 | 1,561,782 | 1,515,225 | 1,513,067 | 1,454,006 |
| Tuition Received | 80,860 | 87,086 | 66,000 | 112,567 | 135,433 | 106,260 | 38,289 | 46,882 | 4,265 | - |
| Investment Earnings | 200 | 500 | 2,208 | 2,461 | 3,223 | 3,935 | 12,235 | 11,891 | 10,270 | 1,916 |
| Miscellaneous Income | 38,372 | 47,414 | 55,616 | 172,063 | 59,444 | 57,154 | 102,420 | 98,763 | 89,853 | 30,047 |
| Arbitrage Rebate Payment | - | - | - | - | - | - | - | - | - | (9,429) |
| Cancellation of Debt Due to State Refunding | - | - | - | - | - | - | - | - | - | 13,819 |
| Adjustment to Capital Assets | 140,715 | - | - | - | - | - | - | - | - | - |
| Cancellation of Prior Years Accounts Payable | 1,000 | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 10,352,627 | 10,205,750 | 10,041,498 | 9,696,307 | 13,319,162 | 8,606,891 | 8,497,228 | 8,230,058 | 7,856,168 | 7,335,549 |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | 8 | 16 | 23 | 439 | 292 | 129 | 637 | 800 | 411 | 190 |
| Total Business-Type Activities | 8 | 16 | 23 | 439 | 292 | 129 | 637 | 800 | 411 | 190 |
| Total District-Wide | \$ 10,352,635 | \$ 10,205,766 | \$ 10,041,521 | \$ 9,696,746 | \$ 13,319,454 | \$ 8,607,020 | \$ 8,497,865 | \$ 8,230,858 | \$ 7,856,579 | \$ 7,335,739 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 29,443 | \$ 387,704 | \$ 827,654 | \$ 555,796 | \$ 3,813,386 | \$ (25,960) | \$ (159,503) | \$ 312,509 | \$ 422,811 | \$ 212,713 |
| Business-Type Activities | (5,344) | (11,950) | (12,411) | (12,821) | (775) | (1,826) | (15,263) | 8,375 | (4,360) | (23,292) |
| Total District-Wide | \$ 24,099 | \$ 375,754 | \$ 815,243 | \$ 542,975 | \$ 3,812,611 | \$ (27,786) | \$ (174,766) | \$ 320,884 | \$ 418,451 | \$ 189,421 |

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

| | FISCAL YEAR ENDING JUNE 30, | | | | | | | | | |
|---|-----------------------------|-------------------|---------------------|---------------------|---------------------|----------------|-----------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Fund: | | | | | | | | | | |
| Restricted | \$ 718,854 | \$ 540,849 | \$ 485,302 | \$ 361,412 | \$ 258,445 | \$ 255,222 | \$ 246,337 | \$ 426,835 | \$ 612,432 | \$ 50,592 |
| Assigned To | 283,891 | 543,912 | 438,760 | 143,578 | - | - | - | - | - | - |
| Unassigned | 126,587 | 197,008 | 171,899 | 206,430 | 131,616 | 420,818 | 715,631 | 715,369 | 378,160 | 556,735 |
| Total General Fund | 1,129,332 | 1,281,769 | 1,095,961 | 711,420 | 390,061 | 676,040 | 961,968 | 1,142,204 | 990,592 | 607,327 |
| All Other Governmental Funds: | | | | | | | | | | |
| Committed To | \$ - | \$ - | \$ 279,090 | \$ 1,868,283 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Assigned To | - | - | 7,636 | 9,037 | - | - | - | - | - | - |
| Restricted, Reported in: | | | | | | | | | | |
| Capital Projects Fund | 354,498 | 706,716 | 901,810 | 1,848,076 | 8,909,209 | - | 5,238 | 20,865 | 36,652 | 40,123 |
| Debt Service Fund | 3,296 | 3,990 | 340 | 6,302 | 23,423 | 618 | 1,946 | 14,550 | 14,724 | 10,988 |
| Total All Other Governmental Funds | \$ 357,794 | \$ 710,706 | \$ 1,188,876 | \$ 3,731,698 | \$ 8,932,632 | \$ 618 | \$ 7,184 | \$ 35,415 | \$ 51,376 | \$ 51,111 |

