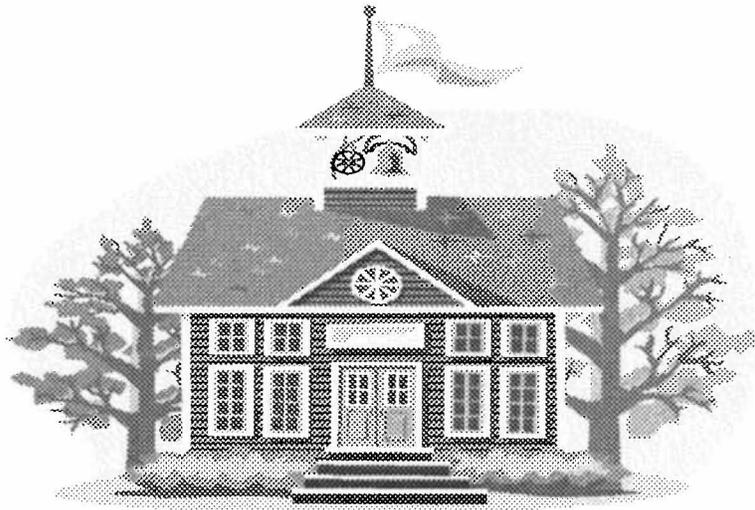


SCHOOL DISTRICT
OF
HENRY HUDSON REGIONAL



**HENRY HUDSON REGIONAL BOARD OF EDUCATION
HIGHLANDS, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

HENRY HUDSON REGIONAL BOARD OF EDUCATION

HIGHLANDS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY

**HENRY HUDSON REGIONAL BOARD OF EDUCATION
FINANCE DEPARTMENT**

HENRY HUDSON REGIONAL SCHOOL DISTRICT

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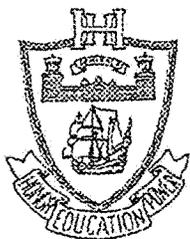
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INTRODUCTORY SECTION



HENRY HUDSON REGIONAL SCHOOL DISTRICT

SERVING THE BOROUGHS OF ATLANTIC HIGHLANDS AND HIGHLANDS

One Grand Tour · Highlands, New Jersey 07732-2039

Phone: 732-872-1517

Fax: 732-872-1315

Rosemary Ryan

Board President

Janet Sherlock

Business Administrator/Board Secretary

Dr. Susan Compton

Superintendent

December 3, 2015

The Honorable President and
Members of the Board of Education
Henry Hudson Regional School District
One Grand Tour
Highlands, New Jersey 07732

Dear Board Members/Citizens:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Henry Hudson Regional School District (District). This report is for the fiscal year ended June 30, 2015. This report contains financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the District for the 2014-2015 fiscal year.

Responsibility for the accuracy, completeness and fairness of this report rests with the District and, more specifically, the office of the School Business Administrator. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report was prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the District's continuing commitment to provide meaningful financial information to the citizens of the District.

This report has been divided into four sections:

The Introductory Section: includes this transmittal letter, the District's organizational chart, a list of principal officials, and a map of the State of New Jersey.

The Financial Section: includes the unqualified opinion of our independent auditors, Robert A. Hulsart and Company, Certified Public Accountants, the basic financial statement, and the combining and individual fund and account group financial statements.

The Statistical Section: includes selected financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

The Single Audit Section: is in accordance with generally accepted auditing standards; audit requirements as prescribed by the office of Finance, Department of Education, State of New Jersey; and Government Auditing Standards issued by the Comptroller General of the United States. Information related to this single audit, including the auditor's report in the internal control structure and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

The Henry Hudson Regional School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The District also acts as fiscal agent for State funds distributed to private schools located within the District boundaries. The private school served is Mother Teresa Regional School in Atlantic Highlands. Because of its independent nature, none of this organization's financial statements are included in this report. The District encompasses the Boroughs of Atlantic Highlands and Highlands. The Board of Education is comprised of five members from Highlands and four members from Atlantic Highlands. They are elected to three-year terms and meet on the third Wednesday of each month for the Regular Board Meeting. During its meetings, the Board determines District goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:00 p.m. unless otherwise noted. The name of Henry Hudson Regional comes from the historic Henry Hudson Springs located in Atlantic Highlands. In 1609, Henry Hudson, sea captain of the Half Moon, touched land, and drew water from the spring. Ships continued to use this spring into the 1900's.

The District provides a full-range of educational services appropriate to grade levels 7-12. These include regular, as well as inclusive education for disabled youngsters. The District is the only 7-12 School District in Monmouth County. It is accredited by the Middle States Association of Colleges and Secondary Schools and approved by the New Jersey State Department of Education.

The Parent Teacher Organization (PTO) is highly active in the District and provides community support for a variety of programs and activities for the children.

ECONOMIC CONDITION

The District, located in Monmouth County, is comprised of the towns of Atlantic Highlands and Highlands. In October, 2012, both communities were hit by Super Storm Sandy. The Atlantic Highlands Marina was destroyed and many homes and businesses were damaged. In Highlands, the entire downtown area was destroyed. Every home and business was affected. The Atlantic Highlands Marina has been rebuilt and the downtown is beginning to recover. The town of Highlands has also begun to recover with many businesses reopening and many homes being raised. There is a major revitalization project underway in Highlands.

MAJOR INITIATIVES

Henry Hudson Regional continues to share a Superintendent of Schools with Atlantic Highlands Elementary School and Highlands Elementary School.

The Seventy Three (73) graduates of the Henry Hudson Regional School Class of 2015 earned a total of \$6,150,594.00 in scholarships. Sixty Six (66) members of the Henry Hudson Regional graduating class will be continuing their education in September 2015.

Most unique about Henry Hudson Regional is that thirty percent (30%) of the student population plays an instrument in the award-winning school band. The school has also created a talented A Cappella Chior and Jazz Band. The Henry Hudson Regional School Concert Bands, both High School and Middle School placed 1st in their categories. In addition, Henry Hudson is the first school in Monmouth County to embrace the Arts High School Program and currently is the home to the Middle School of the Arts.

Henry Hudson Regional School continues to provide an exceptional educational experience for all students. The breadth of programs from special education to gifted and talented meets each child's unique needs. The 2014-2015 school year demonstrated a continuing emphasis on curriculum alignment to the national Common Core Curriculum Standards. The district has realigned the math curriculum and purchased a new online math textbook series called Digits. The district has implemented the new teacher's evaluation system mandated by the state.

Henry Hudson Regional School District participates in shared services to keep costs at a minimum. In March 2012 Henry Hudson entered into an agreement with Atlantic Highlands to share a School Business Administrator/Board Secretary. Henry Hudson provides bus transportation for Highlands Elementary School. The liability/property insurance is in a group insurance fund through Boynton & Boynton, the health insurance is in a pooled insurance fund through Brown & Brown, and workman's compensation insurance is in the Monmouth-Ocean Counties Shared Services Insurance Fund through NISBAIG. Transportation jointures and Chapter 192/193 Non-Public Services are obtained through the MOESC (Monmouth-Ocean Educational Services Commission). Cooperative purchasing of transportation and Non-Public Chapter 192/193 Services are also obtained through MOESC. Henry Hudson Regional School District is also a member of the Bayshore Jointure Commission. This group is comprised of ten (10) school districts. Henry Hudson Regional School District purchases gasoline for its school bus fleet through the Atlantic Highlands Harbor Commission. Henry Hudson Regional School District, Atlantic Highlands School District and Highlands School District participate in a shared Supervisor of Curriculum/Instruction and Supervisor of Special Services. School facilities are used extensively for community recreation programs. The school band and choruses participate in parades and concerts for both communities. The school is a designated Red Cross Emergency Shelter.

INTERNAL ACCOUNTING CONTROLS

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state awards.

BUDGETARY CONTROLS

The District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the State of New Jersey Department of Education.

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 municipalities. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function and object of expenditure with an individual fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year end are carried forward to succeeding years and are not re-appropriated. These amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

ACCOUNTING SYSTEM AND REPORTS

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

CASH MANAGEMENT

The District's cash management program addresses the issues of safety, liquidity and yield while maximizing returns. The District utilizes the New Jersey Cash Management Fund established by the Division of Investment of the Treasury Department under the jurisdiction of the New Jersey State Investment Council. The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements," Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The District continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force on June 30, 2015 is included in the Statistical Section of this report on Schedule J-20.

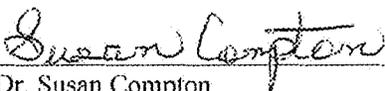
INDEPENDENT AUDIT

The State of New Jersey requires an annual audit by an independent certified public accounting firm. Robert A. Hulsart and Company was selected by the District to perform the audit for the fiscal year ended June 30, 2015. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the State Treasury Circular Letter 04-04 OMB. The Auditor's unqualified opinion rendered on the District's general basic financial statements, and their report on the combining and individual fund statements, is included in the financial section of this Comprehensive Annual Financial Report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS

The preparation of this report was made possible by the dedicated services of the entire staff of the Business Office. Finally, the support and commitment to excellence by the Henry Hudson Regional Board of Education and the citizens of the District was vital to the successful issuance of this report and continuing efforts being made to improve our financial management and reporting.

Yours truly,



Dr. Susan Compton
Superintendent



Janet Sherlock
School Business Administrator/Board Secretary

**HENRY HUDSON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

One Grand Tour, Highlands, NJ 07732

ROSTER OF OFFICIALS
June 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
David Dowds	2015
Loretta Gluckstein	2015
Jay Mullan	2015
Rosemary D. Ryan, President	2016
Michel Salazar, Vice President	2016
Karen Horner	2016
Sarah Kroon Chiles	2017
Melissa Mohr	2017
Gail Woods-King	2017

<u>Other Officials</u>	<u>Title</u>
Dr. Susan Compton	Superintendent
Janet Sherlock	School Business Administrator/Board Secretary
Armen McOmber, Esq.	Solicitor

**HENRY HUDSON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION
One Grand Tour, Highlands, NJ 07732**

Consultants and Advisors

Architects

SSP Architectural Group
1011 Route 22, Suite 203
Bridgewater, New Jersey 08807

Audit Firm

Robert A. Hulsart and Company
2807 Hurley Pond Road, Suite 100
P.O. Box 1409
Wall, New Jersey 07719

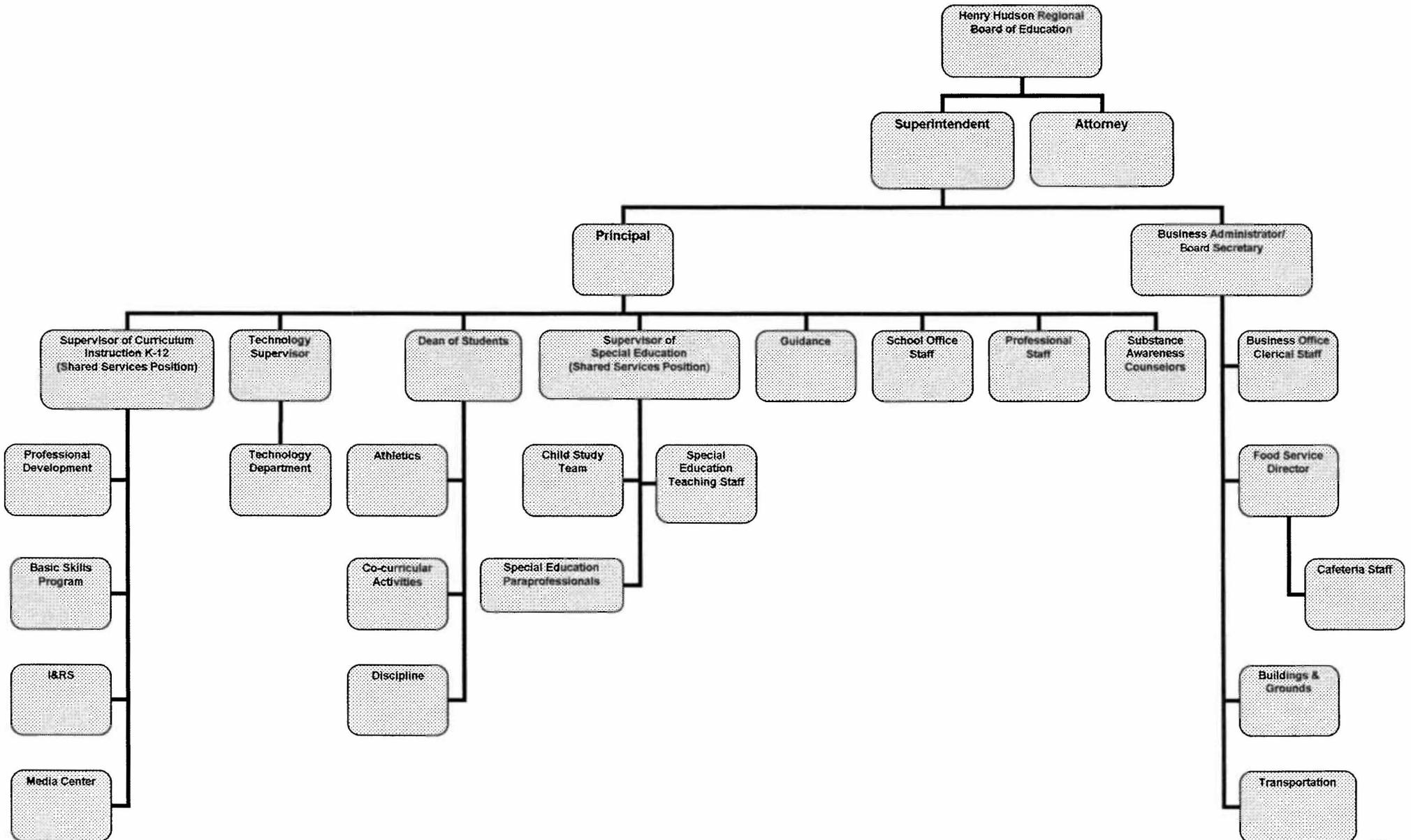
Attorney

McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, New Jersey 07701

Official Depository

TD Bank
207 Harmony Road
Middletown, New Jersey 07748

**HENRY HUDSON REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION
ONE GRAND TOUR, HIGHLANDS, NJ 07732
ORGANIZATIONAL CHART
2014-2015**



FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

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

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Wall, New Jersey 07719-1409
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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Henry Hudson Regional School District
County of Monmouth
Highlands, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Henry Hudson Regional School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Henry Hudson Regional School District, in the County of Monmouth, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the Henry Hudson Regional's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Henry Hudson Regional Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

December 3, 2015

REQUIRED SUPPLEMENTARY INFORMATION
PART I

HENRY HUDSON REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED

The discussion and analysis of Henry Hudson Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2014-2015 fiscal year are as follows:

- General revenues accounted for \$9,809,252 in revenue. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$435,195 to total revenues of \$10,244,447.
- Net Position of governmental activities increased by \$981,241.
- The School District had \$9,284,695 in expenses; only \$435,195 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$9,809,252 were adequate to provide for these programs.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2014-2015 fiscal year?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for the fiscal years ended 2015 and 2014.

Table 1
Net Position

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current and Other Assets	\$ 3,017,582	2,995,559
Capital Assets, Net	<u>12,317,258</u>	<u>11,966,323</u>
Total Assets	<u>\$ 15,334,840</u>	<u>14,961,882</u>
<u>Deferred Outflows of Resources</u>		
Contribution to Pension Plan	<u>\$ 81,356</u>	=====
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 128,069</u>	=====
<u>Liabilities</u>		
Other Liabilities	\$ 619,351	493,942
Long-Term Liabilities	<u>7,337,303</u>	<u>6,687,748</u>
Total Liabilities	<u>\$ 7,956,654</u>	<u>7,181,690</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 5,752,258	4,811,723
Restricted	2,691,324	2,765,946
Unrestricted	<u>(1,112,109)</u>	<u>202,523</u>
Total Net Position	<u>\$ 7,331,473</u>	<u>7,780,192</u>

Table 2 shows the changes in net position for fiscal years ended 2015 and 2014.

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 181,065	181,943
Operating Grants and Contributions	254,130	280,459
General Revenues		
Property Taxes	7,926,485	7,877,585
Grants and Entitlements	1,844,293	1,438,839
Other	38,474	53,406
Total Revenues	<u>10,244,447</u>	<u>9,832,232</u>
<u>Program Expenses</u>		
Instruction	3,370,193	3,454,624
Support Services		
Pupils and Instructional Staff	1,463,473	1,472,637
General Administration, School Administration,		
Business	466,753	444,501
Operations and Maintenance of Facilities	652,085	637,746
Pupil Transportation	652,604	772,918
Interest on Debt	226,657	237,956
Unallocated Benefits	1,732,863	1,887,500
Other	512,536	565,019
Food Service	<u>207,531</u>	<u>233,193</u>
Total Expenses	<u>9,284,695</u>	<u>9,706,094</u>
Change in Net Position	<u>\$ 959,752</u>	<u>126,138</u>

Business-Type Activities

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

- Food service expenses exceeded revenues by \$21,489.
- Charges for services represent \$133,959 of revenue. This represents amount paid by patrons for daily food services.
- Federal and State reimbursements for lunches, snacks and breakfast were \$52,083.

Governmental Activities

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

School Board Funds

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

As the School Board completed the fiscal year ended June 30, 2015, it reported a combined net position balance of \$7,331,473. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

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

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

Capital Assets

At June 30, 2015, the School Board had approximately \$19,811,215 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2015 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Capital Assets at June 30, 2015		
Land	\$ 83,060	
Site Improvements	32,408	
Buildings	11,874,829	
Machinery and Equipment	<u>257,774</u>	<u>69,187</u>
Total	<u>\$ 12,248,071</u>	<u>69,187</u>

Debt Administration

At June 30, 2015, the School District had \$7,747,303 as outstanding debt. Of this amount \$104,410 is for compensated absences, \$6,565,000 for bonds for school construction, and \$1,077,893 as a pension liability.

Economic Factors and Next Year's Budget

The Boroughs of Atlantic Highlands and Highlands are primarily residential communities, with few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact: Mrs. Janet Sherlock School Business Administrator/Board Secretary at Henry Hudson Regional Board of Education, One Grand Tour, Highlands, NJ 07732.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 95,065	5,815	100,880
Receivables, Net	225,867	4,151	230,018
Inventory		1,759	1,759
Restricted Assets:			
Cash and Cash Equivalents	2,359,099		2,359,099
Capital Reserve Account - Cash	325,826		325,826
Capital Assets Not Depreciated	83,060		83,060
Capital Assets, Net	<u>12,165,011</u>	<u>69,187</u>	<u>12,234,198</u>
Total Assets	<u>15,253,928</u>	<u>80,912</u>	<u>15,334,840</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>81,356</u>		<u>81,356</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>128,069</u>		<u>128,069</u>
<u>Liabilities</u>			
Accrued Interest	72,952		72,952
Accounts Payable	134,373	2,026	136,399
Noncurrent Liabilities:			
Due Within One Year	410,000		410,000
Due Beyond One Year	7,337,303		7,337,303
Total Liabilities	<u>7,954,628</u>	<u>2,026</u>	<u>7,956,654</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	5,683,071	69,187	5,752,258
Restricted For:			
Other Purposes	2,647,972		2,647,972
Capital Projects	43,352		43,352
Unrestricted	<u>(1,121,808)</u>	<u>9,699</u>	<u>(1,112,109)</u>
Total Net Position	<u>\$ 7,252,587</u>	<u>78,886</u>	<u>7,331,473</u>

The accompanying notes to financial statements are an integral part of this statement.

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$2,129,352			(2,129,352)		(2,129,352)
Special Education	546,572		160,350	(386,222)		(386,222)
Other Special Instruction	204,122			(204,122)		(204,122)
Other Instruction	490,147			(490,147)		(490,147)
Support Services:						
Tuition	481,818	47,106		(434,712)		(434,712)
Student & Instruction Related Services	981,655		41,697	(939,958)		(939,958)
School Administrative Services	256,456			(256,456)		(256,456)
General and Business Administrative Services	210,297			-		-
Plant Operations and Maintenance	652,085			(652,085)		(652,085)
Pupil Transportation	652,604			(652,604)		(652,604)
Unallocated Benefits	1,732,863			(1,732,863)		(1,732,863)
Interest on Long-Term Debt	226,657			(226,657)		(226,657)
Unallocated Depreciation	512,536			(512,536)		(512,536)
Total Government Activities	9,077,164	47,106	202,047	(8,828,011)	-	(8,828,011)
Business-Type Activities:						
Food Service	207,531	133,959	52,083		(21,489)	(21,489)
Total Business-Type Activities	207,531	133,959	52,083	-	(21,489)	(21,489)
Total Primary Government	9,284,695	181,065	254,130	(8,828,011)	(21,489)	(8,849,500)

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

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

STATEMENT OF ACTIVITIES

JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	7,305,929		7,305,929
Taxes Levied for Debt Service	620,556		620,556
Federal and State Aid Not Restricted	1,844,293		1,844,293
Miscellaneous Income	29,400		29,400
Accounts Payable Cancelled	9,074		9,074
Total General Revenues, Special Items, Extraordinary Items and Transfers	<u>9,809,252</u>	<u>-</u>	<u>9,809,252</u>
Change in Net Position	981,241	(21,489)	959,752
Restatement for Pension	(1,077,893)		(1,077,893)
Net Position - Beginning	<u>7,349,239</u>	<u>100,375</u>	<u>7,449,614</u>
Net Position- Ending	<u>\$ 7,252,587</u>	<u>78,886</u>	<u>7,331,473</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 95,065			95,065
Cash and Cash Equivalents-Restricted	2,641,164		43,761	2,684,925
Receivables from Other Governments	69,927	57,300	98,640	225,867
Interfund Receivable	35,883			35,883
Total Assets	<u>\$ 2,842,039</u>	<u>57,300</u>	<u>142,401</u>	<u>3,041,740</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	\$ 13,907	21,417	99,049	134,373
Interfund Payable	-	35,883		35,883
Total Liabilities	<u>13,907</u>	<u>57,300</u>	<u>99,049</u>	<u>170,256</u>
Fund Balance:				
Restricted for:				
Excess Surplus-Designated for Subsequent Year's				
Expenditures	839,782			839,782
Excess Surplus	1,150,556			1,150,556
Maintenance Reserve	325,000			325,000
Capital Reserve Account	325,826			325,826
Assigned To:				
Designated by the BOE for Subsequent Year's				
Expenditures	6,808			6,808
Unassigned:				
General Fund	180,160			180,160
Capital			43,352	43,352
Total Fund Balances	<u>2,828,132</u>	<u>-</u>	<u>43,352</u>	<u>2,871,484</u>
Total Liabilities and Fund Balance	<u>\$ 2,842,039</u>	<u>57,300</u>	<u>142,401</u>	
Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,459,438 and the accumulated depreciation is \$8,211,367				12,248,071
Accrued Interest				(72,952)
Deferred outflow of resources - contributions to the pension plan				81,356
Deferred inflow of resources - acquisition of assets applicable to future reporting periods				(128,069)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				<u>(7,747,303)</u>
Net position of governmental activities				<u>\$ 7,252,587</u>

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit B-2

Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 7,305,929			620,556	7,926,485
Tuition	47,106				47,106
Miscellaneous	29,400				29,400
Total Local Sources	<u>7,382,435</u>	<u>-</u>	<u>-</u>	<u>620,556</u>	<u>8,002,991</u>
State Sources	1,433,469	18,603	394,000	-	1,846,072
Federal Sources	16,824	183,444			200,268
Total Revenues	<u>8,832,728</u>	<u>202,047</u>	<u>394,000</u>	<u>620,556</u>	<u>10,049,331</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	2,129,352				2,129,352
Special Education Instruction	546,572				546,572
Other Special Instruction	43,772	160,350			204,122
Other Instruction	490,147				490,147
Support Services and Undistributed Costs:					
Tuition	481,818				481,818
Student and Instruction Related Services	939,958	41,697			981,655
School Administrative Services	256,456				256,456
Other Administrative Services	210,297				210,297
Plant Operations and Maintenance	652,085				652,085
Pupil Transportation	652,604				652,604
Unallocated Benefits	1,704,488				1,704,488
Debt Service:					
Principal				390,000	390,000
Interest and Other Charges				230,557	230,557
Capital Outlay	267,780		941,648		1,209,428
Total Expenditures	<u>8,375,329</u>	<u>202,047</u>	<u>941,648</u>	<u>620,557</u>	<u>10,139,581</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Other Financing Sources and Uses:					
Transfer Capital Reserve to Capital Projects	(591,000)		591,000		-
Accounts Payable Cancelled	9,074				9,074
Total Other Financing Sources and Uses	<u>(581,926)</u>	<u>-</u>	<u>591,000</u>	<u>-</u>	<u>9,074</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>(124,527)</u>	<u>-</u>	<u>43,352</u>	<u>(1)</u>	<u>(81,176)</u>
Net Change in Fund Balances	(124,527)	-	43,352	(1)	(81,176)
Fund Balance - July 1	<u>2,952,659</u>			<u>1</u>	<u>2,952,660</u>
Fund Balance - June 30	<u><u>\$ 2,828,132</u></u>	<u><u>-</u></u>	<u><u>43,352</u></u>	<u><u>-</u></u>	<u><u>2,871,484</u></u>

