

**HAINESPORT TOWNSHIP
SCHOOL DISTRICT**

HAINESPORT SCHOOL DISTRICT
Hainesport, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HAINESPORT SCHOOL DISTRICT

HAINESPORT, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Hainesport Township Board of Education
Finance Department**

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INTRODUCTORY SECTION

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Hainesport Township School District



Joseph R. Corn, Superintendent

Michael Blake, Business Administrator

Lauren Salls, Principal PreK-4

Thomas Simonet, Principal 5-8

September 6, 2017

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Hainesport Township School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Hainesport Township School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

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

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and vocational as well as special education for children with special needs. The School District’s enrollment for the past six years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	627	-0.16%
2015-2016	628	-1.41%
2014-2015	637	-5.49%
2013-2014	674	-2.03%
2012-2013	688	-0.86%
2011-2012	694	unavailable

ECONOMIC CONDITION AND OUTLOOK

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

MAJOR INITIATIVES

The Hainesport Township School District has focused on continuing to increase student achievement through the technology devices as a learning and teaching tool. Through an Administration and Board of Education commitment, the district now has a 1:1 Chrome Book Initiative in grades 2-8 and a 1:1 Android Tablet Initiative in grades Pre-K-1 to meet the 21st century needs of the students. The initiative will allow teachers to use unique tools to deliver curriculum to their students in a more efficient and

engaging way. The district will begin year 2 of full-day Kindergarten for the 2017-2018 school year. The district is has also implemented 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 is in year 4 of the 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.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

INDEPENDENT AUDIT

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

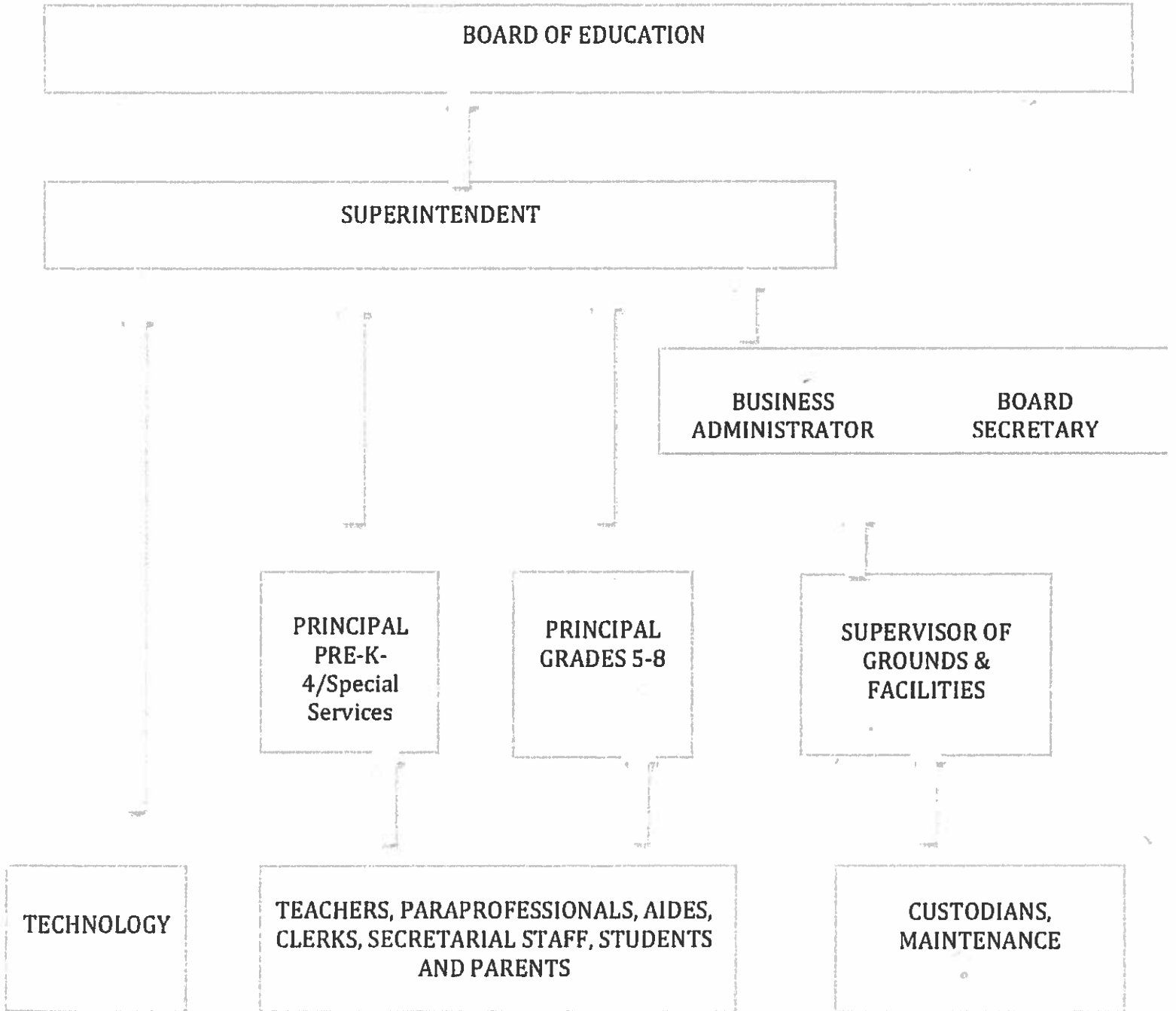
Joseph Corn, Chief School Administrator



Michael Blake, School Business Administrator/Board Secretary



CHAIN OF COMMAND



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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
June 30, 2017**

MEMBERS OF THE BOARD OF EDUCATION

Michael Morelli, President	2017
Mary Jean Kneringer, Vice President	2018
Jason Cardonick	2019
Rosa Guilardi	2019
Jeff Duda	2019
Kristin Jakubowski	2018
Samir Patel	2018
Keith Peacock	2017
Peter Scarpati	2017

MEMBERS OF THE BOARD OF EDUCATION

Mr. Joseph Corn, Chief School Administrator
Michael Blake, Board Secretary/Business Administrator
Sharon Deviney, Treasurer
Adams, Gutierrez & Lattiboudere, LLC, Solicitor

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
Hainesport, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Kevin P. Frenia, CPA, PSA
Holman Frenia Allison, P. C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

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

OFFICIAL DEPOSITORY

Bank of America
Mt. Holly, New Jersey 08060

TD Bank
Mt. Holly, New Jersey 08060

Fulton Bank
Mt. Holly, New Jersey 08060

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FINANCIAL SECTION

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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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1101

Medford, New Jersey
September 6, 2017

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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, 2017
(Unaudited)

As management of the Hainesport Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

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*.

HAINESPORT TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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

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

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

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

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

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

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

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.

HAINESPORT TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 and 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 1,941,814	\$ 1,778,032	\$ 163,782	9%
Capital Assets, Net	11,029,219	11,647,479	(618,260)	-5%
Total Assets	<u>12,971,033</u>	<u>13,425,511</u>	<u>(454,478)</u>	-3%
Deferred Outflow of Resources	<u>735,011</u>	<u>269,839</u>	<u>465,172</u>	172%
Current and other Liabilities	210,667	145,098	65,569	45%
Noncurrent Liabilities	<u>8,405,029</u>	<u>8,553,209</u>	<u>(148,180)</u>	-2%
Total Liabilities	<u>8,615,696</u>	<u>8,698,307</u>	<u>(82,611)</u>	-1%
Deferred Inflow of Resources	<u>207,663</u>	<u>207,304</u>	<u>359</u>	0%
Net Position:				
Net Investment in Capital Assets	5,626,219	5,775,566	(149,347)	-3%
Restricted	1,515,773	2,016,190	(500,417)	-25%
Unrestricted (Deficit)	<u>(2,259,307)</u>	<u>(3,002,017)</u>	<u>742,710</u>	-25%
Total Net Position	<u>\$ 4,882,685</u>	<u>\$ 4,789,739</u>	<u>\$ 92,946</u>	2%

HAINESPORT TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Table 2 reflects the changes in net position for fiscal years 2017 and 2016.

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 150,407	\$ 138,524	\$ 11,883	9%
Operating Grants & Contributions	1,434,171	2,451,263	(1,017,092)	-41%
General Revenues:				
Property Taxes	8,239,914	8,123,184	116,730	1%
Federal & State Aid	1,564,386	1,516,233	48,153	3%
Other General Revenues	65,105	87,242	(22,137)	-25%
Total Revenues	<u>11,453,983</u>	<u>12,316,446</u>	<u>(862,463)</u>	<u>-7%</u>
Function/Program Expenses:				
Regular Instruction	3,027,301	2,910,973	116,328	4%
Special Education Instruction	1,068,957	1,217,565	(148,608)	-12%
Other Instruction	220,131	91,307	128,824	141%
Tuition	213,358	283,851	(70,493)	-25%
Student & Instruction Related Services	1,064,864	1,000,082	64,782	6%
General Administrative	314,938	353,930	(38,992)	-11%
School Administrative Services	170,154	162,320	7,834	5%
Central Services	235,382	233,662	1,720	1%
Plant Operations & Maintenance	756,812	740,755	16,057	2%
Pupil Transportation	445,489	483,951	(38,462)	-8%
Unallocated Benefits	1,571,956	2,590,035	(1,018,079)	-39%
On Behalf TPAF Pension and Social				
Security Contributions	1,149,440	1,043,454	105,986	10%
Special Schools	27,995	26,980	1,015	4%
Interest & Other Charges	258,235	267,751	(9,516)	-4%
Unallocated Depreciation	631,774	1,288,942	(657,168)	-51%
Food Service	204,251	194,930	9,321	5%
Total Expenses	<u>11,361,037</u>	<u>12,890,488</u>	<u>(1,529,451)</u>	<u>-12%</u>
Change In Net Position	92,946	(574,042)	666,988	-116%
Net Position - Beginning	4,789,739	5,363,781	(574,042)	-11%
Net Position - Ending	<u>\$ 4,882,685</u>	<u>\$ 4,789,739</u>	<u>\$ 92,946</u>	<u>2%</u>

HAINESPORT TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Activities

Governmental activities increased the net position of the School District by \$74,088 during the current fiscal year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$4,829,497 with an unrestricted deficit balance of \$2,308,351. As mentioned earlier, deficit unrestricted net position are primarily due to accounting treatment for compensated absences payable, the capital improvement program, net pension liability, 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 School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Unrestricted Net Position (With GASB 68)	\$	(2,308,351)
Add back: PERS Pension Liability		2,433,551
Less: Deferred Outflows related to pensions		(735,011)
Add back: Deferred Inflows related to pensions		<u>207,663</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(1,353,432)</u>

The total net position of the School District increased by \$92,946, or 1.94% from the prior fiscal year-end balance.

Business-type Activities

At the end of the current fiscal year, the School District's proprietary funds (Food Service Fund) reported a combined ending fund balance of \$53,188, an increase of \$18,898 from the prior year.

General Fund Budgeting Highlights

Final budgeted revenues was \$9,056,554, which was equal to the original budget. Final budgeted appropriations was \$9,498,054, which was an increase of \$116 from the original budget. The difference is prior year reserve for encumbrances.

Financial Analysis of the Government's Funds

Governmental Funds - At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,857,038, an increase of \$147,953 from the prior year fund balance in the amount of \$1,709,085.

HAINESPORT TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$11,029,219 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$149,347. This decrease is primarily due to the current year depreciation expense and adjustment to fixed assets from appraisal. Table 3 reflects the capital assets.

Table 3
Summary of Capital Assets

<u>Capital Assets:</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
Land	\$ 40,490	\$ 40,490
Land Improvements	218,691	218,691
Building and Improvements	16,787,215	16,787,215
Equipment	1,725,582	1,712,068
Accumulated Depreciation	(7,742,759)	(7,110,985)
	<u>\$ 11,029,219</u>	<u>\$ 11,647,479</u>
Depreciation Expense	<u>\$ 631,774</u>	<u>\$ 632,194</u>

The \$1,288,942 depreciation expense recorded in the prior year included an adjustment to fixed assets based on an appraisal in the amount of \$656,748. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$5,403,000, which is a decrease of \$647,041 from the prior year.