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| Revenues: | | | | | | | | | | |
| Tax Levy | \$ 7,837,909 | \$ 7,751,611 | \$ 7,723,767 | \$ 7,535,305 | \$ 7,094,720 | \$ 6,930,576 | \$ 6,782,502 | \$ 6,557,297 | \$ 6,238,713 | \$ 5,845,190 |
| Tuition | 80,860 | 87,086 | 66,000 | 112,567 | 135,433 | 106,260 | 38,289 | 46,882 | 4,265 | - |
| Interest Earnings | 200 | 500 | 2,208 | 2,461 | 3,223 | 3,935 | 12,235 | 11,891 | 10,270 | 19,350 |
| Miscellaneous | 38,372 | 47,414 | 55,616 | 172,063 | 59,444 | 57,154 | 102,420 | 98,763 | 89,854 | 11,102 |
| State Sources | 2,248,535 | 2,294,571 | 2,128,179 | 1,858,476 | 5,849,596 | 2,166,147 | 2,404,670 | 2,333,047 | 2,082,458 | 1,945,544 |
| Federal Sources | 215,085 | 245,058 | 321,685 | 262,096 | 437,921 | 218,166 | 183,371 | 198,001 | 193,330 | 187,818 |
| Total Revenue | 10,420,961 | 10,426,240 | 10,297,455 | 9,942,968 | 13,580,337 | 9,482,238 | 9,523,487 | 9,245,881 | 8,618,890 | 8,009,004 |
| Expenditures: | | | | | | | | | | |
| Current Expense: | | | | | | | | | | |
| Regular Instruction | 2,965,800 | 2,856,967 | 2,844,048 | 2,712,862 | 3,006,838 | 3,108,594 | 2,945,509 | 2,940,551 | 2,790,996 | 2,597,922 |
| Special Education Instruction | 1,132,731 | 1,028,678 | 975,785 | 948,708 | 342,215 | 592,843 | 627,149 | 602,389 | 499,941 | 504,665 |
| Other Instruction | 134,794 | 130,141 | 117,169 | 90,950 | 1,045,373 | 337,861 | 374,962 | 279,590 | 319,072 | 161,555 |
| Support Services: | | | | | | | | | | |
| Tuition | 304,022 | 126,004 | 109,621 | 180,687 | 40,606 | 162,611 | 195,680 | 119,028 | 54,701 | 175,439 |
| Student & Instruction Related Services | | | | | | | | | | |
| School Administrative Service | 928,369 | 1,018,276 | 929,005 | 864,118 | 842,708 | 933,162 | 847,522 | 731,685 | 726,640 | 759,503 |
| General Administrative Service | 176,092 | 159,784 | 161,021 | 161,823 | 253,819 | 251,134 | 243,644 | 239,983 | 306,462 | 228,122 |
| Central Services | 317,827 | 304,706 | 308,524 | 309,128 | 364,400 | 333,442 | 303,625 | 373,864 | 237,340 | 346,075 |
| Plant Operations & Maintenance | 200,332 | 197,523 | 194,514 | 204,368 | 209,806 | 204,439 | 197,652 | 176,262 | 166,389 | 156,105 |
| Pupil Transportation | 616,837 | 591,871 | 637,909 | 684,113 | 690,863 | 669,978 | 677,799 | 599,651 | 528,222 | 515,149 |
| Other Support Services | 545,865 | 483,172 | 451,866 | 495,641 | 404,197 | 429,611 | 471,213 | 436,402 | 402,384 | 382,039 |
| Special Schools | 2,262,327 | 2,405,015 | 2,223,838 | 2,084,430 | 2,135,543 | 2,065,618 | 2,183,718 | 1,977,558 | 1,596,282 | 1,359,749 |
| Capital Outlay | 23,668 | 18,092 | 2,736 | 3,054 | 25,498 | 21,456 | 27,062 | 16,360 | 10,399 | 6,300 |
| Debt Service: | 87,911 | 506,212 | 2,616,484 | 5,239,350 | 822,442 | 61,120 | 234,762 | 15,787 | 3,471 | - |
| Principal | 605,167 | 578,262 | 551,448 | 499,763 | 453,160 | 431,672 | 410,207 | 398,823 | 372,492 | 367,461 |
| Interest & Other Charges | 294,107 | 313,899 | 331,768 | 343,548 | 149,834 | 171,191 | 191,470 | 202,299 | 220,589 | 211,901 |
| Total Expenditures | 10,595,849 | 10,718,602 | 12,455,736 | 14,822,543 | 10,787,302 | 9,774,732 | 9,931,974 | 9,110,232 | 8,235,380 | 7,771,985 |

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|--------------|--------------|----------------|----------------|--------------|--------------|--------------|------------|------------|------------|
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (174,888) | (292,362) | (2,158,281) | (4,879,575) | 2,793,035 | (292,494) | (408,487) | 135,649 | 383,510 | 237,019 |
| Other Financing Sources/(Uses): | | | | | | | | | | |
| Proceeds from Bond Issuance | - | - | - | - | 5,853,000 | - | - | - | - | - |
| Cancellation of Prior Years | 1,000 | - | - | - | - | - | - | - | - | - |
| Accounts Payable | | | | | | | | | | |
| Cancellation of Prior Years | (353,218) | - | - | - | - | - | - | - | - | - |
| Accounts Receivable | 21,757 | - | - | - | - | - | 200,000 | - | - | - |
| Lease Purchase Agreement | 8 | 3,650 | 22,129 | 21,316 | 23,414 | 5,238 | 23,404 | 1,337 | 1,584 | 1,511 |
| Transfers In | (8) | (3,650) | (22,129) | (21,316) | (23,414) | (5,238) | (23,404) | (1,337) | (1,584) | - |
| Transfers Out | | | | | | | | | | |
| Total Other Financing Sources/ (Uses) | (330,461) | - | - | - | 5,853,000 | - | 200,000 | - | - | 1,511 |
| Net Change in Fund Balance | \$ (505,349) | \$ (292,362) | \$ (2,158,281) | \$ (4,879,575) | \$ 8,646,035 | \$ (292,494) | \$ (208,487) | \$ 135,649 | \$ 383,510 | \$ 238,530 |

| | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Debt Service as a Percentage of Noncapital Expenditures | 8.56% | 8.74% | 8.98% | 8.80% | 6.05% | 6.21% | 6.20% | 6.61% | 7.20% | 7.45% |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

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

| FISCAL YEAR ENDED JUNE 30, | INTEREST ON INVESTMENTS | TUITION | PRIOR YEAR REFUNDS | RENTAL OF FACILITIES | SALE OF SCHOOL BUSES | MISCELLANEOUS | TOTAL |
|-------------------------------------|----------------------------|-----------|-----------------------|-------------------------|----------------------------|---------------|------------|
| 2014 | \$ 1,195 | \$ 80,860 | \$ 7,269 | \$ 9,248 | \$ - | \$ 13,194 | \$ 111,766 |
| 2013 | 2,238 | 87,086 | 7,446 | 10,004 | - | 24,576 | 131,350 |
| 2012 | 2,284 | 66,000 | 23,218 | 5,938 | - | 21,261 | 118,701 |
| 2011 | 15,805 | 112,567 | - | - | 119,000 | 18,403 | 265,775 |
| 2010 | 13,661 | 135,433 | 5,664 | 5,988 | - | 9,806 | 170,552 |
| 2009 | 20,895 | 106,260 | 33,801 | 5,366 | - | 1,027 | 167,349 |
| 2008 | 84,393 | 38,289 | 13,030 | 8,725 | - | 8,507 | 152,944 |
| 2007 | 100,675 | 46,882 | - | 9,120 | - | 859 | 157,536 |
| 2006 | 54,137 | 4,265 | 22,119 | 6,060 | - | 17,808 | 104,389 |
| 2005 | 19,350 | - | 5,483 | 4,335 | - | 1,284 | 30,452 |

Source: District Records

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

| FISCAL 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 |
|--------------------------------|---------------|----------------|--------------|-----------|---------------|---------------|------------|----------------------|------------------|-----------------------|---------------------|------------------------------|---|
| 2014 | \$ 14,931,100 | \$ 608,153,200 | \$ 7,841,800 | \$361,800 | \$ 81,808,400 | \$ 47,825,200 | \$ 606,000 | \$ 761,527,500 | \$ 1,223,181 | \$ 762,750,681 | \$ 44,457,500 | 1.051 | \$ - |
| 2013 | 15,858,500 | 607,273,000 | 9,180,700 | 356,600 | 78,592,900 | 48,382,700 | 606,000 | 760,250,400 | 1,178,706 | 761,429,106 | 43,909,000 | 1.029 | - |
| 2012 | 7,072,400 | 359,354,600 | 4,916,000 | 321,000 | 40,490,733 | 26,969,900 | 247,500 | 439,372,133 | 723,220 | 440,095,353 | 16,960,900 | 1.761 | - |
| 2011 | 7,353,700 | 356,556,700 | 5,219,500 | 349,100 | 40,933,333 | 27,543,700 | 247,500 | 438,203,533 | 734,285 | 438,937,818 | 16,286,400 | 1.760 | - |
| 2010 | 7,509,600 | 355,461,900 | 5,618,900 | 221,300 | 42,825,433 | 28,180,100 | 247,500 | 440,064,733 | 935,159 | 440,999,892 | 15,613,500 | 1.709 | 817,696,460 |
| 2009 | 9,394,000 | 353,561,400 | 5,818,900 | 221,300 | 39,800,433 | 29,918,500 | 247,500 | 438,962,033 | 864,453 | 439,826,486 | 15,583,900 | 1.614 | - |
| 2008 | 9,168,000 | 351,430,400 | 5,768,600 | 221,300 | 39,889,933 | 29,918,500 | 247,500 | 436,644,233 | 657,300 | 437,301,533 | 15,425,600 | 1.584 | - |
| 2007 | 8,893,800 | 352,740,900 | 4,762,400 | 221,700 | 35,102,400 | 30,836,700 | 247,500 | 432,805,400 | 888,480 | 433,693,880 | 15,425,600 | 1.565 | 817,347,978 |
| 2006 | 10,628,000 | 340,352,400 | 5,157,900 | 223,200 | 40,020,700 | 27,174,900 | 247,500 | 423,804,600 | 1,002,720 | 424,807,320 | 15,218,500 | 1.544 | 701,924,862 |
| 2005 | 11,632,100 | 330,499,200 | 5,174,600 | 227,200 | 38,929,900 | 26,315,800 | 247,500 | 413,026,300 | 1,103,105 | 414,129,405 | 15,317,000 | 1.507 | 681,653,937 |