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

HENRY HUDSON REGIONAL SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESJUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ (81,176)
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	(512,536)	
Capital Outlays	<u>1,209,428</u>	696,892
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
		390,000
In the statement of activities certain operating activities are measured by the amount earned while in the governmental funds. Expenses are reported in the amount of financial resources used.		
Compensated Absences		18,338
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
		81,356
Pension related deferrals		
		(128,069)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.		
		<u>3,900</u>
Change in Net Position of Governmental Activities		<u>\$ 981,241</u>

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

STATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2015

	<u>Enterprise Funds</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 5,815
Accounts Receivable:	
State	59
Federal	3,738
Miscellaneous	354
Inventory	1,759
Total Current Assets	<u>11,725</u>
Noncurrent Assets:	
Equipment	230,627
Accumulated Depreciation	<u>(161,440)</u>
Total Fixed Assets	<u>69,187</u>
Total Assets	<u>\$ 80,912</u>
<u>Liabilities:</u>	
Accounts Payable	<u>\$ 2,026</u>
<u>Net Position:</u>	
Investment in Capital Assets	\$ 69,187
Unrestricted	<u>9,699</u>
Total Net Position	<u>\$ 78,886</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

Exhibit B-5

PROPRIETARY FUNDSJUNE 30, 2015

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales	\$ 133,959
Miscellaneous	
Total Operating Revenues	<u>133,959</u>
Operating Expenses:	
Salaries	83,668
Cost of Sales	81,193
Supplies and Materials	4,737
Management Fee	8,213
Cleaning	2,820
Insurance	8,914
Repairs	772
Depreciation	15,379
Miscellaneous	1,835
Operating Expenses	<u>207,531</u>
Operating Gain/(Loss)	(73,572)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	768
Federal Sources:	
National School Lunch Program	34,174
Federal PB Lunch Program	898
Federal Breakfast Program	12,317
Food Distribution Program	3,926
Total Non-Operating Revenues	<u>52,083</u>
Change in Net Position	(21,489)
Net Position, July 1	<u>100,375</u>
Net Position, June 30	<u>\$ 78,886</u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2015

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 133,959
Payments to Employees	(83,668)
Payments to Suppliers	(99,067)
Net Cash Provided (Used) by Operating Activities	<u>(48,776)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	768
Federal Sources	47,389
Net Cash Provided by Noncapital Financing Activities	<u>48,157</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(619)
Cash and Cash Equivalents, July 1	<u>6,434</u>
Cash and Cash Equivalents, June 30	<u>\$ 5,815</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (73,572)
Depreciation	15,379
Federal Commodities Consumed	3,926
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Inventory	(19)
(Decrease)/Increase in Accounts Payable	2,026
Decrease/(Increase) in Accounts Receivable	3,484
Net Cash Provided (Used) by Operating Activities	<u>\$ (48,776)</u>

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION**

Exhibit B-7

JUNE 30, 2015

	Private Purpose Scholarship Fund	Unemployment Compensation Trust
	<hr/>	<hr/>
Assets:		
Cash and Cash Equivalents	\$ 4,705	25,258
	<hr/>	<hr/>
Total Assets	\$ 4,705	25,258
	<hr/> <hr/>	<hr/> <hr/>
Net Position:		
Reserved - Scholarships	\$ 4,705	25,258
Reserved - Unemployment Benefits		
	<hr/>	<hr/>
Total Net Position	\$ 4,705	25,258
	<hr/> <hr/>	<hr/> <hr/>

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Exhibit B-8

FIDUCIARY FUNDS**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Private Purpose Scholarship Fund	Unemployment Compensation Trust
	<u> </u>	<u> </u>
<u>Additions</u>		
Contributions:		
Other	\$ 13,927	6,582
Total Contributions	<u>13,927</u>	<u>6,582</u>
Investment Earnings:		
Interest	90	16
Net Investment Earnings	<u>90</u>	<u>16</u>
Total Additions	<u>14,017</u>	<u>6,598</u>
<u>Deductions</u>		
Unemployment Claims		8,403
Scholarships Awarded	14,500	
Total Deductions	<u>14,500</u>	<u>8,403</u>
Change in Net Position	(483)	(1,805)
Net Position - Beginning of Year	<u>5,188</u>	<u>27,063</u>
Net Position - End of the Year	<u>\$ 4,705</u>	<u>25,258</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
HENRY HUDSON REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Henry Hudson Regional School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades 7-12. The operations of the District include one Regional Middle School/High School, located in the Highlands. The Henry Hudson Regional School District had an approximate enrollment at June 30, 2015 of 311 students.

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

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

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Proprietary Fund Type

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

Fiduciary Fund Types

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

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

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

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

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

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 special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the District does not report encumbrances outstanding at 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 payment.

F. Encumbrances:

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

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

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

G. Short-Term Interfund Receivables/Payables:

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

I. Capital Assets and Depreciation

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

The District contracted with an outside service company during the 2003 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2002-2003 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2003, fiscal year 2003 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:				
Capital Assets That Are				
Not Being Depreciated:				
Land	\$ 83,060	_____	_____	83,060
Total	<u>83,060</u>	_____	_____	<u>83,060</u>
Depreciable Assets:				
Site Improvements	436,210			436,210
Buildings	16,450,161	855,000		17,305,161
Equipment	<u>2,611,157</u>	<u>23,850</u>	_____	<u>2,635,007</u>
Total	<u>19,497,528</u>	<u>878,850</u>	_____	<u>20,376,378</u>
Less: Accumulated				
Depreciation:				
Sites	(397,437)	(6,365)		(403,802)
Buildings	(5,023,651)	(406,681)		(5,430,332)
Equipment	<u>(2,277,743)</u>	<u>(99,490)</u>	_____	<u>(2,377,233)</u>
Total Accumulated				
Depreciation	<u>(7,698,831)</u>	<u>(512,536)</u>	_____	<u>(8,211,367)</u>
Net Depreciable Assets	<u>11,798,697</u>	<u>366,314</u>	_____	<u>12,165,011</u>
Governmental Activities				
Capital Assets (Net)	<u>\$ 11,881,757</u>	<u>366,314</u>	=====	<u>12,248,071</u>
Business-Type Activities:				
Equipment	\$ 230,627			230,627
Less: Accumulated				
Depreciation:				
Equipment	<u>(146,061)</u>	<u>(15,379)</u>	_____	<u>(161,440)</u>
Business-Type Capital				
Assets (Net)	<u>\$ 84,566</u>	<u>(15,379)</u>	=====	<u>69,187</u>

Depreciation expense was charged to governmental functions as follow:

 Unallocated \$ 512,536

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 10).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

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

Deposits

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits**

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

Investments

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

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

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking and Money Market Accounts	\$ 2,874,402
Cash Management Accounts	<u>328,042</u>
	<u>\$ 3,202,444</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2015 was \$3,202,444 and the bank balance was \$3,122,529. Of the bank balance, \$250,000 was covered by federal depository insurance, \$2,544,487 was covered by a collateral pool maintained by the banks as required by New Jersey statutes and \$328,042 was uninsured.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Credit Risk Categories**

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

<u>Depository Account</u>	<u>Bank Balance June 30, 2015</u>
Insured:	
FDIC	\$ 250,000
GUDPA	2,544,487
Uninsured	328,042

Custodial Credit Risk – Deposits

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

At June 30, 2015 the District held \$328,042 in uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Long-Term Portion</u>	<u>2015-16 Payment</u>
Compensated Absences						
Payable	\$ 122,748		18,338	104,410	104,410	
Bonds Payable	6,955,000		390,000	6,565,000	6,155,000	410,000
Pension Liability	_____	<u>1,077,893</u>	_____	<u>1,077,893</u>	<u>1,077,893</u>	_____
	<u>\$ 7,077,748</u>	<u>1,077,893</u>	<u>408,338</u>	<u>7,747,303</u>	<u>7,337,303</u>	<u>410,000</u>

Other Employee Benefits was an unfunded actuarial liability estimate which the District is no longer obligated.

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds.

Refunding bonds issued January 18, 2012 for \$7,415,000 for additions and renovations to the high school maturing March 1, 2028 with a balance of \$6,565,000 at June 30, 2015 with interest rates from 3% to 4%.

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable (Continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2015/2016	\$ 410,000	218,856	628,856
2016/2017	435,000	206,556	641,556
2017/2018	430,000	193,506	623,506
2018/2019	450,000	180,606	630,606
2019/2020	470,000	180,607	650,607
2018/19-2022/23	2,585,000	542,613	3,127,613
2023/2024-2027/28	<u>1,785,000</u>	<u>117,000</u>	<u>1,902,000</u>
	<u>\$ 6,565,000</u>	<u>1,639,744</u>	<u>8,204,744</u>

NOTE 4: Pension Plans

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

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

NOTE 4: Pension Plans (Continued)

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

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

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

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

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 4: Pension Plans (Continued)

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2015, the State of New Jersey contributed \$455,934 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$144,077 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/15	\$ 47,461	100%	0
6/30/14	53,484	100%	0
6/30/13	50,297	100%	0

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/15	\$ 455,934	100%	0
6/30/14	373,646	100%	0
6/30/13	460,175	100%	0

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

For the year ended June 30, 2015, the District recognized pension expense of \$47,461. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience Changes of Assumptions	\$ 33,895	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		64,237
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions District Contributions Subsequent to the Measurement Date	<u>47,461</u>	<u> </u>
Total	<u>\$ 81,356</u>	<u>128,069</u>

\$81,356 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2013 and 2014 are as follows:

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Collective Deferred Outflows of Resources	\$ 81,356	
Collective Deferred Inflows of Resources	128,069	
Collective Net Pension Liability	1,077,893	1,175,869
District's Proportion	.00576%	.00615%

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

The components of the net pension liability of the participating employers for PERS as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%

	<u>2013</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 27,515,277,069	37,272,295,162	64,787,572,231
Plan Fiduciary Net Position	<u>8,216,653,950</u>	<u>18,160,308,251</u>	<u>26,376,962,201</u>
Net Pension Liability	<u>\$ 19,298,623,119</u>	<u>19,111,986,911</u>	<u>38,410,610,030</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	29.86%	48.72%	40.71%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2014</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (4.39%)</u>	<u>Discount</u>	<u>Increase (6.39%)</u>
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>
	<u>2013</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (4.55%)</u>	<u>Discount</u>	<u>Increase (6.55%)</u>
State	\$ 22,822,255,839	19,298,623,119	16,351,193,705
Local	<u>23,791,905,551</u>	<u>19,111,986,911</u>	<u>15,190,834,283</u>
Total	<u>\$ 46,614,161,390</u>	<u>38,410,610,030</u>	<u>31,542,027,988</u>

Teachers Pensions and Annuity Fund (TPAF)**Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 81,095,320,000	76,678,639,671
Plan Fiduciary Net Position	<u>27,282,252,461</u>	<u>25,888,126,040</u>
Net Pension Liability	<u>\$ 53,813,067,539</u>	<u>50,790,513,631</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

	<u>2014</u>	<u>2013</u>
District's Liability	<u>\$ 17,833,748</u>	<u>16,891,961</u>
District's Proportion	.03314%	.03326%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. 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	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvements. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

NOTE 4: Pension Plans (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

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

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2014 (3.68%, 4.68%, 5.68%)	\$ 64,722,984,539	53,813,067,539	44,738,870,539
2013 (3.95%, 4.95%, 5.95%)	61,017,578,926	50,790,513,631	42,351,665,847

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 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 prefunding 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 who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 6: Interfund Receivables and Payables

	<u>From</u>	<u>To</u>
General Fund	\$	35,883
Special Revenue Fund	<u>35,883</u>	<u> </u>
	<u>\$ 35,883</u>	<u>35,883</u>

Will be liquidated when receivables are received.

NOTE 7: Compensated Absences

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

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

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences as of June 30, 2015, was \$104,410.

NOTE 8: Capital Reserve Account

A capital reserve account was established by the Henry Hudson Regional Board of Education by inclusion of \$150,000 on October 18, 2001 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 district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *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.

NOTE 8: Capital Reserve Account (Continued)

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 520,001
Withdrawal from Capital Reserve	<u>194,175</u>
Ending Balance, June 30, 2015	<u>\$ 325,826</u>

NOTE 9: Inventory

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$ 909
Supplies	<u>850</u>
	<u>\$ 1,759</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 10: Fund Balance Appropriated

General Fund – Of the \$2,903,714 General Fund fund balance at June 30, 2015, \$325,826 has been placed in the capital reserve; \$325,000 is in maintenance reserve; \$839,782 of excess surplus is designated for subsequent year's expenditures; \$1,150,556 is excess surplus; \$6,808 is designated for subsequent year's expenditures and \$255,742 is undesignated.

NOTE 11: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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.