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

Factors on the School District's Future

The following factors were considered and incorporated into the preparation of the School District's budget for the 2017-18 fiscal year:

HAINESPORT TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

- For the last 12 months, the inflation rate was 1.7 % percent. Health benefit costs are expected to increase 10 percent, prescription benefit costs are expected to increase 10% and dental benefits are expected to increase 7%. The district implemented full-day kindergarten for the 2016-2017 school year.

Contacting the School Districts Financial Management

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

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BASIC FINANCIAL STATEMENTS

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Government-Wide Financial Statements

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 935,315	\$ 42,186	\$ 977,501
Receivables, Net (Note 4)	82,992	3,590	86,582
Inventory	-	6,431	6,431
Restricted Cash & Cash Equivalents	871,300		871,300
Capital Assets, Net (Note 5)			
Non-depreciable	40,490		40,490
Depreciable	10,984,585	4,144	10,988,729
Total Assets	12,914,682	56,351	12,971,033
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	735,011	-	735,011
Total Deferred Outflow of Resources	735,011	-	735,011
LIABILITIES:			
Accounts Payable	17,063		17,063
Due to Other Governments	81,000		81,000
Unearned Revenue	15,506	3,163	18,669
Accrued Interest	93,935		93,935
Noncurrent Liabilities (Note 7):			-
Due within one year	595,000		595,000
Due in more than one year	7,810,029		7,810,029
Total Liabilities	8,612,533	3,163	8,615,696
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	207,663	-	207,663
Total Deferred Inflow of Resources	207,663	-	207,663
NET POSITION:			
Net Investment in Capital Assets	5,622,075	4,144	5,626,219
Restricted for:			
Capital Projects	871,300		871,300
Debt Service	(93,294)		(93,294)
Other Purposes	737,767		737,767
Unrestricted (Deficit)	(2,308,351)	49,044	(2,259,307)
Total Net Position	\$ 4,829,497	\$ 53,188	\$ 4,882,685

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 3,027,301		\$ 199,557		\$ (2,827,744)		\$ (2,827,744)
Special Education Instruction	1,068,957		-		(1,068,957)		(1,068,957)
Other Instruction	220,131		-		(220,131)		(220,131)
Support Services:							
Tuition	213,358		-		(213,358)		(213,358)
Student & Instruction Related Services	1,064,864		12,622		(1,052,242)		(1,052,242)
General Administrative	314,938		-		(314,938)		(314,938)
School Administrative Services	170,154		-		(170,154)		(170,154)
Central Services	235,382		-		(235,382)		(235,382)
Plant Operations & Maintenance	756,812		-		(756,812)		(756,812)
Pupil Transportation	445,489		-		(445,489)		(445,489)
Unallocated Benefits	1,571,956		-		(1,571,956)		(1,571,956)
On Behalf TPAF Pension and Social Security Contributions	1,149,440		1,149,440		-		-
Special Schools	27,995		-		(27,995)		(27,995)
Transfer to Charter Schools							
Interest & Other Charges	258,235		-		(258,235)		(258,235)
Unallocated Depreciation	631,774		-		(631,774)		(631,774)
Total Governmental Activities	11,156,786	-	1,361,619	-	(9,795,167)	-	(9,795,167)
Business-Type Activities:							
Food Service	204,570	\$ 150,407	72,871		-	\$ 18,708	18,708
Total Business-Type Activities	204,570	150,407	72,871	-	-	18,708	18,708
Total Primary Government	\$ 11,361,356	\$ 150,407	\$ 1,434,490	\$ -	(9,795,167)	18,708	(9,776,459)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					7,632,204		7,632,204
Property Taxes Levied for Debt Service					607,710		607,710
Federal & State Aid Restricted					83,167		83,167
Federal & State Aid Not Restricted					1,481,219		1,481,219
Tuition Charges					49,442		49,442
Miscellaneous					15,473	190	15,663
Total General Revenues					9,869,215	190	9,869,405
Change In Net Position					74,048	18,898	92,946
Net Position - Beginning					4,755,449	34,290	4,789,739
Net Position - Ending	\$	\$	\$	\$	4,829,497	53,188	4,882,685

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

Fund Financial Statements

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Governmental Funds

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS:					
Cash & Cash Equivalents	\$ 929,797	\$ 4,877		\$ 641	\$ 935,315
Receivables, Net:					
Due from Other Governments:					
State	50,667	-			50,667
Federal	-	21,392			21,392
Other Receivables	10,933	-			10,933
Restricted Cash & Cash Equivalents	871,300	-			871,300
Total Assets	\$ 1,862,697	\$ 26,269	\$ -	\$ 641	\$ 1,889,607
LIABILITIES & FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 6,300	\$ 10,763			\$ 17,063
Unearned Revenue		15,506			15,506
Total Liabilities	6,300	26,269	-	-	32,569
Fund Balances:					
Restricted for:					
Capital Reserve	871,300				871,300
Excess Surplus - Current year	388,231				388,231
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	349,536				349,536
Debt Service				641	641
Assigned to:					
Designated for Subsequent Year's Expenditures	65,177				65,177
Other Purposes	14,807				14,807
Unassigned	167,346				167,346
Total Fund Balances	\$ 1,856,397	-	-	641	1,857,038
Total Liabilities & Fund Balances	\$ 1,862,697	\$ 26,269	\$ -	\$ 641	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,679,250 and the accumulated depreciation is \$7,654,175	11,025,075
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	735,011
Deferred Inflows related to pensions	(207,663)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(93,935)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(81,000)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(8,405,029)
Net Position of Governmental Activities	\$ 4,829,497

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 FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,632,204			\$ 607,710	\$ 8,239,914
Tuition Charges	49,442				49,442
Miscellaneous	14,711	2,911		762	18,384
Total Local Sources	7,696,357	2,911	-	608,472	8,307,740
State Sources	2,583,101			83,167	2,666,268
Federal Sources	47,558	209,268		-	256,826
Total Revenues	10,327,016	212,179	-	691,639	11,230,834
Expenditures:					
Instruction:					
Regular Instruction	2,827,744	199,557			3,027,301
Special Education Instruction	1,068,957				1,068,957
Other Instruction	220,131				220,131
Support Services:					
Tuition	213,358				213,358
Student & Instruction Related Services	1,052,242	12,622			1,064,864
General Administrative	314,938				314,938
School Administrative Services	170,154				170,154
Central Services	235,382				235,382
Plant Operations & Maintenance	756,812				756,812
Pupil Transportation	445,489				445,489
Unallocated Benefits	1,456,908				1,456,908
On Behalf TPAF Pension and Social Security Contributions	1,149,440				1,149,440
Special Schools	27,995				27,995
Transfer to Charter Schools					-
Capital Outlay	13,514				13,514
Debt Service:					
Principal	7,041			640,000	647,041
Interest & Other Charges	40,748			229,849	270,597
Total Expenditures	10,000,853	212,179	-	869,849	11,082,881
Excess/(Deficiency) of Revenues over Expenditures	326,163	-	-	(178,210)	147,953
Other Financing Sources (Uses):					
Transfers in				178,128	178,128
Transfers out			(178,128)		(178,128)
Total Other Financing Sources (Uses)	-	-	(178,128)	178,128	-
Net changes in fund balances	326,163	-	(178,128)	(82)	147,953
Fund Balance, July 1	1,530,234		178,128	723	1,709,085
Fund Balance, June 30	\$ 1,856,397	\$ -	\$ -	\$ 641	\$ 1,857,038

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		147,953
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	(631,774)
	Capital Outlays	<u>13,514</u>
		(618,260)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(110,409)
Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		647,041
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 (+).		
		12,362
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(4,639)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 74,048</u></u>

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Proprietary Funds

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

ASSETS	<u>FOOD SERVICE</u>
Current Assets:	
Cash & Cash Equivalents	\$ 42,186
Accounts Receivable:	
State	129
Federal	3,461
Inventories	<u>6,431</u>
Total Current Assets	<u>52,207</u>
Noncurrent Assets:	
Equipment	92,728
Less: Accumulated Depreciation	<u>(88,584)</u>
Total Noncurrent Assets	<u>4,144</u>
Total Assets	<u>56,351</u>
LIABILITIES	
Current Liabilities	
Unearned Revenues	<u>3,163</u>
Total Liabilities	<u>3,163</u>
NET POSITION	
Investment in Capital Assets	4,144
Unrestricted	<u>49,044</u>
Total Net Position	<u>\$ 53,188</u>

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for service:	
Daily sales - reimbursable programs	\$ 84,377
Daily sales - non-reimbursable programs	58,379
Special Functions	3,241
Miscellaneous	4,410
	150,407
Total Operating Revenue	150,407
Operating Expenses:	
Cost of Sales - reimbursable Programs	81,497
Cost of Sales - nonreimbursable Programs	13,296
General supplies	4,857
Salaries & employee benefits	86,564
Management fee	13,195
Miscellaneous	5,161
	204,570
Total Operating Expenses	204,570
Operating Income/(Loss)	(54,163)
Nonoperating Revenues/(Expense):	
State Sources:	
State School Lunch Program	2,050
Federal Sources:	
National School Lunch Program	53,750
Healthy Hunger-Free Kids Act	2,752
Food Distribution Program	14,319
Interest Revenue	190
	73,061
Total Nonoperating Revenues/(Expenses)	73,061
Change in Net Position	18,898
Net Position - Beginning	34,290
Net Position - Ending	\$ 53,188

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>FOOD SERVICE</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 150,407
Payments to Employees	(86,564)
Payments for Supplies and Services	<u>(104,444)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(40,601)</u>
Cash Flows From Non Capital Financing Activities:	
State Sources	2,071
Federal Sources	<u>57,101</u>
Net Cash Provided by (Used for) Non Capital & Related Financing Activities	<u>59,172</u>
Cash Flows From Investing Activities:	
Interest Revenue	<u>190</u>
Net Cash Provided by Investing Activities	<u>190</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	18,761
Cash & Cash Equivalents, July 1	<u>23,425</u>
Cash & Cash Equivalents, June 30	<u><u>\$ 42,186</u></u>
 Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (54,163)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:	
Food Distribution Program	14,319
(Increase)/Decrease in Inventories	(1,402)
Increase/(Decrease) in Unearned Revenues	<u>645</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (40,601)</u></u>

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

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Fiduciary Funds

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>AGENCY FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	
ASSETS					
Cash & Cash Equivalents	\$ 8,236	\$ 41,077	\$ 26,318	\$ 2,070	\$ 77,701
Total Assets	8,236	41,077	26,318	2,070	77,701
LIABILITIES					
Payroll Deductions Payable	-	-	-	2,070	2,070
Due to Student Groups	-	-	26,318	-	26,318
Accounts Payable	-	183	-	-	183
Total Liabilities	-	183	26,318	2,070	28,571
NET POSITION					
Held in Trust for Unemployment Claims	-	40,894	-	-	40,894
Held in Trust for Scholarships	8,236	-	-	-	8,236
Total Net Position	\$ 8,236	\$ 40,894	\$ -	\$ -	\$ 49,130

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ADDITIONS	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	
Additions:			
Local Sources:			
Interest on Investments	\$ 38	\$ 150	\$ 188
Employee Withholdings	-	8,985	8,985
Total Additions	38	9,135	9,173
Deductions:			
Unemployment Compensation Claims	-	183	183
Scholarships	325	-	325
Total Deductions	325	183	508
Change in Net Position	(287)	8,952	8,665
Net Position, July 1	8,523	31,942	40,465
Net Position, June 30	\$ 8,236	\$ 40,894	\$ 49,130

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

Hainesport Township School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The School 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 School District has an approximate enrollment at June 30, 2017 of 627 students.

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

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

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

Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

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

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

The School District reports the following major governmental funds:

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

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

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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

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

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

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds would also be presented in these statements. However, internal service funds balances and activities would be combined with the governmental activities in the Government-Wide financial statements.