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)**

| FISCAL 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 | | | |
| 2014 | 0.951 | 0.100 | 1.051 | 0.330 | 0.355 | 0.391 | | | 2.127 |
| 2013 | 0.849 | 0.180 | 1.029 | 0.315 | 0.338 | 0.394 | | | 2.076 |
| 2012 | 1.581 | 0.180 | 1.761 | 0.502 | 0.559 | 0.709 | | | 3.531 |
| 2011 | 1.580 | 0.180 | 1.760 | 0.499 | 0.543 | 0.746 | | | 3.548 |
| 2010 | 1.587 | 0.122 | 1.709 | 0.491 | 0.525 | 0.761 | | | 3.486 |
| 2009 | 1.508 | 0.106 | 1.614 | 0.475 | 0.564 | 0.808 | | | 3.461 |
| 2008 | 1.468 | 0.116 | 1.584 | 0.481 | 0.533 | 0.792 | | | 3.390 |
| 2007 | 1.452 | 0.113 | 1.565 | 0.453 | 0.597 | 0.795 | | | 3.410 |
| 2006 | 1.425 | 0.119 | 1.544 | 0.433 | 0.546 | 0.732 | | | 3.255 |
| 2005 | 1.388 | 0.119 | 1.507 | 0.412 | 0.502 | 0.682 | | | 3.103 |

Source: Municipal Tax Collector

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

| TAXPAYER | 2014 | | |
|------------------------------------|------------------------------|--------------------|---|
| | TAXABLE ASSESSED VALUE | RANK (OPTIONAL) | % OF TOTAL DISTRICT NET ASSESSED VALUE |
| DDRM Crossroads Plaza | \$ 13,504,400 | 1 | 1.77% |
| South Hainesport Industrial Trust | 11,163,400 | 2 | 1.47% |
| Berry Drive, LLC | 9,692,700 | 3 | 1.27% |
| Creek Crossing, LLC | 7,369,900 | 4 | 0.97% |
| Mt. Laurel Rd. Limited Partnership | 6,295,300 | 5 | 0.83% |
| Hoppecke USARem, LLC | 3,279,100 | 6 | 0.43% |
| Hainesport Industrial Park Venture | 3,201,000 | 7 | 0.42% |
| Landmark Property Management, Inc. | 2,954,300 | 8 | 0.39% |
| JB Real Estate Holdings, LLC | 2,712,500 | 9 | 0.36% |
| Robert T. Winzinger, Inc. | 2,518,100 | 10 | 0.33% |
| Total | <u>\$ 62,690,700</u> | | <u>8.24%</u> |

| TAXPAYER | 2005 | | |
|-----------------------------------|------------------------------|--------------------|---|
| | TAXABLE ASSESSED VALUE | RANK (OPTIONAL) | % OF TOTAL DISTRICT NET ASSESSED VALUE |
| Inland Southeast Hainesport, LLC | \$ 10,465,000 | 1 | 2.53% |
| South Hainesport Industrial Trust | 6,223,100 | 2 | 1.50% |
| Mt. Laurel Rd. LTD | 4,161,000 | 3 | 1.00% |
| Berry Drive, LLC | 2,908,500 | 4 | 0.70% |
| Creek Crossing II | 2,682,600 | 5 | 0.65% |
| Arrow International | 2,531,800 | 6 | 0.61% |
| White Cap, Inc. | 1,731,500 | 7 | 0.42% |
| Taxpayer #1 | 1,639,100 | 8 | 0.40% |
| Creek Crossing, LLC | 1,570,700 | 9 | 0.38% |
| Drenk Institute | 1,338,500 | 10 | 0.32% |
| Total | <u>\$ 35,251,800</u> | | <u>8.51%</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 |
| 2014 | \$ 7,837,909 | \$ 7,837,909 | 100.00% |
| 2013 | 7,751,611 | 7,751,611 | 100.00% |
| 2012 | 7,723,767 | 7,723,767 | 100.00% |
| 2011 | 7,535,305 | 7,535,305 | 100.00% |
| 2010 | 7,094,720 | 7,094,720 | 100.00% |
| 2009 | 6,930,576 | 6,930,576 | 100.00% |
| 2008 | 6,782,502 | 6,782,502 | 100.00% |
| 2007 | 6,557,297 | 6,557,297 | 100.00% |
| 2006 | 6,238,713 | 6,238,713 | 100.00% |
| 2005 | 5,845,190 | 5,845,190 | 100.00% |