NOTE 12: Equity Balance**2% Calculation of Excess Surplus**

2014-15 Total General Fund Expenditures Per the CAFR	\$ 8,368,062
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Decreased by:

On Behalf TPAF Pension and Social Security	<u>(600,011)</u>
--	------------------

Adjusted 2014-15 General Fund Expenditures	<u>\$ 7,768,051</u>
--	---------------------

2% of Adjusted 2014-15 General Fund Expenditures	<u>\$ 155,361</u>
--	-------------------

Enter Greater of Above or \$250,000	\$ 250,000
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Increased by Allowable Adjustments	<u>5,742</u>
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Maximum Unassigned Fund Balance	<u>\$ 255,742</u>
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Section 2

Total General Fund – Fund Balance @ 6-30-15	\$ 2,903,714
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Decreased by:

Legally Restricted:

Designated for Subsequent Year's Expenditures – Excess Surplus	(839,782)
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Other Restricted Reserved Fund Balances	(650,826)
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Assigned - Designated for Subsequent Years Expenditures	<u>(6,808)</u>
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Total Unassigned Fund Balance	<u>\$ 1,406,298</u>
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Restricted Fund Balance – Excess Surplus	<u>\$ 1,150,556</u>
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Section 3

Excess Surplus Designated for Subsequent Years Expenditures	\$ 839,782
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Excess Surplus	<u>1,150,556</u>
----------------	------------------

	<u>\$ 1,990,338</u>
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Detail of Allowable Adjustments

Non-Public Transportation	<u>\$ 5,742</u>
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Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 325,000
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Capital Reserve	<u>325,826</u>
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	<u>\$ 650,826</u>
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NOTE 12: Equity Balance (Continued)

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget. Designated for subsequent year's represents the amount appropriated in the 2015-2016 budget.

Unrestricted is surplus not previously committed or reserved for any other purpose.

NOTE 13: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 14: Economic Dependency

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

NOTE 15: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Reimbursed</u>	<u>Balance</u>
2014-2015	\$ 6,582	16	8,403	25,258
2013-2014	6,553	20	16,082	27,063
2012-2013	6,308	27	10,922	36,572

NOTE 16: Deferred Compensation

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

Franklin Tempelton Trust	Siracusa Benefits
American Century Investment	AXA Equitable
Met Life Resources (Citistreet)	Mass Mutual

NOTE 17: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2015. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2015 through December 3, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1

Sheet 1 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,305,929		7,305,929	7,305,929	-
Tuition	39,320	1,786	41,106	47,106	6,000
Interest on Investments		1,000	1,000	2,448	1,448
Miscellaneous	8,000	(8,000)	-	26,952	26,952
Total Local Sources	<u>7,353,249</u>	<u>(5,214)</u>	<u>7,348,035</u>	<u>7,382,435</u>	<u>34,400</u>
State Sources:					
Security Aid	60,908		60,908	60,908	-
Adjustment Aid	313,845		313,845	313,845	-
Transportation Aid	176,780		176,780	176,780	-
Special Education Aid	240,247		240,247	240,247	-
PARCC Readiness Aid	3,030		3,030	3,030	-
Pupil Growth Aid	3,030		3,030	3,030	-
Extraordinary Aid	30,000		30,000	29,804	(196)
Extraordinary Aid-2013-2014				213	213
Non Public Transportation			-	5,742	5,742
TPAF Pension Contribution			-	455,934	(455,934)
TPAF Social Security Contribution			-	144,077	(144,077)
Total State Sources	<u>827,840</u>	<u></u>	<u>827,840</u>	<u>1,433,610</u>	<u>(594,252)</u>
Federal Sources:					
Medical Assistance Program - SEMI				16,824	(16,824)
Total Federal Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,824</u>	<u>(16,824)</u>
Total Revenues	<u>8,181,089</u>	<u>(5,214)</u>	<u>8,175,875</u>	<u>8,832,869</u>	<u>(576,676)</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit C-1
Sheet 2 of 12

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	560,522	(27,490)	533,032	521,101	11,931
Grades 9-12 - Salaries of Teachers	1,338,784	10,065	1,348,849	1,348,849	-
Subtotal	<u>1,899,306</u>	<u>(17,425)</u>	<u>1,881,881</u>	<u>1,869,950</u>	<u>11,931</u>
Regular Programs - Home Instruction					
Salaries - Teachers	14,000	13,522	27,522	27,522	-
Purchased Professional Educational Services	10,000	(6,985)	3,015	3,014	1
Subtotal	<u>24,000</u>	<u>6,537</u>	<u>30,537</u>	<u>30,536</u>	<u>1</u>
Regular Programs - Undistributed Instruction:					
Other Purchased Services	3,500		3,500	2,384	1,116
General Supplies	220,925	(29)	220,896	140,983	79,913
Textbooks	70,800	(2,453)	68,347	32,297	36,050
Other Objects	51,653	2,368	54,021	53,202	819
Subtotal	<u>346,878</u>	<u>(114)</u>	<u>346,764</u>	<u>228,866</u>	<u>117,898</u>
Total Regular Programs - Instruction	<u>2,270,184</u>	<u>(11,002)</u>	<u>2,259,182</u>	<u>2,129,352</u>	<u>129,830</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Exhibit C-1
Sheet 3 of 12**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	67,425	(67,425)	-		-
General Supplies	550	(550)	-		-
Total Behavioral Disabilities	<u>67,975</u>	<u>(67,975)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Multiple Disabilities					
Salaries of Teachers	125,395	139,939	265,334	264,659	675
Other Salaries for Instruction	51,211	(5,315)	45,896	37,242	8,654
General Supplies	1,000	212	1,212	163	1,049
Total Multiple Disabilities	<u>177,606</u>	<u>134,836</u>	<u>312,442</u>	<u>302,064</u>	<u>10,378</u>
Resource Room/Center:					
Salaries of Teachers	351,165	(106,656)	244,509	244,508	1
Other Salaries for Instruction	18,783	(17,884)	899		899
General Supplies	1,500		1,500		1,500
Other Objects	1,000		1,000		1,000
Total Resource Room/Center	<u>372,448</u>	<u>(124,540)</u>	<u>247,908</u>	<u>244,508</u>	<u>3,400</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1
Sheet 4 of 12

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Special Education - Instruction	<u>618,029</u>	<u>(57,679)</u>	<u>560,350</u>	<u>546,572</u>	<u>13,778</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	78,599	(14,837)	63,762	43,690	20,072
General Supplies	<u>3,800</u>	<u>(338)</u>	<u>3,462</u>	<u>82</u>	<u>3,380</u>
Total Basic Skills/Remedial - Instruction	<u>82,399</u>	<u>(15,175)</u>	<u>67,224</u>	<u>43,772</u>	<u>23,452</u>
School Sponsored Co-Curricular Activities - Instruction					
Salaries	374,464	18,222	392,686	389,531	3,155
Supplies and Materials	24,338	(4,313)	20,025	19,787	238
Other Objects	<u>79,992</u>	<u>1,266</u>	<u>81,258</u>	<u>80,829</u>	<u>429</u>
Total School Sponsored Co-Curricular Activities	<u>478,794</u>	<u>15,175</u>	<u>493,969</u>	<u>490,147</u>	<u>3,822</u>
Total Distributed Expenditures	<u>3,449,406</u>	<u>(68,681)</u>	<u>3,380,725</u>	<u>3,209,843</u>	<u>170,882</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs in State - Regular	36,756		36,756	32,239	4,517
Tuition to Other LEAs in State - Special	64,494		64,494	56,544	7,950
Tuition to County Vocational School:					
Regular	150,260		150,260	144,050	6,210
Special	67,600		67,600	38,435	29,165
Tuition to Private School for Handicapped -					
Within State	<u>303,103</u>		<u>303,103</u>	<u>210,550</u>	<u>92,553</u>
Total Instruction	<u>622,213</u>	<u>-</u>	<u>622,213</u>	<u>481,818</u>	<u>140,395</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Attendance & Social Work:					
Salaries	16,174		16,174	9,574	6,600
Purchased Professional/Technical Services	1,600		1,600	1,410	190
Total Attendance & Social Work	<u>17,774</u>	<u>-</u>	<u>17,774</u>	<u>10,984</u>	<u>6,790</u>
Health Services:					
Salaries	52,530		52,530	52,530	-
Purchased Professional/Technical Services	15,450		15,450	11,869	3,581
Supplies and Materials	2,050		2,050	1,958	92
Other Objects	1,425		1,425	1,006	419
Total Health Services	<u>71,455</u>	<u>-</u>	<u>71,455</u>	<u>67,363</u>	<u>4,092</u>
Other Support Services - Students - Related Services:					
Salaries	6,000		6,000	1,395	4,605
Purchased Professional/Educational Services	41,000		41,000	16,930	24,070
Supplies and Materials	1,550		1,550	319	1,231
Total Related Services	<u>48,550</u>	<u>-</u>	<u>48,550</u>	<u>18,644</u>	<u>29,906</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 6 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	157,655	4,064	161,719	161,661	58
Salaries of Secretarial & Clerical	47,532	(3,184)	44,348	36,255	8,093
Other Purchased Services	2,000	(880)	1,120	240	880
Supplies and Materials	5,500		5,500	3,087	2,413
Other Objects	20,125		20,125	13,255	6,870
Total Other Support Services - Students - Regular	<u>232,812</u>	<u>-</u>	<u>232,812</u>	<u>214,498</u>	<u>18,314</u>
Other Support Services - Students - Special:					
Salaries of Other Professional Staff	215,086	13,403	228,489	228,488	1
Salaries of Secretarial & Clerical	14,772	2,462	17,234	17,234	-
Miscellaneous Purchased Services	37,718	3	37,721	37,418	303
Supplies and Materials	5,250	(68)	5,182	2,334	2,848
Other Objects	22,634	(630)	22,004	5,787	16,217
Total Other Support Services - Students - Special	<u>295,460</u>	<u>15,170</u>	<u>310,630</u>	<u>291,261</u>	<u>19,369</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Improvement of Instructional Services:					
Salaries of Secretarial & Clerical	9,087	48,857	57,944	57,943	1
Purchased Professional Educational Services	37,492	(145)	37,347	37,347	-
Supplies & Materials	1,500		1,500		1,500
Other Objects	7,500		7,500	6,093	1,407
Total Improvement of Instructional Services	<u>55,579</u>	<u>48,712</u>	<u>104,291</u>	<u>101,383</u>	<u>2,908</u>
Educational Media/Library:					
Salaries	34,356	21,271	55,627	55,492	135
Salaries of Technology Coordinators	107,655	(3,423)	104,232	104,231	1
Purchased Professional & Tech Services	32,500	(6,500)	26,000	26,000	-
Other Purchased Services	100		100		100
Supplies & Materials	13,830	1	13,831	10,230	3,601
Other Objects	1,905		1,905	886	1,019
Total Educational Media/Library	<u>190,346</u>	<u>11,349</u>	<u>201,695</u>	<u>196,839</u>	<u>4,856</u>
Staff Training:					
Salaries of Supervisors of Instruction	18,982	872	19,854	19,854	-
Other Objects	36,000	(872)	35,128	19,132	15,996
Total Staff Training	<u>54,982</u>	<u>-</u>	<u>54,982</u>	<u>38,986</u>	<u>15,996</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1