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

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

The School District reports the following major proprietary funds:

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds and, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

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

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

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

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

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control (continued)

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

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

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

Encumbrances

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

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash, Cash Equivalents and Investments

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

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued):

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

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

Tuition Receivable/Payable

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

Inventories

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

Interfund Receivables/Payables

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

Capital Assets

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

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

Compensated Absences

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Pensions

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

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance

School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$2, 123,193 was exposed to custodial credit risk as follows:

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 2. Deposits and Investments (continued):

Insured under FDIC and GUDPA	\$ 2,123,193.00
Uninsured and Uncollateralized	<u>-</u>
	<u>\$ 2,123,193.00</u>

Investments

The School District had no investments at June 30, 2017.

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 576,300
Increased by:	
Deposits approved by Board	<u>295,000</u>
Ending Balance, June 30, 2017	<u>\$ 871,300</u>

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards		\$ 21,392	\$ 21,392	\$ 3,461	\$ 3,461
State Awards	\$ 50,667		50,667	129	129
Tuition	10,190		10,190		-
Other	743		743		-
Total	\$ 61,600	\$ 21,392	\$ 82,992	\$ 3,590	\$ 3,590

Note 5. Capital Assets

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

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 40,490	-	-	40,490
Total Capital Assets not being depreciated	40,490	-	-	40,490
Capital Assets being depreciated:				
Land Improvements	218,691	-	-	218,691
Buildings and Improvements	16,787,215	-	-	16,787,215
Equipment	1,619,340	13,514	-	1,632,854
Total Capital Assets being depreciated	18,625,246	13,514	-	18,638,760
Less: Accumulated Depreciation:				
Land Improvements	(202,712)	(3,130)		(205,842)
Buildings and Improvements	(5,340,869)	(614,988)	-	(5,955,857)
Equipment	(1,478,820)	(13,656)		(1,492,476)
Total Accumulated Depreciation	(7,022,401)	(631,774)	-	(7,654,175)
Total Capital Assets being depreciated, net	11,602,845	(618,260)	-	10,984,585
Total Governmental Activities Capital Assets, net	\$ 11,643,335	\$ (618,260)	\$ -	\$ 11,025,075

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 5. Capital Assets (continued)

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 92,728	-	-	92,728
	<u>92,728</u>	-	-	<u>92,728</u>
 Less: Accumulated Depreciation:				
Equipment	(88,584)	-	-	(88,584)
	<u>(88,584)</u>	-	-	<u>(88,584)</u>
 Total Business-Type Activities Capital Assets, net	\$ 4,144	\$ -	\$ -	\$ 4,144

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

There were no individual fund receivables/payables balances at June 30, 2017.

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

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Fund		\$ 178,128
Debt Service Fund	\$ 178,128	
	<u>\$ 178,128</u>	<u>\$ 178,128</u>

The purpose of interfund transfer from the capital projects fund to the debt service fund was for the remaining unspent proceeds on completed capital projects to be used for current and future debt service payments related to the completed capital projects.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Long-Term Obligations (continued)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Balance</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 6,043,000		\$ 640,000	\$ 5,403,000	\$ 595,000
Capital Leases	7,041		7,041	-	
Compensated Absences	563,839	\$ 4,639		568,478	
Net Pension Liability	1,939,329	494,222		2,433,551	
	<hr/>			<hr/>	
	\$ 8,553,209	\$ 498,861	\$ 647,041	\$ 8,405,029	\$ 595,000
	<hr/>			<hr/>	

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

Bonds Payable

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

On January 21, 2010, the School District issued \$5,853,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.000% to 4.125% and mature on January 15, 2030.

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

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 595,000	\$ 204,949	\$ 799,949
2019	570,000	187,099	757,099
2020	545,000	167,149	712,149
2021	475,000	148,074	623,074
2022	450,000	129,074	579,074
2023-2027	1,875,000	395,369	2,270,369
2028-2030	893,000	71,421	964,421
	<hr/>		<hr/>
	\$ 5,403,000	\$ 1,303,134	\$ 6,706,134
	<hr/>		<hr/>

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$2,433,551 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .0082167012%, which was a decrease of .0004225046% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$183,403 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 45,257	\$ -
Changes of Assumptions	504,102	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	92,794	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	11,858	207,663
School District contributions subsequent to measurement date	81,000	
	\$ 735,011	\$ 207,663

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

\$81,000 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>		
2018	\$	97,496
2019		97,494
2020		124,685
2021		104,376
2022		<u>22,294</u>
	<u>\$</u>	<u>446,345</u>

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
 Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
 Investment Rate of Return	7.65%

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 2,982,033</u>	<u>\$ 2,433,551</u>	<u>\$ 1,980,732</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.00822%	 0.00864%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

The following represents the membership tiers for TPAF:

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$32,968,761. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

the TPAF net pension liability attributable to the School District was .0419096020%, which an increase of .0041864808% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$2,477,144 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>39,372,068.00</u>	<u>32,968,761.00</u>	<u>27,739,634.00</u>
	<u>\$ 39,372,068.00</u>	<u>\$ 32,968,761.00</u>	<u>\$ 27,739,634.00</u>

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

C. Defined Contribution Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

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

For the year ended June 30, 2017, employee contributions totaled \$2,139.64, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$1,215.46.

Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and non-contributory insurance were \$455,818, \$379,801 and \$1,580, respectively.

Note 11. Risk Management

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 8,985	\$ 150	\$ 183	\$ 40,894
2015-2016	12,457	45	450	31,942
2014-2015	9,180	17	2,175	19,890

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

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 12. Contingencies (continued)

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts' attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

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

Note 13. Deferred Compensation

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

Voya
Valic
AXA Equitable
Lincoln

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$568,478 and \$0, respectively.

HAINESPORT TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 15. Tax Abatements

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

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

Note 16. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$14,807.

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$388,231

Note 18. Fund Balances

General Fund – Of the \$1,856,397 General Fund fund balance at June 30, 2017, \$871,300 has been restricted for the Capital Reserve Account; \$388,231 has been restricted for current year excess surplus; \$349,536 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$65,177 has been assigned and included as anticipated revenue for the year ending June 30, 2018; \$14,807 has been assigned for other purposes; and \$167,346 has been unassigned.

Debt Service Fund – Of the \$641 Debt Service Fund fund balance at June 30, 2017, \$641 is restricted for future debt service payments.

HAINESPORT TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 19. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$93,294 at June 30, 2017. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$2,308,351 at June 30, 2017. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017.

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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 YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Revenues:						
Local Sources:						
Local Tax Levy	10-1210-000-000	\$ 7,632,204	\$ -	\$ 7,632,204	\$ 7,632,204	\$ -
Tuition from Individuals	10-1300-000-000	10,000	-	10,000	49,442	39,442
Unrestricted Miscellaneous Revenues	10-1000-000-000	6,500	-	6,500	14,711	8,211
Interest Earned on Capital Reserve	10-1000-000-000	200	-	200		(200)
Total Local Sources		7,648,904	-	7,648,904	7,696,357	47,453
State Sources:						
Transportation Aid	10-3121-000-000	149,208	-	149,208	149,208	-
Special Education Categorical Aid	10-3132-000-000	381,603	-	381,603	381,603	-
Equalization Aid	10-3176-000-000	689,609	-	689,609	689,609	-
Security Aid	10-3177-000-000	57,433	-	57,433	57,433	-
Adjustment Aid	10-3178-000-000	96,002	-	96,002	96,002	-
Under Adequacy Aid	10-3195-000-000	4,376	-	4,376	4,376	-
PARCC Readiness	10-3197-000-000	6,455	-	6,455	6,455	-
Per Pupil Aid	10-3198-000-000	6,455	-	6,455	6,455	-
Professional Learning Community Aid	10-3183-000-000	5,895	-	5,895	5,895	-
Extraordinary Aid	10-3131-000-000	-	-	-	20,829	20,829
Non-Public Transportation Aid	10-xxx-000-000	-	-	-	14,652	14,652
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	455,818	455,818
On-Behalf TPAF Post-Retirement Medical		-	-	-	379,801	379,801
On-Behalf TPAF Long Term Disability Insurance		-	-	-	1,580	1,580
Reimbursed TPAF Social Security		-	-	-	312,241	312,241
Total State Sources		1,397,036	-	1,397,036	2,581,957	1,184,921
Federal Sources:						
Medicaid Reimbursement	10-4200-000-000	10,614	-	10,614	47,558	36,944
Total Federal Sources		10,614	-	10,614	47,558	36,944
Total Revenues		9,056,554	-	9,056,554	10,325,872	1,269,318
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	76,153	-	76,153	76,152	1
Kindergarten	11-110-100-101	130,858	50,000	180,858	180,017	841
Grades 1 - 5	11-120-100-101	1,292,259	(137,999)	1,154,260	1,151,813	2,447
Grades 6 - 8	11-130-100-101	884,140	(8,009)	876,131	863,563	12,568
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	20,000	-	20,000	1,278	18,722
Purchased Professional -						
Educational Services	11-150-100-320	2,000	-	2,000	-	2,000
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	115,662	(23,096)	92,566	90,497	2,069
Purchased Professional -						
Educational Services	11-190-100-320	55,000	48,000	103,000	99,787	3,213

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Other Purchased Services	11-190-100-500	19,700	-	19,700	17,364	2,336
General Supplies	11-190-100-610	251,735	119,999	371,734	340,986	30,748
Textbooks	11-190-100-640	44,500	(34,000)	10,500	6,287	4,213
Total Regular Programs		2,892,007	14,895	2,906,902	2,827,744	79,158
Special Education:						
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	108,926	-	108,926	108,926	-
Other Salaries of Instruction	11-212-100-106	38,152	325	38,477	38,477	-
Purchased Professional - Educational Services	11-212-100-320	4,000	3,000	7,000	5,447	1,553
General Supplies	11-212-100-610	1,200	-	1,200	919	281
Total Multiple Disabilities		152,278	3,325	155,603	153,769	1,834
Resource Room / Resource Center:						
Salaries of Teachers	11-213-100-101	1,089,816	(183,874)	905,942	853,272	52,670
Purchased Professional - Educational Services	11-213-100-320	18,000	42,300	60,300	55,264	5,036
General Supplies	11-213-100-610	5,500	1,300	6,800	6,652	148
Total Resource Room/Resource Center		1,113,316	(140,274)	973,042	915,188	57,854
Total Special Education		1,265,594	(136,949)	1,128,645	1,068,957	59,688
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	84,589	95,000	179,589	144,665	34,924
Purchased Professional - Educational Services	11-230-100-320	3,000	-	3,000	-	3,000
General Supplies	11-230-100-610	1,200	-	1,200	309	891
Total Basic Skills/Remedial - Instruction		88,789	95,000	183,789	144,974	38,815
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	38,700	(2,133)	36,567	34,092	2,475
Other Objects	11-401-100-800	7,100	798	7,898	5,768	2,130
Total School Sponsored Cocurricular - Activities		45,800	(1,335)	44,465	39,860	4,605
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	25,200	4,479	29,679	29,679	-
Purchased Services(300-500 Series)	11-402-100-390	4,000	1,330	5,330	5,330	-
Supplies and Materials	11-402-100-600	400	-	400	288	112
Total School Sponsored Athletics - Instruction		29,600	5,809	35,409	35,297	112
Total - Instruction		4,321,790	(22,580)	4,299,210	4,116,832	182,378