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

| GOVERNMENTAL ACTIVITIES | | | |
|-------------------------------------|--------------------------------|-------------------|-------------------|
| FISCAL YEAR ENDED JUNE 30, | GENERAL OBLIGATION BONDS | CAPITAL LEASES | TOTAL DISTRICT |
| 2014 | \$ 7,208,000 | \$ 14,505 | \$ 7,222,505 |
| 2013 | 7,234,907 | - | 7,234,907 |
| 2012 | 8,391,431 | - | 8,391,431 |
| 2011 | 8,942,878 | 40,000 | 8,982,878 |
| 2010 | 9,442,640 | 52,006 | 9,494,646 |
| 2009 | 4,042,800 | 132,006 | 4,174,806 |
| 2008 | 4,474,473 | 199,376 | 4,673,849 |
| 2007 | 4,884,679 | 65,569 | 4,950,248 |
| 2006 | 5,283,503 | 90,637 | 5,374,140 |
| 2005 | 5,655,995 | 59,710 | 5,715,705 |

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

| FISCAL YEAR ENDED JUNE 30, | <u>GENERAL BONDED DEBT OUTSTANDING</u> | | | PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY |
|-------------------------------------|--|------------|---|--|
| | GENERAL OBLIGATION BONDS | DEDUCTIONS | NET GENERAL BONDED DEBT OUTSTANDING | |
| 2014 | \$ 7,208,000 | \$ - | \$ 7,208,000 | 1.64% |
| 2013 | 7,234,907 | - | 7,234,907 | 1.64% |
| 2012 | 8,391,431 | - | 8,391,431 | 1.90% |
| 2011 | 8,942,878 | - | 8,942,878 | 2.03% |
| 2010 | 9,442,640 | - | 9,442,640 | 2.15% |
| 2009 | 4,042,800 | - | 4,042,800 | 0.92% |
| 2008 | 4,474,473 | - | 4,474,473 | 1.03% |
| 2007 | 4,884,679 | - | 4,884,679 | 1.15% |
| 2006 | 5,283,503 | - | 5,283,503 | 1.28% |
| 2005 | 5,655,995 | - | 5,655,995 | 1.47% |

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014**

| GOVERNMENTAL UNIT | DEBT OUTSTANDING | ESTIMATED PERCENTAGE APPLICABLE | SHARE OF OVERLAPPING DEBT |
|---|---------------------|---------------------------------------|---------------------------------|
| Debt Repaid With Property Taxes: | | | |
| Hainesport Township | \$6,335,329 | 100.00% | \$ 6,335,329 |
| Burlington County | 318,797,148 | 1.71% | 5,451,431 |
| Rancocas Valley Regional High School | 18,433,000 | 17.70% | 3,262,145 |
| Subtotal, Overlapping Debt | | | 15,048,905 |
| Hainesport Township School District Direct Debt | | | 7,208,000 |
| Total Direct & Overlapping Debt | | | <u>\$ 22,256,905</u> |

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

| | FISCAL YEAR | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Debt Limit | \$ 23,757,219 | \$ 24,652,707 | \$ 25,604,732 | \$ 26,698,346 | \$ 18,047,574 | \$ 26,076,502 | \$ 23,611,432 | \$ 20,477,708 | \$ 17,047,821 | \$ 13,796,308 |
| Total Net Debt Applicable to Limit | 7,208,000 | 7,813,169 | 8,391,431 | 8,942,878 | 9,442,640 | 4,042,800 | 4,474,473 | 4,884,679 | 5,283,503 | 5,655,995 |
| Legal Debt Margin | <u>\$ 16,549,219</u> | <u>\$ 16,839,538</u> | <u>\$ 17,213,301</u> | <u>\$ 17,755,468</u> | <u>\$ 8,604,934</u> | <u>\$ 22,033,702</u> | <u>\$ 19,136,959</u> | <u>\$ 15,593,029</u> | <u>\$ 11,764,318</u> | <u>\$ 8,140,313</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 30.34% | 31.69% | 32.77% | 33.50% | 52.32% | 15.50% | 18.95% | 23.85% | 30.99% | 41.00% |

Legal Debt Margin Calculation for Fiscal Year 2013

| | |
|--|--|
| Equalized Valuation Basis | |
| 2013 | \$ 775,528,308 |
| 2012 | \$ 782,497,120 |
| 2011 | 817,696,460 |
| | <u>\$ 2,375,721,888</u> |
| Average Equalized Valuation of Taxable Property | <u>\$ 791,907,296</u> |
| Debt Limit (3 % of Average Equalization Value) Net Bonded School Debt | <u>\$ 23,757,219</u> <u>7,208,000</u> |
| Legal Debt Margin | <u>\$ 16,549,219</u> |