Sheet 8 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - General Administration:					
Salaries	95,970	(16,791)	79,179	79,178	1
Legal Services	39,500	(2,786)	36,714	24,064	12,650
Labor Negotiator	10,000	(2,030)	7,970		7,970
Audit Fees	16,000		16,000	14,900	1,100
Other Purchased Professional Services	2,000	(393)	1,607		1,607
Purchased Technical Services	6,740	965	7,705	6,295	1,410
Communications/Telephone	30,817	(965)	29,852	27,780	2,072
BOE Other Purchased Services	4,000		4,000	2,505	1,495
Other Purchased Services	13,550		13,550	13,295	255
Supplies & Materials	13,770	(2,626)	11,144	10,086	1,058
BOE In House training Supplies	2,000	85	2,085	1,989	96
Miscellaneous Expenditures	24,360	2,540	26,900	23,789	3,111
BOE Membership Dues and Fees	7,000		7,000	6,416	584
Total Support Services - General Administration	<u>265,707</u>	<u>(22,001)</u>	<u>243,706</u>	<u>210,297</u>	<u>33,409</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	67,600		67,600	67,500	100
Salaries of Secretarial & Clerical	34,833	(2,427)	32,406	31,732	674
Supplies & Materials	5,700	265	5,965	5,934	31
Other Objects	3,000	(265)	2,735	2,463	272
Total Support Services - School Administration	<u>111,133</u>	<u>(2,427)</u>	<u>108,706</u>	<u>107,629</u>	<u>1,077</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 9 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	107,200	(3,847)	103,353	59,004	44,349
General Supplies	1,550		1,550		1,550
Other Objects			-		-
Total Allowable Maintenance Facilities	<u>108,750</u>	<u>(3,847)</u>	<u>104,903</u>	<u>59,004</u>	<u>45,899</u>
Other Operations & Maintenance:					
Salaries	38,609	5,625	44,234	44,183	51
Purchased Professional/Technical Serv.	233,829	7,272	241,101	241,099	2
Cleaning, Repair & Maintenance Services	94,240	(8,862)	85,378	71,469	13,909
Insurance	38,877		38,877	34,600	4,277
Other Purchased Services	23,010		23,010	16,907	6,103
General Supplies	15,000		15,000	12,327	2,673
Natural Gas	65,101		65,101	59,180	5,921
Electricity	108,000		108,000	99,989	8,011
Other Objects	3,700		3,700	982	2,718
Total Other Operations & Maintenance	<u>620,366</u>	<u>4,035</u>	<u>624,401</u>	<u>580,736</u>	<u>43,665</u>
Security:					
Purchased Professional and Tech. Services	13,000		13,000	12,345	655
Total Security	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>12,345</u>	<u>655</u>
Total Operations & Maintenance	<u>742,116</u>	<u>188</u>	<u>742,304</u>	<u>652,085</u>	<u>90,219</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 10 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation:					
Salaries between Home & School-Regular	164,010	1,716	165,726	113,463	52,263
Salaries between Home & School-Special	38,083	549	38,632	38,621	11
Cleaning, Repair, Maintenance Services	15,000		15,000	9,766	5,234
Rental Payments-School Buses	5,000	(75)	4,925	2,550	2,375
Contracted Services Between Home & School- Vendors	239,623	41,387	281,010	252,326	28,684
Contracted Services Other - Vendors	20,425	(12,369)	8,056	5,455	2,601
Contracted Services Special Ed. Joint Agreement	167,575	7,653	175,228	172,555	2,673
Contracted Services-Aid in Lieu-N.P.	78,012	(4,336)	73,676	43,500	30,176
Miscellaneous	5,103		5,103	5,103	-
Transportation Supplies	37,000		37,000	8,690	28,310
Other Objects	2,000		2,000	575	1,425
Total Student Transportation	<u>771,831</u>	<u>34,525</u>	<u>806,356</u>	<u>652,604</u>	<u>153,752</u>
Central Services:					
Salaries	145,682	(13,967)	131,715	130,798	917
Purchased Professional Services	300		300		300
Purchased Technical Services	16,873		16,873	16,872	1
Supplies & Materials	2,000		2,000	574	1,426
Miscellaneous Expenditures	3,500	(2,868)	632	583	49
Total Central Services	<u>168,355</u>	<u>(16,835)</u>	<u>151,520</u>	<u>148,827</u>	<u>2,693</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 11 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	85,000		85,000	84,436	564
Other Retirement Contrib. - PERS	57,000	(1,321)	55,679	47,461	8,218
Other Retirement Contrib. - ERIP	1,500	2,881	4,381	3,154	1,227
Workman's Compensation	53,860	5,874	59,734	59,734	-
Health Benefits	1,239,709	(7,434)	1,232,275	869,933	362,342
Tuition Reimbursements	15,000		15,000	833	14,167
Other Employee Benefits	43,000		43,000	38,926	4,074
Total Unallocated Benefits	<u>1,495,069</u>	<u>-</u>	<u>1,495,069</u>	<u>1,104,477</u>	<u>390,592</u>
TPAF Pension Contribution (On Behalf)			-	455,934	(455,934)
TPAF Social Security Contribution (Reimbursed)			-	144,077	(144,077)
Total Undistributed Expenditures	<u>5,143,382</u>	<u>68,681</u>	<u>5,212,063</u>	<u>4,897,706</u>	<u>314,357</u>
Total General Current Expense	<u>8,592,788</u>	<u>-</u>	<u>8,592,788</u>	<u>8,107,549</u>	<u>485,239</u>
Capital Outlay:					
Equipment:					
Undistributed Expenditures - Instruction	117,002	(595)	116,407	106,203	10,204
School Buses-Non Instructional	92,000	16,157	108,157	108,156	1
Professional Technical Services		5,971	5,971	5,970	
Construction & Land Improvements	619,800	(21,533)	598,267	7,267	591,000
Facilities Acquisition - Other Objects	40,184		40,184	40,184	-
Total Capital Outlay	<u>868,986</u>	<u>-</u>	<u>868,986</u>	<u>267,780</u>	<u>601,205</u>
Total Current Expense, and Capital Outlay	<u>9,461,774</u>	<u>-</u>	<u>9,461,774</u>	<u>8,375,329</u>	<u>1,086,444</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 12 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,280,685)	(5,214)	(1,285,899)	457,540	509,768
Other Financing Sources and Uses:					
Accounts Payable Canceled				9,074	9,074
Transfer to Capital Projects				<u>(591,000)</u>	<u>(591,000)</u>
Total Other Financing Sources and Uses				<u>(581,926)</u>	<u>(581,926)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	<u>(1,280,685)</u>	<u>(5,214)</u>	<u>(1,285,899)</u>	<u>(124,386)</u>	<u>(72,158)</u>
Fund Balance July 1	<u>3,028,100</u>		<u>3,028,100</u>	<u>3,028,100</u>	
Fund Balance June 30	<u>\$ 1,747,415</u>	<u>(5,214)</u>	<u>1,742,201</u>	<u>2,903,714</u>	<u>(72,158)</u>
Recapitulation:					
Restricted fund Balance:					
Excess Surplus-Designated for Subsequent Years Expenditures				\$ 839,782	
Excess Surplus-Current Year				1,150,556	
Maintenance Reserve				325,000	
Capital Reserve				325,826	
Assigned Fund Balances:					
Designated for Subsequent Year's Expenditures By The BOE				6,808	
Unassigned Fund Balance				<u>255,742</u>	
				2,903,714	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(75,582)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,828,132</u>	

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 33,816	(2,107)	31,709	18,603	13,106
Federal Sources	161,649	25,422	187,071	183,444	3,627
Total Revenues	<u>\$ 195,465</u>	<u>23,315</u>	<u>218,780</u>	<u>202,047</u>	<u>16,733</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 57,722	47	57,769	47,360	10,409
Other Purchased Services	57,999	40,775	98,774	98,774	
General Supplies	11,476	1,755	13,231	10,613	2,618
Textbooks	2,523	(795)	1,728	1,445	283
Other Objects		2,200	2,200	2,158	42
Total Instruction	<u>129,720</u>	<u>43,982</u>	<u>173,702</u>	<u>160,350</u>	<u>13,352</u>
Support Services:					
Other Salaries for Instruction		918	918	918	
Personal Services - Employee Benefits	9,144	216	9,360	9,360	
Purchased Professional and Technical Services	39,630	(15,541)	24,089	20,963	3,126
Other Purchased Services	7,650	(6,895)	755	500	255
Supplies and Materials	9,321	635	9,956	9,956	
Total Support Services	<u>65,745</u>	<u>(20,667)</u>	<u>45,078</u>	<u>41,697</u>	<u>3,381</u>
Total Expenditures	<u>\$ 195,465</u>	<u>23,315</u>	<u>218,780</u>	<u>202,047</u>	<u>16,733</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HENRY HUDSON REGIONAL SCHOOL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit C-3

BUDGETARY COMPARISON SCHEDULE**NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 8,832,869	202,047
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	75,441	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(75,582)	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 8,832,728</u>	<u>202,047</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 8,375,329	202,047
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,375,329</u>	<u>202,047</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

Exhibit L-1

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,077,893	1,175,869
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>
Total	<u>\$ 1,077,893</u>	<u>1,175,869</u>
District's Covered-Employee Payroll	\$ 403,523	376,258
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	37.44%	32.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.74%	40.71%

HENRY HUDSON REGIONAL SCHOOL DISTRICTSCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 53,484	50,297
Contributions in Relation to the Contractually Required Contribution	<u>53,484</u>	<u>50,297</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 403,523	376,258
Contributions as a Percentage of Covered-Employee Payroll	13.25%	13.37%

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>17,883,748</u>	<u>16,891,961</u>
Total	<u>\$ 17,883,748</u>	<u>16,891,961</u>
District's Covered-Employee Payroll	\$ 3,146,098	3,275,811
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	17.59%	19.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Title I</u>	<u>I.D.E.A. Basic Flow-Thru</u>	<u>Title IIA</u>	<u>Home Instruction</u>	<u>Compensatory Education</u>	<u>Supplementary Instruction</u>	<u>Initial Examination and Classification</u>	<u>Annual Examination and Classification</u>	<u>Corrective Speech</u>	<u>Non-Public Technology</u>	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>Total 2015</u>
Revenues:													
State Sources	\$ -			257	8,062	2,354	1,260	722	884	926	2,693	1,445	18,603
Federal Sources	48,811	108,853	25,780										183,444
Total Revenues	\$ 48,811	108,853	25,780	257	8,062	2,354	1,260	722	884	926	2,693	1,445	202,047
Expenditures:													
Instruction:													
Salaries of Teachers	\$ 36,000		175	257	8,062		1,260	722	884				47,360
Other Purchased Services		89,782	8,992										98,774
General Supplies	3,451	6,236								926			10,613
Other Objects		2,158											2,158
Textbooks												1,445	1,445
Total Instruction	39,451	98,176	9,167	257	8,062	-	1,260	722	884	926	-	1,445	160,350
Support Services:													
Other Salaries for Instruction		918											918
Employee Benefits	9,360												9,360
Purchased Professional and Technical Services		6,791	9,125			2,354					2,693		20,963
Other Purchased Services		500											500
Supplies and Materials		2,468	7,488										9,956
Total Support Services	9,360	10,677	16,613	-	-	2,354	-	-	-	-	2,693	-	41,697
Total Expenditures	\$ 48,811	108,853	25,780	257	8,062	2,354	1,260	722	884	926	2,693	1,445	202,047

CAPITAL PROJECTS FUND – F

HENRY HUDSON REGIONAL SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources

Transfer From Capital Reserve	\$ 591,000
State Grant	394,000
Total Revenues and Other Financing Sources	<u>985,000</u>

Expenditures

Purchased Professional Services	68,000
Construction	873,648
Total Expenditures	<u>941,648</u>

Excess of Revenues and Other Financing Sources Over Expenditures 43,352

Fund Balance - Beginning -

Fund Balance - Ending \$ 43,352

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISNEW ROOF PROJECTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Grant	\$ -	394,000	394,000	394,000
Local Share	-	591,000	591,000	591,000
Total Revenues	<u>-</u>	<u>985,000</u>	<u>985,000</u>	<u>985,000</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services		68,000	68,000	68,000
Construction Services		917,000	873,648	917,000
Total Expenditures	<u>-</u>	<u>985,000</u>	<u>941,648</u>	<u>985,000</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>\$ -</u>	<u>-</u>	<u>43,352</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		#2120-050-14-1003-G04		
Grant Date		1/6/2014		
Original Authorized Cost		\$985,000		
Percentage Completion		95,%		
Original Target Completion Date		6/30/2015		
Revised Target Completion Date		9/30/2015		

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

HENRY HUDSON REGIONAL SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	<u>Agency</u>		<u>Scholarship Fund</u>	<u>Unemployment</u>	
	<u>Student</u>	<u>Agency</u>	<u>Non-Expendable</u>	<u>Compensation</u>	<u>Total</u>
	<u>Activity</u>	<u>Account</u>	<u>Trust Fund</u>	<u>Expendable</u>	
				<u>Trust Fund</u>	
Assets:					
Cash and Cash Equivalents	\$ 29,663	46,248	4,705	25,258	105,874
Total Assets	<u>\$ 29,663</u>	<u>46,248</u>	<u>4,705</u>	<u>25,258</u>	<u>105,874</u>
Liabilities:					
Due to Student Groups	\$ 29,663				29,663
Payroll Withholdings & Deductions		46,248			46,248
Total Liabilities	<u>\$ 29,663</u>	<u>46,248</u>			<u>75,911</u>
Net Position:					
Reserved - Scholarships			4,705		4,705
Reserved - Unemployment Benefits				25,258	25,258
Total Net Position			<u>4,705</u>	<u>25,258</u>	<u>29,963</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

Exhibit H-2

EXPENDABLE TRUST FUND

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
Additions			
Local Source:			
Contributions	\$ 13,900	6,582	20,482
Interest on Investments	117	16	133
Total Additions	<u>14,017</u>	<u>6,598</u>	<u>20,615</u>
Deductions			
Scholarship Payments	14,500		14,500
Unemployment Claims		8,403	8,403
Total Deductions	<u>14,500</u>	<u>8,403</u>	<u>22,903</u>
Change in Net Position	(483)	(1,805)	(2,288)
Net Position, July 1	<u>5,188</u>	<u>27,063</u>	<u>32,251</u>
Net Position, June 30	<u>\$ 4,705</u>	<u>25,258</u>	<u>29,963</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT**STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
Activities Account	\$ 27,223	78,889	76,449	29,663