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Undistributed Expenditures						
Instruction:						
Tuition to Other LEAs Within State						
Special	11-000-100-562	75,895	(47,971)	27,924	26,589	1,335
Tuition to CSSD & Regional Day						
School	11-000-100-565	103,826	100,000	203,826	182,807	21,019
Tuition to Private Schools for						
Disabled Within the State	11-000-100-566	150,000	(85,000)	65,000	3,962	61,038
Total Undistributed Expenditures - Instruction		329,721	(32,971)	296,750	213,358	83,392
Health Services:						
Salaries	11-000-213-100	74,976	(27,304)	47,672	43,674	3,998
Purchased Professional &						
Technical Services	11-000-213-300	8,400	29,180	37,580	36,894	686
Supplies and Materials	11-000-213-600	3,000	124	3,124	2,843	281
Total Health Services		86,376	2,000	88,376	83,411	4,965
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	74,282	(9,220)	65,062	55,067	9,995
Supplies and Materials	11-000-216-600	1,200	203	1,403	1,403	-
Total Other Support Services - Students - Related Services		75,482	(9,017)	66,465	56,470	9,995
Other Support Services - Students - Extraordinary Services:						
Salaries	11-000-217-100	79,441	(44,287)	35,154	33,690	1,464
Purchased Professional &						
Educational Services	11-000-217-320	145,000	108,329	253,329	253,021	308
Supplies and Materials	11-000-217-600	2,000	-	2,000	903	1,097
Total Other Support Services - Students - Extraordinary Services		226,441	64,042	290,483	287,614	2,869
Other Support Services - Students - Regular:						
Salaries of Other Professional						
Staff	11-000-218-104	155,158	(291)	154,867	154,867	-
Supplies and Materials	11-000-218-600	800	291	1,091	841	250
Total Other Support Services - Students - Regular		155,958	-	155,958	155,708	250
Other Support Services - Students - Special Services:						
Salaries of Other Professional						
Staff	11-000-219-104	233,297	-	233,297	232,585	712

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Salaries of Secretarial & Clerical Assistants	11-000-219-105	36,535	17	36,552	36,382	170
Purchased Professional - Educational Services	11-000-219-320	8,100	(200)	7,900	6,400	1,500
Other Purchased Services	11-000-219-500	100	4,400	4,500	3,332	1,168
Miscellaneous Purchased Services	11-000-219-592	3,300	(3,000)	300	239	61
Supplies and Materials	11-000-219-600	10,000	(3,972)	6,028	4,406	1,622
Total Other Support Services - Students-Special Services		291,332	(2,755)	288,577	283,344	5,233
Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	80,315	3,117	83,432	76,479	6,953
Salaries of Other Professional Staff	11-000-221-104	28,000	(18,000)	10,000	6,466	3,534
Salaries of Secretarial & Clerical Assistants	11-000-221-105	1,000	-	1,000	38	962
Purchased Professional - Educational Services	11-000-221-320	30,000	-	30,000	12,366	17,634
Purchased Professional & Technical Services	11-000-221-390	8,000	(3,000)	5,000	-	5,000
Supplies and Materials	11-000-221-600	5,000	-	5,000	2,472	2,528
Total Improvement of Instruction Services		152,315	(17,883)	134,432	97,821	36,611
Educational Media Services/School Library:						
Salaries	11-000-222-100	68,527	(500)	68,027	67,947	80
Purchased Professional & Technical Services	11-000-222-300	1,000	(300)	700	497	203
Other Purchased Services	11-000-222-500	4,900	1,200	6,100	5,795	305
Supplies and Materials	11-000-222-600	9,000	8,400	17,400	13,635	3,765
Total Educational Media Services/School Library		83,427	8,800	92,227	87,874	4,353
Support Services General Administration:						
Salaries	11-000-230-100	187,384	(5,299)	182,085	180,884	1,201
Legal Services	11-000-230-331	40,000	(5,502)	34,498	32,160	2,338
Audit Services	11-000-230-332	20,500	(2,600)	17,900	17,900	-
Architectural/Engineering Services	11-000-230-334	6,000	8,849	14,849	13,298	1,551
Purchased Technical Services	11-000-230-340	25,000	2,002	27,002	25,258	1,744
Communications/Telephone	11-000-230-530	16,000	3,000	19,000	17,056	1,944
BOE Other Purchased Services	11-000-230-585	2,000	1,000	3,000	1,650	1,350
Other Purchased Services (400-500)	11-000-230-590	13,600	1,372	14,972	13,865	1,107

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
General Supplies	11-000-230-610	8,000	(5,050)	2,950	2,752	198
Supplies and Materials	11-000-230-660		5,050	5,050	5,044	6
BOE Membership Dues & Fees	11-000-230-895	5,100	-	5,100	5,071	29
Total Support Services General Administration		323,584	2,822	326,406	314,938	11,468
Support Services School Administration:						
Salaries of Other Professional Staff	11-000-240-104	80,315	3,117	83,432	83,432	-
Assistants	11-000-240-105	79,029	(5,952)	73,077	73,077	-
Salaries of Office Aides	11-000-240-106		6,068	6,068	6,068	
Other Purchased Services(400-500)	11-000-240-500	8,700	(116)	8,584	5,482	3,102
Supplies and Materials	11-000-240-600	2,500	-	2,500	2,095	405
Total Support Services School Administration		170,544	3,117	173,661	170,154	3,507
Support Services Human Resources						
Salaries	11-000-250-100		154,449	154,449	154,445	4
Other Purchased Services	11-000-250-500		7,712	7,712	5,454	2,258
Supplies and Materials	11-000-250-600		3,416	3,416	2,518	898
Total Support Services Humn Resources		-	165,577	165,577	162,417	3,160
Central Services:						
Salaries	11-000-251-100	149,361	(76,361)	73,000	72,965	35
Miscellaneous Purchased Services	11-000-251-592	8,000	(8,000)	-	-	-
Supplies and Materials	11-000-251-600	3,500	(3,500)	-	-	-
Total Central Services		160,861	(87,861)	73,000	72,965	35
Administration Information Technology:						
Purchased Professional Services	11-000-252-330	80,000	(80,000)	-	-	-
Total Administration Information Technology		80,000	(80,000)	-	-	-
Allowable Maintenance for School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	67,000	23,991	90,991	72,169	18,822
Total Allowable Maintenance for School Facilities		67,000	23,991	90,991	72,169	18,822
Other Operation & Maintenance of Plant:						
Salaries	11-000-262-100	170,562	39,416	209,978	204,173	5,805
Salaries of Non-Instructional Aides	11-000-262-107	52,000	(52,000)			-
Cleaning, Repair, and Maintenance Services	11-000-262-420	122,820	(402)	122,418	122,418	-
Other Purchased Property Services	11-000-262-490	40,000	20,871	60,871	60,189	682
Insurance	11-000-262-520	41,900	120	42,020	42,001	19
Miscellaneous Purchased Services	11-000-262-590	500	(400)	100	100	-
General Supplies	11-000-262-610	53,200	7,095	60,295	56,800	3,495
Energy (Heat & Electricity)	11-000-262-620	175,000	31,003	206,003	206,003	-
Total Other Operation & Maintenance of Plant		655,982	45,703	701,685	691,684	10,001

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Student Transportation Services:						
Salaries of Non-Instructional Aid	11-000-270-107	3,942	(3,942)			-
Contracted Services - Aid in Lieu Pymt-NonPub Sch	11-000-270-503	25,000	(25,000)			-
Contracted Services (Between Home & School) - Vendors	11-000-270-511	258,000	-	258,000	255,733	2,267
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	9,000	2,000	11,000	10,030	970
Contracted Services (Between Home & School) - Joint Agreement	11-000-270-513	110,000	(6,000)	104,000	76,805	27,195
Contracted Services - ESC's & CTSA's - (Special Education Students) - Joint Agreements	11-000-270-515	105,000	(5,500)	99,500	69,612	29,888
Contracted Services (Aid in Lieu of Payments-Non Public)	11-000-270-519		25,000	25,000	18,234	6,766
Other Objects	11-000-270-800	10,000	5,500	15,500	11,845	3,655
Miscellaneous - Student Transp.	11-000-270-XX		3,942	3,942	3,230	712
Total Student Transportation Services		520,942	(4,000)	516,942	445,489	71,453
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	110,000	(10,000)	100,000	69,482	30,518
Other Retirement Contributions - PERS	11-000-291-241	81,000	-	81,000	77,152	3,848
Other Retirement Contributions - Regular	11-000-291-249	2,500	(2,500)			-
Unemployment Compensation	11-000-291-250	14,000	(4,631)	9,369	-	9,369
Workmen's Compensation	11-000-291-260	61,500	4,631	66,131	66,131	-
Health Benefits	11-000-291-270	1,393,685	(53,683)	1,340,002	1,189,600	150,402
Tuition Reimbursements	11-000-291-280	23,500	800	24,300	22,778	1,522
Unused Sick Payment to Terminated/Retired Staff	11-000-291-299	30,550	2,500	33,050	31,765	1,285
Total Unallocated Benefits		1,716,735	(62,883)	1,653,852	1,456,908	196,944
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	455,818	(455,818)
On-Behalf TPAF Post-Retirement Medical		-	-	-	379,801	(379,801)
On-Behalf TPAF Long Term Disability Insurance		-	-	-	1,580	(1,580)
Reimbursed TPAF Social Security		-	-	-	312,241	(312,241)
Total Undistributed Expenditures		5,096,700	18,682	5,115,382	5,801,764	(686,382)
Total Expenditures - Current Expense		9,418,490	(3,898)	9,414,592	9,918,596	(504,004)
Capital Outlay:						
Equipment:						
Undistributed - Custodial Services	12-000-262-730	9,500	4,014	13,514	13,514	-
Total Equipment		9,500	4,014	13,514	13,514	-

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	-	-			-
Lease Purchase Agreement Principal	12-000-400-721		-			-
Custodial Equipment	12-000-262-730		-			-
Other Objects	12-000-400-800	-	-			-
Assessment for Debt Service on SDA Funding	12-000-400-896	40,748	-	40,748	40,748	-
Interest Deposit to Capital Reserve	10-604	200	-	200		200
Total Facilities Acquisition & Construction Services		40,948	-	40,948	40,748	200
Total Capital Outlay		50,448	4,014	54,462	54,262	200
Special Schools:						
Summer School - Instruction:						
Salaries of Teachers	13-422-100-101	29,000	-	29,000	27,995	1,005
Total Special Schools		29,000	-	29,000	27,995	1,005
Total Expenditures		9,497,938	116	9,498,054	10,000,853	(502,799)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures After Other Financing Sources/(Uses)		(441,384)	(116)	(441,500)	325,019	766,519
Fund Balances, July 1		1,649,513		1,649,513	1,649,513	-
Fund Balances, June 30		\$ 1,208,129	\$ (116)	\$ 1,208,013	\$ 1,974,532	\$ 766,519

RECAPITULATION OF BUDGET TRANSFERS:

Prior Year Reserve for Encumbrances	\$ 116
Total Budget Transfers	<u>\$ 116</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 871,300
Current Year Excess Surplus	388,231
Excess Surplus Designated of Subsequent Year's Expenditures	349,536
Assigned to:	
Year-End Encumbrances	14,807
Designated for Subsequent Year's Expenditures	65,177
Unassigned Fund Balance	<u>285,481</u>
Subtotal	1,974,532
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(118,135)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,856,397</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
REVENUES:					
State Sources	\$ -	\$ 2,753	\$ 2,753	\$ -	\$ (2,753)
Federal Sources	188,592	30,301	218,893	209,268	(9,625)
Local Sources	-	15,625	15,625	2,911	(12,714)
Total Revenues	188,592	48,679	237,271	212,179	(25,092)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	34,996	19,870	54,866	52,359	2,507
Tuition	138,704	8,336	147,040	147,040	-
General Supplies	-	15,625	15,625	158	15,467
Total Instruction	173,700	43,831	217,531	199,557	17,974
Support Services:					
Personal Services - Employee Benefits	9,099	2,063	11,162	9,869	1,293
Purchased Professional - Educational Services	5,793	2,785	8,578	2,753	5,825
Total Support Services	14,892	4,848	19,740	12,622	7,118
Total Expenditures	188,592	48,679	237,271	212,179	25,092
Total Outflows	188,592	48,679	237,271	212,179	25,092
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)	\$ 10,325,872	\$ 212,179
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	119,279	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(118,135)	-
	(118,135)	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 10,327,016	\$ 212,179
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 10,000,853	\$ 212,179
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	\$ 10,000,853	\$ 212,179