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

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

| YEAR | POPULATION ^a | PERSONAL INCOME (THOUSANDS OF DOLLARS) ^b | BURLINGTON COUNTY PER CAPITA INCOME ^c | UNEMPLOYMENT RATE ^d |
|------|-------------------------|--|---|--------------------------------|
| 2014 | N/A | N/A | N/A | N/A |
| 2013 | 6,117 | N/A | N/A | 9.8% |
| 2012 | 6,134 | 313,318,586 | 51,079 | 7.6% |
| 2011 | 6,121 | 303,760,746 | 49,626 | 7.4% |
| 2010 | 6,115 | 292,596,635 | 47,849 | 7.6% |
| 2009 | 5,951 | 283,160,482 | 47,582 | 7.1% |
| 2008 | 5,955 | 285,750,675 | 47,985 | 4.1% |
| 2007 | 5,997 | 278,890,485 | 46,505 | 3.0% |
| 2006 | 6,099 | 272,728,983 | 44,717 | 3.3% |
| 2005 | 6,046 | 254,905,406 | 42,161 | 2.6% |

Source: NJ Dept of Labor and Workforce Development

^a NJ Dept of Labor & Workforce Development

^b Based upon the Municipal population & per capita personal income presented.

^c Provided by the NJ Department of Labor & Workforce Development

^d Provided by the NJ Department of Labor & Workforce Development

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

| | 2014 |
|-------------------------------------|-----------|
| | 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 |

2005 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 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|-----------|-----------|-----------|-----------|------------|------------|------------|-----------|-----------|-----------|
| Instruction: | | | | | | | | | | |
| Regular | 40 | 45 | 43 | 40 | 49 | 51 | 49 | 50 | 47 | 46 |
| Special Education | 19 | 19 | 19 | 18 | 12 | 12 | 11 | 13 | 15 | 14 |
| Other Special Education | 2 | 1 | 1 | 1 | 4 | 6 | 6 | 3 | 3 | 3 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 21 | 15 | 14 | 11 | 14 | 13 | 13 | 10 | 10 | 10 |
| School Administrative Services | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 |
| Business Administrative Services | 3 | 3 | 3 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Plant Operations & Maintenance | 3 | 7 | 9 | 8 | 9 | 9 | 9 | 9 | 9 | 9 |
| Pupil Transportation | - | - | - | - | 3 | 3 | 3 | 3 | 3 | 3 |
| Total | 93 | 95 | 94 | 87 | 100 | 103 | 100 | 97 | 96 | 94 |

Source: District Personnel Records

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

| FISCAL YEAR | JUNE 30, 2012 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 |
|-------------|--------------------------|----------------------------|----------------|-------------------|--------------------|---------------------|--------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| 2014 | 674 | \$ 9,608,664 | \$ 14,256 | 5.24% | 61 | 11.05:1 | 663.9 | 637.2 | -1.25% | 95.98% |
| 2013 | 688 | 9,320,229 | 13,547 | 4.97% | 59 | 11.66:1 | 672.3 | 650.8 | -3.59% | 96.80% |
| 2012 | 694 | 8,956,036 | 12,905 | 3.36% | 57 | 12.18:1 | 697.3 | 668.8 | -0.41% | 95.91% |
| 2011 | 700 | 8,739,882 | 12,486 | -6.78% | 57 | 12.28:1 | 700.2 | 669.3 | 0.66% | 95.59% |
| 2010 | 699 | 9,361,866 | 13,393 | -1.21% | 56 | 12.48:1 | 695.6 | 653.5 | 3.28% | 93.95% |
| 2009 | 672 | 9,110,749 | 13,558 | -1.92% | 57 | 11.79:1 | 673.5 | 634.5 | -9.94% | 94.21% |
| 2008 | 658 | 9,095,535 | 13,823 | 8.39% | 56 | 11.75:1 | 747.8 | 619.2 | 15.06% | 82.80% |
| 2007 | 666 | 8,493,321 | 12,753 | 11.52% | 56 | 11.89:1 | 649.9 | 621.0 | -2.81% | 95.55% |
| 2006 | 668 | 7,638,828 | 11,435 | 0.64% | 55 | 12.15:1 | 668.7 | 637.1 | 6.01% | 95.27% |
| 2005 | 633 | 7,192,593 | 11,363 | 7.29% | 53 | 11.94:1 | 630.8 | 600.5 | 4.96% | 95.20% |

Sources: District records

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

| DISTRICT BUILDINGS | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 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 | 674 | 688 | 694 | 700 | 699 | 672 | 658 | 666 | 668 | 633 |

Number of Schools at June 30, 2013:
Elementary = 1

Source: District Facilities Office

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

| SCHOOL FACILITIES | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Hainesport Elementary | \$ 66,499 | \$ 26,850 | \$ 72,581 | \$ 60,240 | \$ 57,287 | \$ 55,694 | \$ 43,807 | \$ 48,381 | \$ 35,164 | \$ 40,517 |

* 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, 2014**

| | COVERAGE | SELF-INSURED RETENTION | DEDUCTIBLE |
|--|---------------|---------------------------|------------|
| School Package Policy - Utica National Insurance Company: | | | |
| Building & Contents (All Locations) | | | |
| Limits of Liability per Occurrence | \$ 18,218,116 | \$ - | \$ 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 | 5,000,000 | 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 | - | - |

Source: District records.