HENRY HUDSON REGIONAL SCHOOL DISTRICT

PAYROLL AGENCY

Exhibit H-4

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 53,392	2,141,466	2,148,610	46,248
<u>Liabilities</u>				
Payroll Deductions, Withholdings and Amount Due Employees	\$ 53,392	2,141,466	2,148,610	46,248

LONG-TERM DEBT - I

HENRY HUDSON REGIONAL SCHOOL DISTRICT

LONG-TERM LIABILITIES

SCHEDULE OF SERIAL BONDS

JUNE 30, 2015

Exhibit I-1

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
2012 Refunding Issue	1/18/2012	\$ 7,415,000	3/1/2016	\$ 410,000	3.000%	<u>\$ 6,955,000</u>	<u>390,000</u>	<u>6,565,000</u>
			3/1/2017	435,000				
			3/1/2018	430,000				
			3/1/2019	450,000	4.000%			
			3/1/2020	470,000				
			3/1/2021	495,000				
			3/1/2022	515,000	3.250%			
			3/1/2023	510,000	3.000%			
			3/1/2024	525,000	3.125%			
			3/1/2025	540,000	3.250%			
			3/1/2026	580,000				
			3/1/2027	595,000				
			3/1/2028	610,000				

HENRY HUDSON REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 620,556		620,556	620,556	
Total Revenues	<u>620,556</u>	<u>-</u>	<u>620,556</u>	<u>620,556</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	230,556	-	230,556	230,557	(1)
Redemption of Principal	390,000		390,000	390,000	
Total Regular Debt Service	<u>620,556</u>	<u>-</u>	<u>620,556</u>	<u>620,557</u>	<u>(1)</u>
Total Expenditures	<u>620,556</u>	<u>-</u>	<u>620,556</u>	<u>620,557</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(1)	(1)
Fund Balance July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance June 30	<u>\$ 1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(1)</u>

STATISTICAL SECTION

(Unaudited)

HENRY HUDSON REGIONAL SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Government Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 6,150,690	6,219,123	5,719,963	5,397,716	5,154,140	4,862,476	3,264,022	3,325,911	4,727,157	5,683,071
Restricted	593,099	1,091,349	921,095	1,597,140	1,482,371	1,761,250	2,434,604	2,604,010	2,765,946	2,691,324
Unrestricted	(364,926)	(243,511)	293,794	(22,258)	(1,745,953)	(1,898,444)	(20,348)	(50,070)	186,714	(1,121,808)
Total Government Activities Net Position	<u>6,378,863</u>	<u>7,066,961</u>	<u>6,934,852</u>	<u>6,972,598</u>	<u>4,890,558</u>	<u>4,725,282</u>	<u>5,678,278</u>	<u>5,879,851</u>	<u>7,679,817</u>	<u>7,252,587</u>
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt						130,693	115,315	99,935	84,566	69,187
Unrestricted	29,451	34,302	30,322	39,827	48,535	48,932	45,274	32,158	15,809	9,699
Total Business-Type Activities Net Position	<u>29,451</u>	<u>34,302</u>	<u>30,322</u>	<u>39,827</u>	<u>48,535</u>	<u>179,625</u>	<u>160,589</u>	<u>132,093</u>	<u>100,375</u>	<u>78,886</u>
District-wide:										
Invested in Capital Assets, Net of Related Debt	6,150,690	6,219,123	5,719,963	5,397,716	5,154,140	4,993,169	3,379,337	3,425,846	4,811,723	5,752,258
Restricted	593,099	1,091,349	921,095	1,597,140	1,482,371	1,761,250	2,434,604	2,604,010	2,765,946	2,691,324
Unrestricted	(335,475)	(209,209)	324,116	17,569	(1,697,418)	(1,849,512)	24,926	(17,912)	202,523	(1,112,109)
Total District Net Position	<u>\$ 6,408,314</u>	<u>7,101,263</u>	<u>6,965,174</u>	<u>7,012,425</u>	<u>4,939,093</u>	<u>4,904,907</u>	<u>5,838,867</u>	<u>6,011,944</u>	<u>7,780,192</u>	<u>7,331,473</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities	\$ 9,247,911	8,954,970	9,873,580	9,615,473	10,116,505	9,445,123	9,240,612	9,438,861	\$ 9,472,901	\$ 9,077,164
Business-Type Activities	251,977	251,959	251,552	244,769	239,153	249,061	225,083	233,314	233,193	207,531
Total District Expenses	<u>9,499,888</u>	<u>9,206,929</u>	<u>10,125,132</u>	<u>9,860,242</u>	<u>10,355,658</u>	<u>9,694,184</u>	<u>9,465,695</u>	<u>9,672,175</u>	<u>9,706,094</u>	<u>9,284,695</u>
Program Revenues:										
Governmental Activities	676,806	647,873	645,980	286,743	417,758	256,067	308,310	309,870	260,927	249,153
Business-Type Activities	257,927	249,859	238,432	245,443	240,031	234,089	206,047	204,818	201,475	186,042
Total Program Revenues	<u>934,733</u>	<u>897,732</u>	<u>884,412</u>	<u>532,186</u>	<u>657,789</u>	<u>490,156</u>	<u>514,357</u>	<u>514,688</u>	<u>462,402</u>	<u>435,195</u>
Net (Expense)/Revenue:										
Governmental Activities	(8,571,105)	(8,307,097)	(9,227,600)	(9,328,730)	(9,698,747)	(9,189,056)	(8,932,302)	(9,128,991)	(9,211,974)	(8,828,011)
Business-Type Activities	5,950	(2,100)	(13,120)	674	878	(14,972)	(19,036)	(28,496)	(31,718)	(21,489)
Total District-wide Net (Expense)/Revenue	<u>(8,565,155)</u>	<u>(8,309,197)</u>	<u>(9,240,720)</u>	<u>(9,328,056)</u>	<u>(9,697,869)</u>	<u>(9,204,028)</u>	<u>(8,951,338)</u>	<u>(9,157,487)</u>	<u>(9,243,692)</u>	<u>(8,849,500)</u>
General Revenues and Other Changes in Net Assets:										
Governmental Activities	8,349,558	8,995,195	9,095,491	9,366,476	9,349,112	9,323,174	9,527,609	9,532,531	9,369,830	9,809,252
Business-Type Activities	11,342	6,951	9,140	8,831	7,830	-	-	-	-	-
Total District-wide	<u>8,360,900</u>	<u>9,002,146</u>	<u>9,104,631</u>	<u>9,375,307</u>	<u>9,356,942</u>	<u>9,323,174</u>	<u>9,527,609</u>	<u>9,532,531</u>	<u>9,369,830</u>	<u>9,809,252</u>
Changes in Net Position:										
Governmental Activities	(221,547)	688,098	(132,109)	37,746	(349,635)	134,118	595,307	403,540	157,856	981,241
Business-Type Activities	17,292	4,851	(3,980)	9,505	8,708	(14,972)	(19,036)	(28,496)	(31,718)	(21,489)
Total District	<u>\$ (204,255)</u>	<u>692,949</u>	<u>(136,089)</u>	<u>47,251</u>	<u>(340,927)</u>	<u>119,146</u>	<u>576,271</u>	<u>375,044</u>	<u>126,138</u>	<u>959,752</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:										
Reserved	\$ 961,750	1,237,322	1,329,816	1,760,683	1,646,015	1,761,250	2,357,361	2,564,009	\$ 2,765,945	\$ 2,647,972
Unreserved	<u>105,562</u>	<u>236,736</u>	<u>232,650</u>	<u>150,060</u>	<u>142,643</u>	<u>249,069</u>	<u>175,605</u>	<u>179,375</u>	<u>186,714</u>	<u>180,160</u>
Total General Fund	<u>\$ 1,067,312</u>	<u>1,474,058</u>	<u>1,562,466</u>	<u>1,910,743</u>	<u>1,788,658</u>	<u>2,010,319</u>	<u>2,532,966</u>	<u>2,743,384</u>	<u>2,952,659</u>	<u>2,828,132</u>
All Other Governmental Funds:										
Reserved										
Unreserved, Reported In:										
Special Revenue Fund	\$ (18,096)	(18,096)	(19,104)							
Capital Projects Fund	326,535	101,635								43,352
Debt Service Fund	<u>112,270</u>	<u>56,717</u>	<u>22,525</u>	<u>7,361</u>	<u>1</u>	<u>1</u>	<u>77,243</u>	<u>40,001</u>	<u>1</u>	
Total All Other Governmental Funds	<u>\$ 420,709</u>	<u>140,256</u>	<u>3,421</u>	<u>7,361</u>	<u>1</u>	<u>1</u>	<u>77,243</u>	<u>40,001</u>	<u>1</u>	<u>43,352</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 6,882,164	7,275,250	7,399,103	7,709,224	7,985,531	8,008,592	7,995,185	7,895,181	7,877,585	7,926,485
Transportation Fees			-	-	-	-	-	-	-	-
Miscellaneous	161,729	168,294	139,827	104,476	73,111	88,047	75,768	136,834	71,938	76,506
State Sources	1,743,272	1,968,553	2,002,915	1,622,227	1,298,029	1,360,209	1,446,289	1,587,132	1,461,976	1,846,072
Federal Sources	239,199	230,971	199,626	217,292	340,703	199,651	257,611	205,611	196,684	200,268
Total Revenues	9,026,364	9,643,068	9,741,471	9,653,219	9,697,374.00	9,656,499	9,774,853	9,824,758	9,608,183	10,049,331 ↓
Expenditures:										
Instruction:										
Regular	1,939,372	1,935,793	2,043,890	2,127,849	2,447,173	2,686,969	2,236,170	2,195,873	2,215,781	2,129,352
Special	425,691	527,261	459,556	575,281	504,193	795,788	673,182	691,669	736,962	546,572
Other	383,378	433,760	456,207	474,199	480,047	442,365	498,283	514,129	501,881	694,269
Support Services:										
Tuition	577,553	509,191	441,629	410,728	492,368	576,839	445,364	486,386	500,859	481,818
Health Services	72,610	79,434	82,322	95,578	99,246					
Student & Instruction Related Services	921,077	920,156	875,781	909,693	867,072	1,252,459	955,052	931,582	971,778	981,655
Educational Media Services	78,944	91,870	108,284	126,245	215,642					
Instructional Staff Training	5,763	4,005	4,303	20,490	18,082					
General Administrative Services	341,641	305,328	368,792	333,240	338,610	300,519	219,621	221,596	356,757	210,297
School Administrative Services	42,610	43,031	56,650	58,928	60,083	224,028	237,229	215,445	87,744	256,456
Plant Operations and Maintenance	725,365	715,566	738,647	746,558	674,034	709,314	650,921	642,209	637,746	652,085
Student Transportation Services	788,535	823,568	868,444	787,885	892,939	882,558	706,738	780,952	772,918	652,604
Business and Other Support Services	195,133	199,712	209,752	217,096	240,000		39,036	-		
Unallocated Employee Benefits	1,839,432	1,956,654	1,944,744	1,714,819	1,876,789	737,902	1,823,285	1,986,696	1,913,645	1,704,488
Debt Service:										
Principal	250,000	275,000	275,000	300,000	300,000	325,000	395,000	370,000	370,000	390,000
Interest and Other Charges	435,413	425,100	413,756	402,413	390,037	377,663	217,014	256,494	241,656	230,557
Capital Outlay	2,428,652	271,346	442,141	-	-	46,177	139,134	298,964	153,755	1,209,428
Total Expenditures	11,451,169	9,516,775	9,789,898	9,301,002	9,896,315	9,357,581	9,236,029	9,591,995	9,461,482	10,139,581
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2,424,805)	126,293	(48,427)	352,217	(198,941)	298,918	538,824	232,763	146,701	(90,250)
Other Financing Sources/(Uses):										
Accounts Receivable/Encumbrances Cancelled					69,496	(77,258)		2,879	22,574	9,074
Proceeds from Borrowing										
Transfers In	41,553	15,164	7,360	-			61,066	14,764		
Transfers Out	(41,552)	(15,164)	(7,360)	-						
Total Other Financing Sources/(Uses)	1	-	-	-	69,496	(77,258)	61,066	17,643	22,574	9,074
Net Change in Fund Balances	\$ (2,424,804)	126,293	(48,427)	352,217	(129,445)	221,660	599,890	250,406	169,275	(81,176)
Debt Service as a Percentage of Noncapital Expenditures	7.60%	7.57%	7.37%	7.55%	6.97%	7.55%	6.73%	6.74%	6.57%	6.95%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.