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00822%	0.00864%	0.00975%	0.00963%
School District's proportionate share of the net pension liability \$	2,433,551	\$ 1,939,329	\$ 1,825,090	\$ 1,840,837
School District's covered payroll	\$ 597,072	\$ 581,363	\$ 631,093	\$ 641,067
School District's proportionate share of the net pension liability as a percentage of its covered payroll	407.58%	333.58%	289.20%	287.15%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 81,000	\$ 72,996	\$ 74,274	\$ 80,361
Contributions in relation to the contractually required contribution	<u>(81,000)</u>	<u>(72,996)</u>	<u>(74,274)</u>	<u>(80,361)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 567,776	\$ 597,072	\$ 581,363	\$ 631,093
Contributions as a percentage of covered payroll	14.27%	12.23%	12.78%	12.73%

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

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

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	32,968,761	23,842,623	20,490,228	18,935,957
	<u>\$ 32,968,761</u>	<u>\$ 23,842,623</u>	<u>\$ 20,490,228</u>	<u>\$ 18,935,957</u>
School District's covered payroll	\$ 4,438,531	\$ 4,306,207	\$ 4,429,511	\$ 4,327,511
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

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

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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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 THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>IDEA PART B BASIC</u>	<u>IDEA PART B PRESCHOOL</u>	<u>TITLE I PART A</u>	<u>PTO GRANT</u>	<u>LOCAL SAFETY GRANT</u>	<u>TOTAL</u>
Revenues:						
Federal Sources	\$ 147,040	\$ 14,400	\$ 47,828			\$ 209,268
Local Sources	-	-	-	\$ 158	\$ 2,753	2,911
Total Revenues	\$ 147,040	\$ 14,400	\$ 47,828	\$ 158	\$ 2,753	\$ 212,179
Expenditures:						
Instruction:						
Salaries of Teachers		\$ 14,400	\$ 37,959			\$ 52,359
Tuition	\$ 147,040					147,040
Supplies				\$ 158		158
Total Instruction	147,040	14,400	37,959	158	-	199,557
Support Services:						
Employee Benefits			9,869			9,869
Purchased Professional Educational Services					\$ 2,753	2,753
Total Support Services	-	-	9,869	-	2,753	12,622
Total Expenditures	\$ 147,040	\$ 14,400	\$ 47,828	\$ 158	\$ 2,753	\$ 212,179

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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 FISCAL YEAR ENDED JUNE 30, 2017**

<u>PROJECT</u>	<u>DATE</u>	<u>APPROPRIATION</u>	<u>EXPENDITURES</u> <u>TO DATE</u>		<u>TRANSFER TO</u> <u>DEBT SERVICE</u> <u>FUND</u>	<u>UNEXPENDED</u> <u>BALANCE</u>
			<u>PRIOR</u> <u>YEAR</u>	<u>CURRENT</u> <u>YEAR</u>		
Various Projects & Rehabilitations	1/12/11	\$ 9,645,657	\$ 9,467,529	\$ -	\$ 178,128	\$ -
		Total	\$ 9,467,529	\$ -	\$ 178,128	\$ -

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Expenditures and Other Financing Uses:	
Transfer to Debt Service	<u>178,128</u>
Total Expenditures	<u>178,128</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(178,128)
Fund Balance - Beginning	<u>178,128</u>
Fund Balance - Ending	<u><u>\$ -</u></u>

**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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues:				
State Sources - SDA Grant	\$ 3,772,202	\$ -	\$ 3,772,202	\$ 3,772,202
Bond Proceeds	5,853,000	-	5,853,000	5,853,000
Cancellation of Prior Year Accounts Payable	1,000	-	1,000	1,000
	<hr/>		<hr/>	<hr/>
Total Reserve	9,626,202	-	9,626,202	9,626,202
Expenditures:				
Purchased Professional & Technical Services	1,107,631	-	1,107,631	1,107,631
Construction Services	7,649,015	-	7,649,015	7,827,143
Equipment Purchases	183,665	-	183,665	183,665
Cancellation of Prior Year Accounts Receivable	353,218	-	353,218	353,218
	<hr/>		<hr/>	<hr/>
Total Expenditures & Other Financing Uses	9,293,529	-	9,293,529	9,471,657
Excess/Deficiency) of Revenues Over/ (Under) Expenditures				
	<hr/>	<hr/>	<hr/>	<hr/>
	332,673	-	332,673	154,545
Other Financing Sources/(Uses):				
Operating Transfers In	20,455	-	20,455	20,455
Operating Transfers Out	(175,000)	(178,128)	(353,128)	(175,000)
	<hr/>		<hr/>	<hr/>
Total Other Financing Sources/(Uses)	\$ (154,545)	\$ (178,128)	\$ (332,673)	\$ (154,545)
Excess/Deficiency) of Revenues Over/ (Under) Expenditures				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 178,128	\$ (178,128)	\$ -	\$ -

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	(153,545)
Revised Authorized Cost	9,471,657
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	96.54%
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

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

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS		TOTAL
	SCHOLARSHIP TRUST	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 8,236	\$ 41,077	\$ 26,318	\$ 2,070	\$ 77,701
Total Assets	8,236	41,077	26,318	2,070	77,701
LIABILITIES					
Payroll Deductions Payable	-	-	-	2,070	2,070
Due to Student Groups	-	-	26,318	-	26,318
Accounts Payable	-	183	-	-	183
Total Liabilities	-	183	26,318	2,070	28,571
NET POSITION					
Held in Trust for Unemployment Claims	-	40,894	-	-	40,894
Held in Trust for Scholarships	8,236	-	-	-	8,236
Total Net Position	\$ 8,236	\$ 40,894	\$ -	\$ -	\$ 49,130

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**HAINESPORT TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	
Additions:			
Local Sources:			
Interest on Investments	\$ 38	\$ 150	\$ 188
Employee Withholdings	-	8,985	8,985
Total Additions	38	9,135	9,173
Deductions:			
Unemployment Compensation Claims	-	183	183
Scholarships	325	-	325
Total Deductions	325	183	508
Change in Net Position	(287)	8,952	8,665
Net Position, July 1	8,523	31,942	40,465
Net Position, June 30	\$ 8,236	\$ 40,894	\$ 49,130

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, <u>2016</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2017</u>
Hainesport School	\$ 25,614	\$ 42,362	\$ 41,658	\$ 26,318
Total Assets	<u>\$ 25,614</u>	<u>\$ 42,362</u>	<u>\$ 41,658</u>	<u>\$ 26,318</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, <u>2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2017</u>
Cash & Cash Equivalents	\$ 2,816	\$ 5,651,542	\$ 5,652,288	\$ 2,070
Total Assets	<u>\$ 2,816</u>	<u>\$ 5,651,542</u>	<u>\$ 5,652,288</u>	<u>\$ 2,070</u>
LIABILITIES				
Net Payroll		\$ 2,993,727	\$ 2,993,727	
Payroll Deductions & Withholdings	\$ 2,816	2,657,814	2,658,560	\$ 2,070
Total Liabilities	<u>\$ 2,816</u>	<u>\$ 5,651,541</u>	<u>\$ 5,652,287</u>	<u>\$ 2,070</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, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2016	RETIRED	BALANCE JUNE 30, 2017
			DATE	AMOUNT				
2004 Refunding Bonds	02/01/04	\$ 4,990,000				\$ 570,000	\$ 570,000	\$ -
2010 General Obligation Bonds	01/21/10	5,853,000	1/15/18	595,000	3.00%	5,473,000	70,000	5,403,000
			1/15/19	570,000	3.50%			
			1/15/20	545,000	3.50%			
			1/15/21	475,000	4.00%			
			1/15/22	450,000	4.00%			
			1/15/23	425,000	4.00%			
			1/15/24	400,000	4.00%			
			1/15/25	375,000	4.00%			
			1/15/26	350,000	4.00%			
			1/15/27	325,000	4.00%			
		1/15/28	310,000	4.00%				
		1/15/29	300,000	4.00%				
		1/15/30	283,000	4.13%				
Total						\$ 6,043,000	\$ 640,000	\$ 5,403,000

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2017**

<u>DESCRIPTION</u>	<u>DATE OF LEASE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2016</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2017</u>
Firewall Lease	7/16/2014	7/16/2017	0.00%	\$ 7,041	\$ -	\$ 7,041	\$ -
Total				\$ 7,041	\$ -	\$ 7,041	\$ -

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 607,710	\$ -	\$ 607,710	\$ 607,710	\$ -
Miscellaneous				762	762
State Sources:					
Debt Service Aid Type II	83,167	-	83,167	83,167	-
Total Revenues	<u>690,877</u>	<u>-</u>	<u>690,877</u>	<u>691,639</u>	<u>762</u>
Expenditures					
Regular Debt Service:					
Interest	229,849	-	229,849	229,849	-
Redemption of Principal	640,000	-	640,000	640,000	-
Total Expenditures	<u>869,849</u>	<u>-</u>	<u>869,849</u>	<u>869,849</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(178,972)</u>	<u>-</u>	<u>(178,972)</u>	<u>(178,210)</u>	<u>762</u>
Other Financing Sources:					
Operating Transfers In	178,699	-	178,699	178,128	(571)
Total Other Financing Sources	<u>178,699</u>	<u>-</u>	<u>178,699</u>	<u>178,128</u>	<u>(571)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	<u>(273)</u>	<u>-</u>	<u>(273)</u>	<u>(82)</u>	<u>191</u>
Fund Balance, July 1	<u>723</u>	<u>-</u>	<u>723</u>	<u>723</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 450</u>	<u>\$ 641</u>	<u>\$ 191</u>

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF COMPENSATED ABSENCES
 JUNE 30, 2017**

	AMOUNT OUTSTANDING JUNE 30, 2016	INCREASE	AMOUNT OUTSTANDING JUNE 30, 2017
Compensated Absences	\$ 563,839	\$ 4,639	\$ 568,478

STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 5,622,075	\$ 5,771,422	\$ 6,616,186	\$ 6,249,792	\$ 5,427,129	\$ 4,760,097	\$ 1,797,899	\$(3,640,978)	\$ 1,092,687	\$ 850,905
Restricted	1,515,773	1,439,774	933,253	878,264	1,656,735	1,965,048	4,079,480	9,041,522	557,534	755,069
Unrestricted	(2,308,351)	(2,455,747)	(2,211,097)	(348,140)	(302,783)	(331,769)	(311,657)	(390,618)	(453,681)	(383,474)
Total Governmental Activities	\$ 4,829,497	\$ 4,755,449	\$ 5,338,342	\$ 6,779,916	\$ 6,781,081	\$ 6,393,376	\$ 5,565,722	\$ 5,009,926	\$ 1,196,539	\$ 1,222,500
Business-Type Activities:										
Net Investment in Capital Assets	\$ 4,144	\$ 4,144	\$ 4,144	\$ 6,685	\$ 18,364	\$ 24,825	\$ 27,957	\$ 25,758	\$ 36,004	\$ 46,250
Unrestricted	49,044	30,146	21,295	22,383	16,048	21,537	30,816	45,836	36,365	27,945
Total Business-Type Activities	\$ 53,188	\$ 34,290	\$ 25,439	\$ 29,068	\$ 34,412	\$ 46,362	\$ 58,773	\$ 71,594	\$ 72,369	\$ 74,195
District-Wide:										
Net Investment in Capital Assets	\$ 5,626,219	\$ 5,775,566	\$ 6,620,330	\$ 6,256,477	\$ 5,445,493	\$ 4,784,922	\$ 1,825,856	\$(3,615,220)	\$ 1,128,691	\$ 897,155
Restricted	1,515,773	1,439,774	933,253	878,264	1,656,735	1,965,048	4,079,480	9,041,522	557,534	755,069
Unrestricted	(2,259,307)	(2,425,601)	(2,189,802)	(325,757)	(286,735)	(310,232)	(280,841)	(344,782)	(417,316)	(355,529)
Total District Net Position	\$ 4,882,685	\$ 4,789,739	\$ 5,363,781	\$ 6,808,984	\$ 6,815,493	\$ 6,439,738	\$ 5,624,495	\$ 5,081,520	\$ 1,268,908	\$ 1,296,695