SINGLE AUDIT SECTION

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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 08036

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 and business-type activities, each major fund and the aggregate remaining fund information of the Hainesport Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Hainesport Board of Education's basic financial statements, and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hainesport Board of Education'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 Hainesport Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Hainesport Board of Education's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hainesport Board of Education'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 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 state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 20, 2014

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-
133 AND NEW JERSEY OMB CIRCULAR 04-04.**

Honorable President and Members
of the Board of Education
Hainesport Township School District
County of Burlington
Hainesport, New Jersey 08036

Report on Compliance for Each Major State Program

We have audited Hainesport Board of Education’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2014. Hainesport Board of Education’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Hainesport Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04, *Single Audit Policy for Recipients of State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circular 04-04, 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 Hainesport Board of Education'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 Hainesport Board of Education's compliance with those requirements.

Opinion on Each Major State Program

In our opinion, Hainesport Board of Education 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, 2014.

Report on Internal Control Over Compliance

Management of Hainesport Board of Education 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 Hainesport Board of Education'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 OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 Hainesport Board of Education'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 OMB Circular A-133 and New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 20, 2014

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**HAINESPORT TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2014**

| STATE GRANTOR/ PROGRAM TITLE | GRANT OR STATE PROJECT NUMBER | AWARD AMOUNT | GRANT PERIOD | BALANCE AT JUNE 30, 2013 | CASH RECEIVED | BUDGETARY EXPENDITURES | REPAYMENT OF PRIOR YEAR BALANCES | (ACCOUNTS RECEIVABLE) AT JUNE 30, 2014 | DUE TO GRANTOR JUNE 30, 2014 | MEMO | |
|---|--|-----------------|-----------------|-----------------------------------|------------------|---------------------------|---|---|---------------------------------------|-------------------------|-------------------------------------|
| | | | | | | | | | | BUDGETARY RECEIVABLE | CUMULATIVE TOTAL EXPENDITURES |
| State Department of Education: | | | | | | | | | | | |
| Equalization Aid | 14-495-034-5120-078 | \$ 689,609 | 7/1/13-6/30/14 | \$ - | \$ 689,609 | \$ (689,609) | \$ - | \$ - | \$ - | \$ (64,727) | \$ 689,609 |
| Special Education Categorical Aid | 14-495-034-5120-089 | 381,603 | 7/1/13-6/30/14 | - | 381,603 | (381,603) | - | - | - | (35,817) | 381,603 |
| Security Aid | 14-495-034-5120-084 | 57,433 | 7/1/13-6/30/14 | - | 57,433 | (57,433) | - | - | - | (5,391) | 57,433 |
| Transportation Aid | 14-495-034-5120-014 | 149,208 | 7/1/13-6/30/14 | - | 149,208 | (149,208) | - | - | - | (14,005) | 149,208 |
| Adjustment Aid | 14-495-034-5120-085 | 96,002 | 7/1/13-6/30/14 | - | 96,002 | (96,002) | - | - | - | (9,011) | 96,002 |
| Educational Adequacy Aid | 14-495-034-5120-083 | 4,376 | 7/1/13-6/30/14 | - | 4,376 | (4,376) | - | - | - | (411) | 4,376 |
| Extraordinary Aid | 14-100-034-5120-044 | 29,668 | 7/1/13-6/30/14 | - | - | (29,668) | - | (29,668) | - | - | 29,668 |
| Extraordinary Aid | 13-100-034-5120-044 | 55,428 | 7/1/12-6/30/13 | (55,428) | 55,428 | - | - | - | - | - | - |
| Nonpublic Transportation Aid | 14-495-034-5120-014 | 15,949 | 7/1/13-6/30/14 | - | - | (15,949) | - | (15,949) | - | - | 15,949 |
| Nonpublic Transportation Aid | 13-495-034-5120-014 | 16,204 | 7/1/12-6/30/13 | (16,204) | 16,204 | - | - | - | - | - | - |
| On-Behalf TPAF Pension Contribution | 14-495-034-5095-001 | 162,184 | 7/1/13-6/30/14 | - | 162,184 | (162,184) | - | - | - | - | 162,184 |
| On-Behalf TPAF Post-Retirement Medical Reimbursement | 14-495-034-5095-001 | 265,922 | 7/1/13-6/30/14 | - | 265,922 | (265,922) | - | - | - | - | 265,922 |
| On-Behalf TPAF Social Security Reimbursement | 14-495-034-5095-002 | 314,668 | 7/1/13-6/30/14 | - | 299,081 | (314,668) | - | (15,587) | - | - | 314,668 |
| On-Behalf TPAF Social Security Reimbursement | 13-495-034-5095-002 | 290,846 | 7/1/12-6/30/13 | (14,274) | 14,274 | - | - | - | - | - | - |
| Total General Fund | | | | (85,906) | 2,191,324 | (2,166,622) | - | (61,204) | - | (129,362) | 2,166,622 |
| State Grants: | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | |
| Nonpublic Textbook | 14-100-034-5120-064 | 439 | 7/1/13-6/30/14 | - | 439 | - | - | - | 439 | - | - |
| Nonpublic Textbook | 13-100-034-5120-064 | 370 | 7/1/12-6/30/13 | 370 | - | - | (370) | - | - | - | - |
| Nonpublic Textbook | 14-100-034-5120-070 | 618 | 7/1/13-6/30/14 | - | 618 | - | - | - | 618 | - | - |
| Nonpublic Nursing Services | 13-100-034-5120-070 | 513 | 7/1/12-6/30/13 | 513 | - | - | (513) | - | - | - | - |
| Nonpublic Technology Services | 14-100-034-5120-373 | 160 | 7/1/13-6/30/14 | - | 160 | (160) | - | - | - | - | 160 |
| Nonpublic Technology Services | 13-100-034-5120-373 | 137 | 7/1/12-6/30/13 | 137 | - | - | (137) | - | - | - | - |
| Total Special Revenue Fund | | | | 1,020 | 1,217 | (160) | (1,020) | - | 1,057 | - | 160 |
| Debt Service Fund: | | | | | | | | | | | |
| Debt Service Aid Type II | 14-495-034-5120-017 | 86,491 | 7/1/13-6/30/14 | - | 86,491 | (86,491) | - | - | - | - | 86,491 |
| Total Debt Service Fund | | | | - | 86,491 | (86,491) | - | - | - | - | 86,491 |
| State Department of Agriculture: | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | |
| National School Lunch Program (State Share) | 14-100-010-3350-023 | 2,170 | 7/1/13-6/30/14 | - | 1,869 | (2,170) | - | (301) | - | - | 2,170 |
| National School Lunch Program (State Share) | 13-100-010-3350-023 | 2,495 | 7/1/12-6/30/13 | (311) | 311 | - | - | - | - | - | - |
| Total Enterprise Fund | | | | (311) | 2,180 | (2,170) | - | (301) | - | - | 2,170 |
| Total State Financial Assistance | | | | \$ (85,197) | \$ 2,281,212 | \$ (2,255,443) | \$ (1,020) | \$ (61,505) | \$ 1,057 | \$ (129,362) | \$ 2,255,443 |
| On-Behalf TPAF Pension Contributions | | \$ 162,184 | | | | | | | | | |
| On-Behalf TPAF Post-Retirement | | \$ 265,922 | | | | | | | | | |
| Total State Financial Assistance Reported on Single Audit Summary | | \$ (1,827,337) | | | | | | | | | |