HENRY HUDSON REGIONAL SCHOOL DISTRICT

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Intermediate</u> <u>Sources</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Prior Year</u> <u>Orders</u> <u>Canceled</u>	<u>Miscellaneous</u>	<u>Totals</u>
2015	\$ 0	47,106			-	29,400	76,506
2014	4,745	41,106			22,574	26,087	94,512
2013	6,493	35,388			17,643	46,610	106,134
2012	0	-	-	-	-	-	5,948
2011	6,529	-	27,196	24,141	-	24,233	88,047
2010	8,961	12,008	20,415	-	-	4,273	45,657
2009	22,780	-	18,829	-	-	33,414	75,023
2008	76,808	-	23,063	83	-	6,179	106,133
2007	100,179	-	17,648	-	-	5,203	123,030
2006	72,031	1,845	-	-	-	1,650	75,526

Source: District records

HENRY HUDSON REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS
 (UNAUDITED)

<u>Year Ending</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate</u>
<u>Atlantic Highlands</u>							
2015	7,607,200	554,413,500	54,193,700	3,059,500	11,657,400	630,931,300	1.344
2014	9,378,400	551,475,500	53,187,400	3,059,500	11,602,900	628,703,700	1.347
2013	9,933,500	551,738,800	54,430,000	3,059,500	11,602,900	632,086,285	1.315
2012	9,514,900	563,254,400	54,608,700	3,059,500	11,602,900	632,040,400	1.316
2011	10,314,300	551,253,300	54,865,000	3,059,500	11,662,900	632,771,827	1.333
2010	9,920,700	552,850,800	56,896,470	3,077,000	11,662,900	634,407,870	1.302
2009	9,150,600	552,278,800	57,549,350	3,077,000	11,662,900	633,718,650	1.269
2008	9,634,800	552,573,700	56,800,100	3,077,000	11,662,900	633,748,500	1.246
2007	8,673,500	551,795,300	55,898,300	3,077,000	11,617,900	631,062,000	1.200
2006	10,545,800	531,307,100	54,964,600	3,077,000	18,907,900	618,802,400	1.217
<u>Highlands</u>							
2015	14,285,900	504,097,000	49,673,700	-	7,099,800	575,156,400	1.251
2014	15,190,700	497,195,200	51,194,500	-	6,380,400	569,960,800	1.208
2013	10,641,100	502,960,100	54,962,600	-	6,417,800	575,346,016	1.221
2012	8,219,700	530,670,500	59,937,900	-	7,191,200	606,348,709	1.185
2011	8,537,000	531,161,900	60,490,500	-	7,191,200	542,150,500	1.178
2010	6,305,700	486,247,200	45,943,500	-	5,451,300	543,947,700	1.347
2009	6,137,100	486,093,700	45,560,300	-	5,451,300	543,242,400	1.358
2008	5,921,900	484,785,900	46,916,700	-	4,782,300	542,406,800	1.350
2007	6,532,800	477,469,900	47,140,200	-	4,760,900	535,903,800	1.317
2006	6,458,600	473,432,800	49,156,500	-	4,790,500	533,838,400	1.255

Source: Abstract of Ratables

HENRY HUDSON REGIONAL SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS
 (RATE PER \$100 OF ASSESSED VALUE)
 (UNAUDITED)

Year Ended	Local School	Regional School	Municipal	County	County Open Space	Total
<u>Atlantic Highlands</u>						
2015	0.726	0.618	0.838	0.371	0.016	2.569
2014	0.712	0.635	0.787	0.010	0.018	2.162
2013	0.712	0.603	0.750	0.343	0.018	2.426
2012	0.719	0.597	0.697	0.351	0.019	2.383
2011	0.720	0.613	0.683	0.343	0.019	2.378
2010	0.711	0.591	0.657	0.341	0.020	2.320
2009	0.687	0.582	0.622	0.350	0.021	2.262
2008	0.677	0.569	0.607	0.339	0.021	2.213
2007	0.654	0.546	0.582	0.358	0.010	2.150
2006	0.634	0.583	0.577	0.345	0.018	2.157
2005	0.613	0.583	0.567	0.336	0.029	2.128
2004	0.572	0.558	0.560	0.315	0.018	2.023
2003	1.005	1.079	1.043	0.613	0.037	3.777
<u>Highlands</u>						
2015	0.561	0.690	1.211	0.317	0.016	2.795
2014	0.519	0.689	1.156	0.329	0.016	2.709
2013	0.514	0.707	1.047	0.305	0.016	2.589
2012	0.506	0.679	1.031	0.312	0.017	2.545
2011	0.500	0.678	0.921	0.319	0.018	2.436
2010	0.562	0.785	1.068	0.381	0.022	2.818
2009	0.569	0.789	1.052	0.344	0.230	2.984
2008	0.594	0.756	0.974	0.357	0.022	2.703
2007	0.581	0.736	0.912	0.351	0.021	2.601
2006	0.570	0.685	0.907	0.337	0.018	2.517
2005	0.557	0.622	0.863	0.322	0.018	2.382
2004	0.512	0.617	0.815	0.284	0.017	2.245
2003	1.178	1.303	2.025	0.635	0.039	5.180

Source: Abstract of Ratables

HENRY HUDSON REGIONAL SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

Atlantic Highlands

	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
ELK Harbor View	\$ 6,461,500	1	1.02%	N/A	1	0%
Cove Shore Partners, LP	6,189,900	2	0.98%	N/A	2	0%
Taxpayer #1	5,004,600	3	0.79%	N/A	3	0%
Taxpayer #2	3,371,700	4	0.53%	N/A	4	0%
McConnell Realty Co.	2,976,400	5	0.47%	N/A	5	0%
Atlantic Pier Co.	2,555,400	6	0.40%	N/A	6	0%
West Side Realty Corp	2,538,900	7	0.40%	N/A	7	0%
Laurmin Association	1,958,700	8	0.31%	N/A	8	0%
Taxpayer #3	1,722,200	9	0.27%	N/A	9	0%
Verizon, NJ	1,664,015	10	0.26%	N/A	10	0%
Total	\$ 34,443,315		0.54%	\$ N/A		0%

Highlands

	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Highlands Landing Corporation	\$ 3,613,500	1	0.63%	\$ N/A	1	0%
Bahr's Resturant, Inc	2,990,300	2	0.52%	N/A	2	0%
Portland Road, LLC	2,901,800	3	0.50%	N/A	3	0%
Sandy Hook Developers, LLC	2,322,100	4	0.40%	N/A	4	0%
Highlander Development Group, I	2,237,500	5	0.39%	N/A	5	0%
Taxpayer #1	2,068,000	6	0.36%	N/A	6	0%
Gateway Realty, Inc.	2,030,100	7	0.35%	N/A	7	0%
Highlands Waterfront, LLC	1,993,500	8	0.35%	N/A	8	0%
Shore Landing, LLC	1,869,700	9	0.32%	N/A	9	0%
Bakers Marina on the Bay, LLC	1,790,400	10	0.31%	N/A	10	0%
Total	\$ 23,816,900		4.14%	\$ N/A		0%

N/A Not Available

HENRY HUDSON REGIONAL SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
<u>Atlantic Highlands</u>				
2006	3,757,178	3,757,178	100.00%	-
2007	3,931,695	3,931,695	100.00%	-
2008	4,134,800	4,134,800	100.00%	-
2009	4,299,030	4,299,030	100.00%	-
2010	4,362,542	4,362,542	100.00%	-
2011	4,507,622	4,507,622	100.00%	-
2012	4,359,498	4,359,498	100.00%	-
2013	4,741,404	4,741,404	100.00%	-
2014	4,961,069	4,961,069	100.00%	-
2015	5,231,439	5,231,439	100.00%	-
<u>Highlands</u>				
2006	3,658,961	3,658,961	100.00%	-
2007	3,310,637	3,310,637	100.00%	-
2008	3,288,277	3,288,277	100.00%	-
2009	2,998,874	2,998,874	100.00%	-
2010	2,417,459	2,417,459	100.00%	-
2011	2,343,807	2,343,807	100.00%	-
2012	4,119,919	4,119,919	100.00%	-
2013	4,113,842	4,113,842	100.00%	-
2014	4,065,837	4,065,837	100.00%	-
2015	3,968,628	3,968,628	100.00%	-

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2005	9,925,000	-	37,196	-	-	9,962,196	1,035.25	
2006	9,675,000	-	15,498	-	-	9,690,498	1,009.32	
2007	9,400,000	-	-	-	-	9,400,000	947.29	
2008	9,125,000	-	-	-	-	9,125,000	924.14	
2009	8,825,000	-	-	-	-	8,825,000	896.39	
2010	8,525,000	-	-	-	-	8,525,000	865.92	
2011	8,200,000	-	-	-	-	8,200,000	863.25	
2012	7,695,000	-	-	-	-	7,695,000	819.05	
2013	7,325,000	-	-	-	-	7,325,000	784.35	
2014	6,955,000	-	-	-	-	6,955,000	744.73	
2015	6,565,000	-	-	-	-	6,565,000	702.97	

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

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

N/A Not available at the time of audit

HENRY HUDSON REGIONAL SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2004	10,175,000	-	10,175,000	1.66%	1,048.43
2005	9,925,000	-	9,925,000	1.62%	1,031.38
2006	9,675,000	-	9,675,000	1.56%	1,007.71
2007	9,400,000	-	31,213,156	1.49%	947.29
2008	9,125,000	-	9,125,000	1.44%	924.14
2009	8,825,000	-	8,825,000	1.39%	896.39
2010	8,525,000	-	8,525,000	1.34%	865.92
2011	8,200,000	-	8,200,000	1.30%	863.25
2012	7,695,000	-	7,695,000	0.64%	821.85
2013	7,325,000	-	7,325,000	0.59%	786.45
2014	6,955,000	-	6,955,000	0.59%	746.73
2015	6,565,000	-	6,565,000	0.56%	708.81

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

- a See Exhibit NJ J-6 for property tax data.
- b Population data can be found in Exhibit NJ J-14.
- N/A Not available at the time of audit.

HENRY HUDSON REGIONAL SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2015
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Atlantic Highlands			\$ N/A
Highlands			N/A
County of Monmouth			<u>N/A</u>
Subtotal, Overlapping Debt			
Henry Hudson Regional School District Direct Debt			<u>6,565,000</u>
Total Direct and Overlapping Debt			<u>\$ 6,565,000</u>

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis

(Atlantic Highlands & Highlands Combined)	2015	\$ 1,206,087,700
	2014	\$ 1,368,414,105
	2013	\$ 1,393,087,786
	(A)	<u>\$ 3,967,589,591</u>
Average Equalized Valuation of Taxable Property	(A/3)	\$ 1,322,529,864
Debt Limit (4% of Average Equalization Value)	(B)	\$ 52,901,195
Total Net Debt Applicable To Limit	(C)	<u>6,565,000</u>
Legal Debt Margin	(B-C)	<u>\$ 46,336,195</u>

Fiscal Year

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 34,518,700	\$ 41,393,222	\$ 47,938,816	\$ 67,480,891	\$ 57,482,369
Total Net Debt Applicable To Limit	<u>9,925,000</u>	<u>9,675,000</u>	<u>9,400,000</u>	<u>9,125,000</u>	<u>8,825,000</u>
Legal Debt Margin	<u>\$ 24,593,700</u>	<u>\$ 31,718,222</u>	<u>\$ 38,538,816</u>	<u>\$ 58,355,891</u>	<u>\$ 48,657,369</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.75%	23.37%	19.61%	13.52%	15.35%
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 58,649,499	\$ 64,607,430	\$ 64,607,430	\$ 56,533,450	\$ 52,901,195
Total Net Debt Applicable To Limit	<u>8,525,000</u>	<u>8,200,000</u>	<u>7,762,405</u>	<u>6,955,000</u>	<u>6,565,000</u>
Legal Debt Margin	<u>\$ 50,124,499</u>	<u>\$ 56,407,430</u>	<u>\$ 56,845,025</u>	<u>\$ 49,578,450</u>	<u>\$ 46,336,195</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.54%	12.69%	12.01%	12.30%	12.41%

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u>	<u>County Per Capita</u>	<u>Unemployment Rate</u>
Atlantic Highlands			
2004	4,686	43,634	3.7%
2005	4,662	46,545	3.1%
2006	4,625	48,072	5.8%
2007	4,614	52,499	5.9%
2008	4,613	55,826	5.3%
2009	4,602	57,353	6.9%
2010	4,594	54,771	11.1%
2011	4,494	41,785	11.3%
2012	4,385	39,350	8.5%
2013	4,354	40,976	5.8%
2014	4,336	42,749	5.1%
Highlands			
2004	5,073	43,634	7.9%
2005	5,043	46,545	6.7%
2006	4,998	48,072	5.8%
2007	4,987	52,499	5.9%
2008	5,310	55,826	5.4%
2009	5,272	57,353	6.9%
2010	5,251	54,771	11.2%
2011	5,005	41,785	11.4%
2012	4,978	39,350	8.5%
2013	4,960	40,976	5.8%
2014	4,926	42,749	5.1%