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 3,027,301	\$ 2,857,986	\$ 2,943,711	\$ 2,965,800	\$ 2,856,967	\$ 2,844,048	\$ 2,712,862	\$ 3,006,838	\$ 3,270,169	\$ 3,242,491
Special Education	1,068,957	1,217,565	1,172,147	1,132,731	1,028,678	975,785	948,708	342,215	592,843	627,149
Other Instruction	220,131	91,307	160,167	134,794	130,141	117,169	90,950	1,045,373	337,861	374,962
Support Services:										
Tuition	213,358	283,851	297,399	304,022	126,004	109,621	180,687	40,606	162,611	195,680
Student & Instruction Related Services	1,064,864	1,000,082	1,009,453	928,369	1,018,276	929,005	864,118	842,708	251,134	243,644
General Administrative	485,092	516,250	448,435	493,919	464,490	469,545	470,951	606,213	359,778	331,099
Central Services	235,382	233,662	242,149	200,332	197,523	194,514	204,368	209,806	204,439	197,652
Plant Operations & Maintenance	756,812	740,755	650,118	616,837	591,871	637,909	684,113	690,863	670,793	710,586
Pupil Transportation	445,489	483,951	543,668	545,865	483,172	451,866	495,641	404,197	442,779	484,950
Unallocated Employee Benefits	1,571,956	3,633,489	3,156,437	2,262,327	2,405,015	2,223,838	2,084,430	2,135,543	2,065,618	2,183,718
On Behalf TPAF Pension and Social Security Contributions	1,149,440									
Special Schools	27,995	26,980	21,657	23,668	18,092	2,736	3,054	25,498	21,456	27,062
Interest & Other Charges	258,235	267,751	310,499	324,592	332,612	330,103	346,958	242,451	161,566	181,349
Reduction In Compensated Absences		52,987	36,125	(25,064)	(3,877)	(14,419)	7,749	(47,199)	-	-
Unallocated Depreciation	631,774	1,288,942	212,783	271,823	389,571	198,080	292,583	221,839	33,989	35,126
Cancellation of Prior Years										
Accounts Receivable		-	-	353,218	-	-	-	-	-	-
Total Governmental Activities	11,156,786	12,695,558	11,204,748	10,533,233	10,038,535	9,469,800	9,387,172	9,766,951	8,575,036	8,835,468
Expenses										
Business-Type Activities:										
Food Service	204,570	194,930	205,561	214,444	244,464	249,694	250,631	242,376	246,433	211,239

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Business-Type Activities Expense	204,570	194,930	205,561	214,444	236,703	244,464	249,694	250,631	242,376	246,433
Total District Expenses	\$ 11,361,356	\$ 12,890,488	\$ 11,410,309	\$ 10,747,677	\$ 10,275,238	\$ 9,714,264	\$ 9,636,866	\$ 10,017,582	\$ 8,817,412	\$ 9,081,901
Program Revenues: Governmental Activities: Operating Grants & Contributions	\$ 1,361,619	\$ 2,386,047	\$ 1,946,361	\$ 210,049	\$ 220,489	\$ 255,956	\$ 246,661	\$ 261,175	\$ 875,347	\$ 1,026,259
Total Governmental Activities Program Revenues	1,361,619	2,386,047	1,946,361	210,049	220,489	255,956	246,661	261,175	875,347	1,026,259
Charges for Services: Food Service Operating Grants & Contributions	150,407	138,524	137,525	141,098	153,668	167,297	176,660	185,569	179,098	173,857
	72,871	65,216	64,390	67,994	71,069	64,733	59,774	63,995	61,323	56,676
Total Business-Type Activities Program Revenues	223,278	203,740	201,915	209,092	224,737	232,030	236,434	249,564	240,421	230,533
Total District Program Revenues	\$ 1,584,897	\$ 2,589,787	\$ 2,148,276	\$ 419,141	\$ 445,226	\$ 487,986	\$ 483,095	\$ 510,739	\$ 1,115,768	\$ 1,256,792
Net/(Expense)/Revenue: Governmental Activities Business-Type Activities	\$ (9,795,167)	\$ (10,309,511)	\$ (9,258,387)	\$ (10,323,184)	\$ (9,818,046)	\$ (9,213,844)	\$ (9,140,511)	\$ (9,505,776)	\$ (7,699,689)	\$ (7,809,209)
	18,708	8,810	(3,646)	(5,352)	(11,966)	(12,434)	(13,260)	(1,067)	(1,955)	(15,900)
Total Government-Wide Net Expense	\$ (9,776,459)	\$ (10,300,701)	\$ (9,262,033)	\$ (10,328,536)	\$ (9,830,012)	\$ (9,226,278)	\$ (9,153,771)	\$ (9,506,843)	\$ (7,701,644)	\$ (7,825,109)

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues & Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 7,632,204	\$ 7,530,541	\$ 7,256,722	\$ 7,025,828	\$ 6,952,443	\$ 6,934,825	\$ 6,804,063	\$ 6,588,096	\$ 6,424,790	\$ 6,289,590
Property Taxes Levied for Debt Service	607,710	592,643	760,687	812,081	799,167	788,941	731,242	506,624	505,786	492,912
Federal & State Aid Restricted	83,167									
Federal & State Aid Not Restricted	1,481,219	1,516,233	1,521,131	2,253,571	2,319,140	2,193,908	1,873,911	6,026,342	1,508,966	1,561,782
Tuition Charges	49,442	34,562	75,895	80,860	87,086	66,000	112,567	135,433	106,260	38,289
Investment Earnings		200	-	200	500	2,208	2,461	3,223	3,935	12,235
Miscellaneous	15,473	42,555	43,215	38,372	47,414	55,616	172,063	59,444	57,154	102,420
Adjustment to Capital Assets		9,884	-	140,715	-	-	-	-	-	-
Cancellation of Prior Years										
Accounts Payable				1,000	-	-	-	-	-	-
Total Governmental Activities	9,869,215	9,726,618	9,657,650	10,352,627	10,205,750	10,041,498	9,696,307	13,319,162	8,606,891	8,497,228
Business-Type Activities:										
Miscellaneous	190	41	17	8	16	23	439	292	129	637
Total Business-Type Activities	190	41	17	8	16	23	439	292	129	637
Total District-Wide	\$ 9,869,405	\$ 9,776,659	\$ 9,657,667	\$ 10,352,635	\$ 10,205,766	\$ 10,041,521	\$ 9,696,746	\$ 13,319,454	\$ 8,607,020	\$ 8,497,865
Change in Net Position:										
Governmental Activities	\$ 74,048	\$ (582,893)	\$ 399,263	\$ 29,443	\$ 387,704	\$ 827,654	\$ 555,796	\$ 3,813,386	\$ 907,202	\$ 688,019
Business-Type Activities	18,898	8,851	(3,629)	(5,344)	(11,950)	(12,411)	(12,821)	(775)	(1,826)	(15,263)
Total District-Wide	\$ 92,946	\$ (574,042)	\$ 395,634	\$ 24,099	\$ 375,754	\$ 815,243	\$ 542,975	\$ 3,812,611	\$ 905,376	\$ 672,756

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 1,609,067	\$ 1,332,603	\$ 1,044,622	\$ 718,854	\$ 540,849	\$ 485,302	\$ 361,412	\$ 258,445	\$ 255,222	\$ 246,337
Assigned To	79,984	34,617	5,949	283,891	543,912	438,760	143,578	-	-	-
Unassigned	167,346	163,014	157,469	126,587	197,008	171,899	206,430	131,616	420,818	715,631
Total General Fund	1,856,397	1,530,234	1,208,040	1,129,332	1,281,769	1,095,961	711,420	390,061	676,040	961,968
All Other Governmental Funds:										
Committed To	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,090	\$ 1,868,283	\$ -	\$ -	\$ -
Assigned To	-	-	-	-	-	7,636	9,037	-	-	-
Restricted, Reported in:										
Capital Projects Fund	-	178,128	353,128	354,498	706,716	901,810	1,848,076	8,909,209	-	5,238
Debt Service Fund	641	723	281	3,296	3,990	340	6,302	23,423	618	1,946
Total All Other Governmental Funds	\$ 641	\$ 178,851	\$ 353,409	\$ 357,794	\$ 710,706	\$ 1,188,876	\$ 3,731,698	\$ 8,932,632	\$ 618	\$ 7,184

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$ 8,239,914	\$ 8,123,184	\$ 8,017,409	\$ 7,837,909	\$ 7,751,611	\$ 7,723,767	\$ 7,535,305	\$ 7,094,720	\$ 6,930,576	\$ 6,782,502
Tuition	49,442	34,562	75,895	80,860	87,086	66,000	112,567	135,433	106,260	38,289
Interest Earnings	-	-	-	200	500	2,208	2,461	3,223	3,935	12,235
Miscellaneous	18,384	42,755	43,215	38,372	47,414	55,616	172,063	59,444	57,154	102,420
State Sources	2,666,268	2,554,589	2,338,258	2,248,535	2,294,571	2,128,179	1,858,476	5,849,596	2,166,147	2,404,670
Federal Sources	256,826	227,429	230,612	215,085	245,058	321,685	262,096	437,921	218,166	183,371
Total Revenue	11,230,834	10,982,519	10,705,389	10,420,961	10,426,240	10,297,455	9,942,968	13,580,337	9,482,238	9,523,487
Expenditures:										
Current Expense:										
Regular Instruction	3,027,301	2,857,986	2,943,711	2,965,800	2,856,967	2,844,048	2,712,862	3,006,838	3,108,594	2,945,509
Special Education Instruction	1,068,957	1,217,565	1,172,147	1,132,731	1,028,678	975,785	948,708	342,215	592,843	627,149
Other Instruction	220,131	91,307	160,167	134,794	130,141	117,169	90,950	1,045,373	337,861	374,962
Support Services:										
Tuition	213,358	283,851	297,399	304,022	126,004	109,621	180,687	40,606	162,611	195,680
Student & Instruction Related Services	1,064,864	1,000,082	1,009,453	928,369	1,018,276	929,005	864,118	842,708	933,162	847,522
General Administrative Services	314,938	345,984	295,143	317,827	304,706	308,524	309,128	364,400	333,442	303,625
School Administrative Services	170,154	162,320	153,292	176,092	159,784	161,021	161,823	253,819	251,134	243,644
Central Services	235,382	233,662	242,149	200,332	197,523	194,514	204,368	209,806	204,439	197,652
Plant Operations & Maintenance	756,812	740,755	650,118	616,837	591,871	637,909	684,113	690,863	669,978	677,799
Pupil Transportation	445,489	483,951	543,668	545,865	483,172	451,866	495,641	404,197	429,611	471,213
Other Support Services	1,456,908	2,494,147	2,240,938	2,262,327	2,405,015	2,223,838	2,084,430	2,135,543	2,065,618	2,183,718
On Behalf TPAF Pension and Social Security Contributions	1,149,440									
Special Schools	27,995	26,980	21,657	23,668	18,092	2,736	3,054	25,498	21,456	27,062
Capital Outlay	13,514	48,694	58,125	87,911	506,212	2,616,484	5,239,350	822,442	61,120	234,762
Debt Service:										
Principal	647,041	595,000	570,000	605,167	578,262	551,448	499,763	453,160	431,672	410,207
Interest & Other Charges	270,597	252,599	273,099	294,107	313,899	331,768	343,548	149,834	171,191	191,470
Total Expenditures	11,082,881	10,834,883	10,631,066	10,595,849	10,718,602	12,455,736	14,822,543	10,787,302	9,774,732	9,931,974