**HAINESPORT TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2014**

Note 1. General

The accompanying schedules of expenditures of federal awards and state financial assistance include state award activity of the Board of Education, Hainesport Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

Note 2. Basis of Accounting

The accompanying schedules of expenditures of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements.

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment 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 \$(4,738) for the general fund and \$0 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

HAINESPORT TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued):
JUNE 30, 2014

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

| | State |
|----------------------------|----------------------------|
| General Fund | \$ 2,161,884 |
| Special Revenue Fund | 160 |
| Debt Service Fund | 86,491 |
| Food Service Fund | <u>2,170</u> |
| Total Financial Assistance | <u><u>\$ 2,250,705</u></u> |

Note 4. Relationship to State Financial Reports

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

Note 5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2014. 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, 2014.

Note 6. State Loans Outstanding

Hainesport Board of Education had no loan balances outstanding at June 30, 2014.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014**

Section I – Summary of Auditor’s Results

Financial Statements

| | |
|---|-------------------|
| Type of auditor’s report issued: | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| 1) Material weakness(es) identified? | None Reported |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| Noncompliance material to basic financial Statements noted? | None Reported |

State Awards

| | |
|---|-------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | Yes |
| Type of auditor’s report issued on compliance for major programs | <u>Unmodified</u> |
| Internal Control over major programs: | |
| 1) Material weakness(es) identified? | None Reported |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04 | None Reported |

Identification of major programs:

| GMIS Number(s) | Name of State Program |
|-----------------------|-----------------------------------|
| 14-495-034-5095-078 | Equalization Aid |
| 14-495-034-5120-089 | Special Education Categorical Aid |
| 14-495-034-5120-084 | Categorical Security Aid |
| 14-495-034-5120-085 | Adjustment Aid |
| 14-495-034-5120-083 | Educational Adequacy Aid |

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMET
For the Fiscal Year Ended June 30, 2014**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

No Prior Year Findings