HENRY HUDSON REGIONAL SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

BOROUGH OF ATLANTIC HIGHLANDS

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>
UNAVAILABLE		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	<u> </u>		<u> </u>	<u> </u>		<u> </u>

BOROUGH OF HIGHLANDS

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>
UNAVAILABLE		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	<u> </u>		<u> </u>	<u> </u>		<u> </u>

Information not available at time of CAFR preparation

HENRY HUDSON REGIONAL SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction	34	36	35	35	36	38.3	40.2	41.6	39.9	37.0
Regular	8	8	8	8	8	8.0	5.0	6.0	5.0	5.0
Student and Instruction Related Services	24	25	23	23	22	16.2	11.1	10.0	9.3	10.1
General Administration Services	4	3	3	3	3	2.5	2.7	2.7	2.7	2.7
School Administrative Services	1	1	1	1	2	1.0	1.8	1.8	1.8	1.7
Business Administrative Services	3	3	3	3	4	2.5	2.0	1.0	2.0	2.5
Pupil Transportation	4	5	3	4	4	3.0	3.0	3.0	3.0	3.5
Total	<u>78</u>	<u>81</u>	<u>76</u>	<u>77</u>	<u>79</u>	<u>71.5</u>	<u>65.8</u>	<u>66.1</u>	<u>63.7</u>	<u>62.5</u>

Source: District Personnel Records

HENRY HUDSON REGIONAL SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Student Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)</u>	<u>Percentage Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2004	469	7,546,464	16,091	-0.97%	1:10	469.0	435.0	6.18%	92.75%
2005	455	7,776,669	17,092	6.22%	1:9	454.7	422.8	-3.05%	92.98%
2006	471	8,384,944	17,802	4.16%	1:9	477.6	444.2	5.04%	93.01%
2007	467	8,545,329	18,298	2.79%	1:10	461.0	427.8	-3.48%	92.80%
2008	439	8,659,001	19,724	7.79%	1:9	443.0	414.4	-3.90%	93.54%
2009	438	8,598,589	19,631	-0.47%	1:9	434.2	408.8	-1.99%	94.15%
2010	434	9,206,278	21,213	8.05%	1:9	428.2	403.7	-1.38%	94.28%
2011	402	8,608,741	21,415	0.95%	1:9	392.6	372.9	-8.31%	94.98%
2012	378	7,684,279	20,329	-5.07%	1:9	351.4	333.2	-10.49%	94.82%
2013	363	7,672,841	21,137	3.98%	1:9	349.3	329.7	-0.60%	94.39%
2014	322	7,857,846	24,403	15.45%	1:8	310.8	294.7	-11.02%	94.82%
2015	311	7,726,297	24,843	1.80%	1:8	307.0	291.0	-1.22%	94.78%

Source: District records

Note: Enrollment based on annual October District count.

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>District/Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>#</u>	<u>2015</u>
Regional High School											
Square Feet	94,733	94,733	94,733	94,733	94,733	94,733	94,733	94,733	94,733	#	94,733
Capacity (Students)	563	563	563	563	563	563	563	563	563	#	563
Enrollment	478	467	439	434	428	402	378	363	322	#	311

Source: District Records

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

	<u>*School Facilities</u> <u>Project # (s)</u>	Henry Hudson Regional <u>High School</u>
2004	N/A	41,260
2005	N/A	50,538
2006	N/A	94,886
2007	N/A	102,681
2008	N/A	126,996
2009	N/A	187,685
2010	N/A	108,097
2011	N/A	89,400
2012	N/A	99,900
2013	N/A	65,363
2014	N/A	54,968
2015	N/A	45,898

School facilities as defined under EFCFA.

* (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records

HENRY HUDSON REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2014
(UNAUDITED)

		<u>Coverage</u>	<u>Deductible</u>
Property		\$ 24,727,204	\$ 2,500
	Extra	500,000	
Comprehensive General Liability	Occurrence	1,000,000	
	Aggregate	2,000,000	
Employee Benefits Liability	Occurrence	1,000,000	
	Aggregate	2,000,000	
Automobile	Liability	1,000,000	250 (Comprehensive)
	Uninsured Motorist	1,000,000	500 (Collision)
	Hired & Non-Owned	1,000,000	
Excess Liability		10,000,000	
Board Legal Liability	Occurrence	1,000,000	5,000
	Annual Aggregate	1,000,000	
Workers Compensation	Professional	4,221,169	
	Nonprofessional	89,338	
Performance Bonds:			
Board Secretary/Business Administrator		200,000	
Honesty Blanket Bond		22,500	225

Source: District records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

101.

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

Honorable President and Members
of the Board of Education
Henry Hudson Regional School District
County of Monmouth
Highlands, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henry Hudson Regional Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Henry Hudson Regional Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Henry Hudson Regional Board of Education, County of Monmouth, State of New Jersey'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*.

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 3, 2015

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

103.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Honorable President and Members
of the Board of Education
Henry Hudson Regional School District
County of Monmouth
Highlands, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2015. The Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Henry Hudson Regional School District, County of Monmouth, State of New Jersey's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 3, 2015

HENRY HUDSON REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Federal Grantor/ Pass-Through Grantor/ Project Title	Federal CFDA Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2015		
			From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture													
Passed Through State Department of Education:													
National School Lunch Program	10.555	\$ 34,174	7/1/2014	6/30/2015	\$ -			31,569	(34,174)		(2,605)		
National School Lunch Program	10.555	39,025	7/1/2013	6/30/2014	(3,256)			3,256					
HHFKA Lunch Program	10.555	898	7/1/2014	6/30/2015				829	(898)		(69)		
PB Lunch Program	10.555	1,037	7/1/2013	6/30/2014	(89)			89					
School Breakfast Program	10.553	12,317	7/1/2014	6/30/2015				11,254	(12,317)		(1,063)		
School Breakfast Program	10.553	12,554	7/1/2013	6/30/2014	(1,334)			1,334					
Food Distribution Program	10.550	3,926	7/1/2014	6/30/2015				3,926	(3,926)				
Total U.S. Department of Agriculture					(4,679)			52,257	(51,315)	-	(3,737)	-	-
U.S. Department of Education													
Passed Through State Department of Education:													
Medical Assistance Program-SEMI	93.778	16,824	8/10/2014	9/30/2015	-			16,824	(16,824)				
					-			16,824	(16,824)				
U.S. Department of Education													
Passed Through State Department of Education:													
Title I	84.010	54,458	7/1/2013	6/30/2014	(19,479)			19,479					
Title I	84.010	22,269	7/1/2012	6/30/2013	(623)			623					
Title I	84.010	51,427	7/1/2014	6/30/2015				45,336	(48,811)		(3,475)		
Title IIA	84.367	22,182	7/1/2013	6/30/2014	(958)			958					
Title IIA	84.367	22,402	7/1/2014	6/30/2015				15,307	(22,147)		(6,840)		
IDEA Part B Basic	84.027	113,450	7/1/2013	6/30/2014	(15,585)			15,585					
IDEA Part B Basic	84.027	119,958	7/1/2012	6/30/2013	(1,848)	1,848							
IDEA Part B Basic	84.027	107,408	7/1/2014	6/30/2015				78,864	(106,652)		(27,788)		
Total U.S. Department of Education					(38,493)	1,848	-	176,152	(177,610)	-	(38,103)	-	-
Total Federal Financial Assistance					\$ (43,172)	1,848	-	245,233	(245,749)	-	(41,840)	-	-

See Accompanying Notes to Schedules of Financial Assistance.

HENRY HUDSON REGIONAL SCHOOL DISTRICT

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SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2015			MEMO	
			From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Special Education Aid	15-495-034-5120-089	\$ 240,247	7/1/2014	6/30/2015	\$ -		240,247	(240,247)					(22,758)	240,247
Transportation Aid-Non Public	14-495-034-5120-014	6,807	7/1/2013	6/30/2014	(6,807)		6,807							
Transportation Aid-Non Public	15-495-034-5120-014	5,742	7/1/2014	6/30/2015				(5,742)		(5,742)				5,742
Transportation Aid	15-495-034-5120-014	176,780	7/1/2014	6/30/2015			176,780	(176,780)					(16,748)	176,780
Adjustment Aid	15-495-034-5120-085	313,845	7/1/2014	6/30/2015			313,845	(313,845)					(29,735)	313,845
Extraordinary Aid	15-495-034-5120-044	213	7/1/2014	6/30/2015			213	(213)						213
Extraordinary Aid	15-495-034-5120-044	29,804	7/1/2014	6/30/2015				(29,804)		(29,804)				29,804
Extraordinary Aid	14-495-034-5120-044	20,411	7/1/2013	6/30/2014	(20,411)		20,411							
Security Aid	15-495-034-5120-084	60,908	7/1/2014	6/30/2015			60,908	(60,908)					(5,767)	60,908
PARCC Readiness Aid	15-495-034-5120-089	3,030	7/1/2014	6/30/2015			3,030	(3,030)					(287)	3,030
Per Pupil Growth Aid	15-495-034-5120-088	3,030	7/1/2014	6/30/2015			3,030	(3,030)					(287)	3,030
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	15-495-034-5095-002	144,077	7/1/2014	6/30/2015			133,055	(144,077)		(11,022)				144,077
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	14-495-034-5095-002	244,758	7/1/2013	6/30/2014	(13,965)		13,965							
					(41,183)		972,291	(977,676)		(46,568)			(75,582)	977,676
State Department of Agriculture:														
National School Lunch Program (State Share)	14-100-010-3350-023	887	7/1/2013	6/30/2014	(75)		75							
National School Lunch Program (State Share)	15-100-010-3350-023	768	7/1/2014	6/30/2015			710	(768)		(59)				768
					(75)		785	(768)		(59)				768
Special Revenue:														
Nonpublic Aid:														
Textbook Aid	14-495-034-5120-064	2,523	7/1/2013	6/30/2014	676				(676)					
Textbook Aid	15-495-034-5120-064	1,728	7/1/2014	6/30/2015			1,728	(1,445)						1,445
Nursing Services	15-100-034-5120-070	2,751	7/1/2014	6/30/2015			2,751	(2,693)					58	2,693
Nursing Services	14-100-034-5120-070	3,551	7/1/2013	6/30/2014	5				(5)					
Technology	15-100-034-5120-373	928	7/1/2014	6/30/2015			928	(926)					2	926
Technology	14-100-034-5120-373	920	7/1/2013	6/30/2014	2				(2)					
Home Instruction	15-100-034-5120-067	257	7/1/2014	6/30/2015				(257)		(257)				257
Compensatory Education	15-100-034-5120-067	15,229	7/1/2014	6/30/2015			15,229	(8,062)					7,167	8,062
Examination and Classification Initial	14-100-034-5120-066	6,684	7/1/2013	6/30/2014	6,684				(6,684)					
Examination and Classification Initial	15-100-034-5120-066	3,780	7/1/2014	6/30/2015			3,780	(1,260)					2,520	1,260
Examination and Classification Annual	15-100-034-5120-066	1,444	7/1/2014	6/30/2015			1,444	(722)					722	722
Corrective Speech	14-100-034-5120-066	2,344	7/1/2013	6/30/2014	1,563				(1,563)					
Corrective Speech	15-100-034-5120-066	884	7/1/2014	6/30/2015			884	(884)						884
Supplemental Instruction	14-100-034-5120-066	6,245	7/1/2013	6/30/2014	3,469				(3,469)					
Supplemental Instruction	15-100-034-5120-066	4,708	7/1/2014	6/30/2015			4,708	(2,354)					2,354	2,354
					12,399		31,452	(18,603)		(12,399)			(257)	13,106
														18,603
Total State Financial Assistance					\$ (28,859)		1,004,528	(997,047)		(12,399)			-	13,106
													(75,582)	997,047

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

HENRY HUDSON SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2015****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Henry Hudson School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. 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: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and then recorded in the special revenue fund which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 977,676	18,603	768	997,047
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	455,934			455,934
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	____ (141)	_____	_____	____ (141)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,433,469</u>	<u>18,603</u>	<u>768</u>	<u>1,452,840</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 16,824	183,444	51,315	251,583
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 16,824</u>	<u>183,444</u>	<u>51,315</u>	<u>251,583</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

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 of behalf of the District for the year ended June 30, 2015 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, 2015

HENRY HUDSON REGIONAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

Financial Statement Section

Unmodified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses?

_____ Yes x No

(C) Noncompliance material to general purpose financial statements noted?

_____ Yes x No

HENRY HUDSON REGIONAL SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015***Part 2 - Schedule of Financial Statement Findings***

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

HENRY HUDSON REGIONAL SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

HENRY HUDSON REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

K-7

Prior Audit Findings:

N/A