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	147,953	147,636	74,323	(174,888)	(292,362)	(2,158,281)	(4,879,575)	2,793,035	(292,494)	(408,487)
Other Financing Sources/(Uses):								5,853,000	-	-
Proceeds from Bond Issuance	-	-	-	-	-	-	-	-	-	-
Cancellation of Prior Years Accounts Payable	-	-	-	1,000	-	-	-	-	-	-
Cancellation of Prior Years Accounts Receivable	-	-	-	(353,218)	-	-	-	-	-	-
Lease Purchase Agreement	-	-	-	21,757	-	-	-	-	-	-
Transfers In	178,128	175,000	273	8	3,650	22,129	21,316	23,414	5,238	200,000
Transfers Out	(178,128)	(175,000)	(273)	(8)	(3,650)	(22,129)	(21,316)	(23,414)	(5,238)	(23,404)
Total Other Financing Sources/ (Uses)	-	-	-	(330,461)	-	-	-	5,853,000	-	200,000
Net Change in Fund Balance	\$ 147,953	\$ 147,636	\$ 74,323	\$ (505,349)	\$ (292,362)	\$ (2,158,281)	\$ (4,879,575)	\$ 8,646,035	\$ (292,494)	\$ (208,487)
Debt Service as a Percentage of Noncapital Expenditures	8.29%	7.86%	7.97%	8.56%	8.74%	8.98%	8.80%	6.05%	6.21%	6.20%

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

<u>FISCAL</u> <u>YEAR</u> <u>ENDED</u> <u>JUNE 30,</u>	<u>INTEREST ON</u> <u>INVESTMENTS</u>	<u>TUITION</u>	<u>PRIOR YEAR</u> <u>REFUNDS</u>	<u>RENTAL OF</u> <u>FACILITIES</u>	<u>SALE OF</u> <u>SCHOOL</u> <u>BUSES</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2017	\$ 10,164	\$ 49,442	\$ -	\$ 4,296	\$ -	\$ 251	64,153
2016	3,140	34,562	-	4,244	-	25,383	67,329
2015	1,195	75,895	7,269	9,248	-	18,965	112,572
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

Source: District Records

Revenue Capacity Information

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

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

YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2016	\$ 17,416,700	\$ 606,105,200	\$ 8,740,600	\$ 346,600	\$ 81,110,600	\$ 46,460,900	\$ 606,000	\$ 760,786,600	\$ 1,268,178	\$ 762,054,778	\$ 47,501,300	1.084	\$ 797,836,073
2015	17,589,300	605,896,300	8,740,600	363,800	80,125,000	46,460,900	606,000	759,781,900	1,268,178	761,050,078	47,501,300	1.067	780,920,684
2014	14,931,100	608,153,200	7,841,800	361,800	81,808,400	47,825,200	606,000	761,527,500	1,271,371	761,053,271	47,121,600	1.051	780,765,445
2013*	15,858,500	607,273,000	9,180,700	356,600	78,592,900	48,382,700	606,000	760,250,400	1,223,181	762,750,681	44,457,500	1.029	unavailable
2012	7,072,400	359,354,600	4,916,000	321,000	40,490,733	26,969,900	247,500	439,372,133	1,178,706	761,429,106	43,909,000	1.761	unavailable
2011	7,353,700	356,556,700	5,219,500	349,100	40,933,333	27,543,700	247,500	438,203,533	723,220	440,095,353	16,960,900	1.760	unavailable
2010	7,509,600	355,461,900	5,618,900	221,300	42,825,433	28,180,100	247,500	440,064,733	734,285	438,937,818	16,286,400	1.709	unavailable
2009	9,394,000	353,561,400	5,818,900	221,300	39,800,433	29,918,500	247,500	438,962,033	935,159	440,999,892	15,613,500	1.614	unavailable
2008	9,168,000	351,430,400	5,768,600	221,300	39,889,933	29,918,500	247,500	436,644,233	864,453	439,826,486	15,583,900	1.584	unavailable
2007	8,893,800	352,740,900	4,762,400	221,300	35,102,400	30,836,700	247,500	432,805,000	888,480	433,693,880	15,425,600	1.565	817,347,978

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

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

YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	HAINESPORT TOWNSHIP	REGIONAL SCHOOL	BURLINGTON COUNTY		
2016	1.004	0.080	1.084	0.354	0.430	0.430	2.298	
2015	0.927	0.140	1.067	0.316	0.412	0.455	2.250	
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	

Source: Municipal Tax Collector

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

<u>TAXPAYER</u>	<u>2017</u>		
	<u>TAXABLE ASSESSED VALUE</u>	<u>RANK (OPTIONAL)</u>	<u>% OF TOTAL DISTRICT NET ASSESSED VALUE</u>
DDRM Crossroads Plaza	\$ 14,475,000	1	1.81%
South Hainesport Industrial Trust	10,875,400	2	1.36%
Berry Drive, LLC	8,772,800	3	1.10%
Creek Crossing II, LLC	7,369,900	4	0.92%
Mt Laurel RD Limited Partnership	6,295,300	5	0.79%
Hoppecke USA REM, LLC	3,279,100	6	0.41%
Hainesport Industrial Park	3,201,000	7	0.40%
Diamantis Children's Trust	3,147,300	8	0.39%
Hainesport Complex LP	2,914,100	9	0.37%
Ventimiglia, Giuseppe	2,509,400	10	0.31%
Total	<u>\$ 62,839,300</u>		<u>7.88%</u>

	<u>2008</u>		
	<u>TAXABLE ASSESSED VALUE</u>	<u>RANK (OPTIONAL)</u>	<u>% OF TOTAL DISTRICT NET ASSESSED VALUE</u>
Inland Southeast Hainesport	\$ 7,700,000	1	1.78%
Berry Drive, LLC	6,156,300	2	1.42%
Creek Crossing , LLC	4,533,500	3	1.05%
Mt. Laurel Road Limited Partnership	3,325,000	4	0.77%
Arrow International	2,531,800	5	0.58%
South Hainesport Industrial Trust	1,828,000	6	0.42%
White Cap Inc.	1,731,500	7	0.40%
Guiseppe Ventimiglia	1,639,100	8	0.38%
Creek Crossing , LLC	1,570,700	9	0.36%
Drenk Institute	1,338,500	10	0.31%
Total	<u>\$ 32,354,400</u>		<u>7.47%</u>

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2017	\$ 8,239,914	\$ 8,239,914	100.00%
2016	8,123,184	8,123,184	100.00%
2015	7,837,909	7,837,909	100.00%
2014	7,751,611	7,751,611	100.00%
2013	7,723,767	7,723,767	100.00%
2012	7,535,305	7,535,305	100.00%
2011	7,094,720	7,094,720	100.00%
2010	6,930,576	6,930,576	100.00%
2009	6,782,502	6,782,502	100.00%
2008	6,557,297	6,557,297	100.00%

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

Debt Capacity Information

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

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

FISCAL YEAR ENDED <u>JUNE 30,</u>	<u>GOVERNMENTAL ACTIVITIES</u>			PERCENTAGE OF PERSONAL <u>INCOME</u>	<u>PER CAPITA</u>
	GENERAL OBLIGATION <u>BONDS</u>	CAPITAL <u>LEASES</u>	TOTAL <u>DISTRICT</u>		
2017	\$ 5,403,000	\$ -	\$ 5,403,000	unavailable	unavailable
2016	6,043,000	7,041	6,050,041	unavailable	unavailable
2015	6,068,000	21,335	6,089,335	1.82%	110
2014	7,234,907	35,629	7,270,536	2.22%	135
2013	8,391,431	-	8,391,431	2.66%	162
2012	8,942,878	40,000	8,982,878	2.85%	175
2011	9,442,640	52,006	9,494,646	3.10%	190
2010	4,042,800	132,006	4,174,806	1.42%	87
2009	4,474,473	199,376	4,673,849	1.65%	98
2008	4,884,679	65,569	4,950,248	1.74%	104

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

FISCAL YEAR ENDED <u>JUNE 30,</u>	<u>GENERAL BONDED DEBT OUTSTANDING</u>			PERCENTAGE OF NET VALUATION <u>TAXABLE</u>	<u>PER CAPITA</u>
	<u>GENERAL OBLIGATION BONDS</u>	<u>DEDUCTIONS</u>	<u>NET GENERAL BONDED DEBT OUTSTANDING</u>		
2017	\$ 5,403,000	\$ -	\$ 5,403,000	0.71%	Unavailable
2016	6,043,000	-	6,043,000	0.79%	Unavailable
2015	6,068,000	-	6,068,000	0.80%	110
2014	7,208,000	-	7,208,000	0.95%	134
2013	7,234,907	-	7,234,907	0.95%	140
2012	8,391,431	-	8,391,431	1.91%	163
2011	8,942,878	-	8,942,878	2.04%	179
2010	9,442,640	-	9,442,640	2.14%	197
2009	4,042,800	-	4,042,800	0.92%	85
2008	4,474,473	-	4,474,473	1.03%	94

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016**

<u>GOVERNMENTAL UNIT</u>	<u>NET DEBT (1)</u>	<u>TOWNSHIP PROPORTIONATE SHARE</u>	<u>NET DEBT ALLOCAED TO TOWNSHIP</u>
Hainesport Township	\$ 3,969,570	100.00%	\$ 3,969,570
Burlington County (2)	314,942,084	1.76%	5,548,052
Rancocas Valley Regional High School (3)	13,888,000	18.28%	2,538,485
Hainesport Township School District	6,043,000	100.00%	<u>6,043,000</u>
Total Direct & Overlapping Debt			<u>\$ 18,099,107</u>

(1) 2016 Annual Debt Statement

(2) County net debt is allocated as a proportion of the Township's share of the total 2016 Equalized Value, which is provided by the New Jersey Division of Taxation

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

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

	YEAR ENDING DECEMBER 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 23,827,099	\$ 23,516,820	\$ 23,368,427	\$ 23,757,219	\$ 24,652,707	\$ 25,604,732	\$ 26,698,346	\$ 18,047,574	\$ 26,076,502	\$ 23,611,432
Total Net Debt Applicable to Limit	6,043,000	6,043,000	6,068,000	7,208,000	7,813,169	8,391,431	8,942,878	9,442,640	4,042,800	4,474,473
Legal Debt Margin	\$ 17,784,099	\$ 17,473,820	\$ 17,300,427	\$ 16,549,219	\$ 16,839,538	\$ 17,213,301	\$ 17,755,468	\$ 8,604,934	\$ 22,033,702	\$ 19,136,959
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.36%	25.70%	25.97%	30.34%	31.69%	32.77%	33.50%	52.32%	15.50%	18.95%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 806,556,227
2015	\$ 797,336,447
2014	\$ 778,817,243
	<u>\$ 2,382,709,917</u>
Average Equalized Valuation of Taxable Property	<u>\$ 794,236,639</u>
Debt Limit (3 % of Average Equalization Value) Net Debt Applicable to Limit	\$ 23,827,099 <u>6,043,000</u>
Legal Debt Margin	<u>\$ 17,784,099</u>

SOURCE: Annual Debt Statement

Demographic and Economic Information

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

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

<u>YEAR</u>	<u>POPULATION</u> ^a	<u>PERSONAL INCOME</u> (THOUSANDS OF <u>DOLLARS</u>) ^b	<u>BURLINGTON COUNTY</u> <u>PER CAPITA INCOME</u> ^c	<u>UNEMPLOYMENT RATE</u> ^d
2016	6,075	Unavailable	Unavailable	4.0%
2015	6,053	334,289,031	55,227	5.2%
2014	6,085	327,050,495	53,747	6.4%
2013	6,093	315,526,005	51,785	9.8%
2012	6,124	314,712,360	51,390	7.6%
2011	6,124	305,924,420	49,955	7.4%
2010	6,116	293,855,452	48,047	7.6%
2009	5,951	283,559,199	47,649	7.1%
2008	5,955	284,744,280	47,816	4.1%
2007	5,997	276,989,436	46,188	3.0%

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

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

	2017
	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
	40
Total	846

2008 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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	39	39	39	40	45	43	40	49	51	49
Special Education	20	20	18	19	19	19	18	12	12	11
Other Special Education	1	1	2	2	1	1	1	4	6	6
Support Services:										
Student & Instruction Related Services	23	22	21	21	15	14	11	14	13	13
School Administrative Services	5	5	5	5	5	5	5	5	4	4
Business Administrative Services	3	3	3	3	3	3	4	4	5	5
Plant Operations & Maintenance	3	3	3	3	7	9	8	9	9	9
Pupil Transportation	-	-	-	-	-	-	0	3	3	3
Total	94	93	91	93	95	94	87	100	103	100

Source: District Personnel Records

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Operating Information

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

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HAINESPORT TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

FISCAL YEAR	JUNE 30, ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	627	\$ 10,151,729	\$ 16,191	2.31%	60	10.45:1	624.0	596.0	-0.32%	95.51%
2016	628	9,938,590	15,826	3.61%	60	10.46:1	626.0	588.0	-2.03%	93.93%
2015	637	9,729,842	15,274	7.14%	59	11.80:1	639.0	600.0	-3.75%	93.90%
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%

Sources: District records

Note: Enrollment based on annual October district count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
- b. Teaching staff includes only full-time equivalents of certificated staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
Hainesport Elementary (1925):	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782	97,782
Square Feet	636	636	636	636	636	636	636	636	636	636
Capacity (Students)	627	628	637	674	688	694	700	699	672	658
Enrollment										

Number of Schools at June 30, 2017:
Elementary = 1

Source: District Facilities Office

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

SCHOOL FACILITIES	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Hainesport Elementary	\$ 72,169	\$ 53,384	\$ 59,434	\$ 66,499	\$ 26,850	\$ 72,581	\$ 60,240	\$ 57,287	\$ 55,694	\$ 43,807

* 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, 2017**

	COVERAGE	SELF-INSURED RETENTION	DEDUCTIBLE
School Package Policy - Utica National Insurance Company:			
Building & Contents (All Locations)			
Limits of Liability per Occurrence	\$ 22,293,974	\$ -	\$ 1,000
General Liability	3,000,000	-	-
Flood	25,000	-	-
Automobile Liability	1,000,000	-	1,000
Crime Coverage	100,000	-	-
Inland Marine	30,000	-	250
Umbrella Liability	10,000,000	10,000	-
New Jersey School Boards Association:			
Workers' Compensation	2,000,000	-	-
The Maskin Group:			
Student Accident	1,000,000	-	-
New Jersey School Boards Association:			
Surety Bonds:			
Treasurer	200,000	-	-
Board Secretary	300,000	-	-

Source: District records.

SINGLE AUDIT SECTION

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EXHIBIT K-1

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hainesport Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Hainesport Township School District's basic financial statements, and have issued our report thereon dated September 6, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain immaterial instances of noncompliance that are not required to be reported under *Governmental Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, that we reported to management in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated September 6, 2017.

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1101

Medford, New Jersey
September 6, 2017



HOLMAN | FRENIA
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EXHIBIT K-2

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

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

Report on Compliance for Each Major State Program

We have audited the Hainesport Township School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2017. The Hainesport Township School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1101

Medford, New Jersey
September 6, 2017

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HAINESPORT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	UNEARNED REVENUE
U.S. Department of Health and Human Services												
Passed Through New Jersey Department of Human Services: Medical Assistance Program (SEMI)	93.778	160SNJ5MAP	100-054-7540-211	\$ 47,558	7/1/16-6/30/17	\$ -	\$ 47,558	\$ (47,558)	\$ -	\$ -	\$ -	\$ -
Total U.S. Department of Health and Human Services							47,558	(47,558)	-	-	-	-
U.S. Department of Agriculture												
Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster:												
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	53,750	7/1/16-6/30/17	(3,860)	50,463	(53,750)	(3,287)	-	-	-
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026	49,680	7/1/15-6/30/16	-	3,860	-	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	171NJ304N1099	100-010-3350-026	2,752	7/1/16-6/30/17	(200)	2,578	(2,752)	(174)	-	-	-
Healthy Hunger-Free Kids Act	10.555	16161NJ304N1099	100-010-3350-026	2,571	7/1/15-6/30/16	-	200	-	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	Unavailable	14,000	7/1/16-6/30/17	2,518	14,319	(11,156)	-	-	-	3,163
Food Distribution Program (Noncash Assistance)	10.555	16161NJ304N1099	Unavailable	13,564	7/1/15-6/30/16	(1,542)	71,420	(70,176)	-	(3,461)	-	3,163
Total Child Nutrition Cluster						(1,542)	71,420	(70,176)	-	(3,461)	-	3,163
Total U.S. Department of Agriculture						(1,542)	71,420	(70,176)	-	(3,461)	-	3,163
U.S. Department of Education												
Passed Through New Jersey Department of Education: L.D.E.A. Part B (Special Education Cluster)												
Basic	84.027	H027A160100	100-034-5065-016	147,040	7/1/16-6/30/17	(11,517)	135,517	(147,040)	-	(11,523)	-	-
Basic	84.027	H027A150100	100-034-5065-016	154,100	7/1/15-6/30/16	(11,517)	11,517	-	-	-	-	-
Preschool	84.173	H173A160114	100-034-5065-020	14,400	7/1/16-6/30/17	(11,517)	147,084	(147,040)	-	(11,523)	-	-
Total Special Education Cluster						(11,517)	161,434	(161,440)	-	(11,523)	-	-
No Child Left Behind (N.C.L.B.): Title I - Part A	84.010	S010A160030	100-034-5064-194	47,828	7/1/16-6/30/17	(22,134)	37,959	(47,828)	-	(9,869)	-	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	51,877	7/1/15-6/30/16	(22,134)	22,134	-	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	5,825	7/1/16-6/30/17	(6,777)	6,816	-	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	100-034-5063-290	6,816	7/1/15-6/30/16	(6,777)	6,816	-	-	-	-	39
Total U.S. Department of Education						(40,428)	228,343	(209,268)	-	(21,392)	-	39
Total Expenditures of Federal Awards						(41,970)	347,321	(327,002)	\$ -	(24,853)	\$ -	3,202

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

HAINESPORT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM/TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE, JUNE 30, 2017		MEMO	
							ACCOUNTS RECEIVABLE	UNEARNED REVENUE	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<u>New Jersey Department of Education:</u>										
General Fund:										
495-034-5120-078	Equilization Aid	\$ 689,609	7/1/16-6/30/17	-	\$ 689,609	(\$ 689,609)	-	\$ -	\$ 58,314	\$ 689,609
495-034-5120-084	Security Aid	57,433	7/1/16-6/30/17	-	57,433	(57,433)	-	-	4,857	57,433
495-034-5120-085	Adjustment Aid	96,002	7/1/16-6/30/17	-	96,002	(96,002)	-	-	8,118	96,002
495-034-5120-089	Special Education Categorical Aid	381,603	7/1/16-6/30/17	-	381,603	(381,603)	-	-	32,269	381,603
495-034-5120-096	Under Adequacy Aid	4,376	7/1/16-6/30/17	-	4,376	(4,376)	-	-	370	4,376
495-034-5120-097	Per Pupil Growth Aid	6,455	7/1/16-6/30/17	-	6,455	(6,455)	-	-	546	6,455
495-034-5120-098	PARCC Readiness	6,455	7/1/16-6/30/17	-	6,455	(6,455)	-	-	546	6,455
495-034-5120-101	Professional Learning Community Aid	5,895	7/1/16-6/30/17	-	5,895	(5,895)	-	-	498	5,895
	Total State Aid Public			-	1,247,828	(1,247,828)	-	-	105,518	1,247,828
495-034-5120-014	Transportation Aid	149,208	7/1/16-6/30/17	-	149,208	(149,208)	-	-	12,617	149,208
495-034-5120-014	Additional Nonpublic School Transportation Aid	14,652	7/1/16-6/30/17	-	14,652	(14,652)	-	-	-	14,652
495-034-5120-014	Additional Nonpublic School Transportation Aid	11,574	7/1/15-6/30/16	(11,574)	11,574	-	(14,652)	-	-	11,574
495-034-5120-044	Extraordinary Aid	20,829	7/1/16-6/30/17	-	20,829	(20,829)	-	-	-	20,829
495-034-5120-044	Extraordinary Aid	20,603	7/1/15-6/30/16	(20,603)	20,603	-	(20,829)	-	-	20,603
100-034-5094-003	Reimbursed TPAF Social Security Contributions	312,241	7/1/16-6/30/17	-	297,055	(312,241)	-	-	-	312,241
100-034-5094-003	TPAF - Post Retirement	308,368	7/1/15-6/30/16	(15,524)	15,524	-	(15,186)	-	-	308,368
495-034-5094-001	Medical (Noncash Assistance)	379,801	7/1/16-6/30/17	-	379,801	(379,801)	-	-	-	379,801
	TPAF Pension									
495-034-5094-002	Contributions (Noncash Assistance)	455,818	7/1/16-6/30/17	-	455,818	(455,818)	-	-	-	455,818
495-034-5094-004	TPAF Pension - Long Term Disability Insurance (Noncash Assistance)	1,580	7/1/16-6/30/17	-	1,580	(1,580)	-	-	-	1,580
	Total General Fund			(47,701)	2,578,991	(2,581,957)	(50,667)	-	118,135	2,922,502
Debt Service Fund:										
495-034-5120-075	School Construction Debt Service Aid	83,167	7/1/16-6/30/17	-	83,167	(83,167)	-	-	-	83,167
	Total Debt Service Fund			-	83,167	(83,167)	-	-	-	83,167
<u>New Jersey Department of Agriculture:</u>										
Enterprise Fund:										
100-010-3350-023	National School Lunch Program	2,050	7/1/16-6/30/17	-	1,921	(2,050)	-	(129)	-	2,050
100-010-3350-023	National School Lunch Program	1,919	7/1/15-6/30/16	(150)	150	-	-	-	-	1,919
	Total Enterprise Fund			(150)	2,071	(2,050)	(129)	-	-	3,969
	Total State Financial Assistance			\$ (47,851)	\$ 2,664,229	\$ (2,667,174)	\$ (50,796)	\$ -	\$ 118,135	\$ 3,009,638
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
495-034-5094-001	TPAF - Post Retirement Medical (Noncash Assistance)	379,801	7/1/16-6/30/17	-	\$ -	379,801	-	-	-	379,801
495-034-5094-002	TPAF Pension Contributions (Noncash Assistance)	455,818	7/1/16-6/30/17	-	-	455,818	-	-	-	455,818
495-034-5094-004	TPAF Pension - Long Term Disability Insurance (Noncash Assistance)	1,580	7/1/16-6/30/17	-	-	1,580	-	-	-	1,580
	Total State Financial Assistance subject to Calculation for Major Program Determination					\$ (1,580)				\$ (1,580)

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

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Hainesport Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

Note 3. Relationship to Basic Financial Statements

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

**HAINESPORT TOWNSHP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,144 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 47,558	\$ 2,583,101	\$ 2,630,659
Special Revenue Fund	209,268		209,268
Debt Service Fund		83,167	83,167
Food Service Fund	70,176	2,050	72,226
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 327,002</u>	<u>\$ 2,668,318</u>	<u>\$ 2,995,320</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Hainesport Township School District had no loan balances outstanding at June 30, 2017.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? yes no

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

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

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

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? yes no

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

State Financial Assistance

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

Auditee qualified as low-risk auditee? _____ X _____ yes _____ no

Internal control over major programs:

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

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

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Public Cluster: _____
495-034-5120-078	_____ Equalization Aid _____
495-034-5120-084	_____ Security Aid _____
495-034-5120-085	_____ Adjustment Aid _____
495-034-5120-089	_____ Special Education Categorical Aid _____
495-034-5120-096	_____ Under Adequacy Aid _____
495-034-5120-097	_____ Per Pupil Growth Aid _____
495-034-5120-098	_____ PARCC Readiness Aid _____
495-034-5120-101	_____ Professional Learning Community Aid _____
_____	_____

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

None.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

None.

**HAINESPORT TOWNSHIP SCHOOL DISTRICT SUMMARY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR
THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.