

SCHOOL DISTRICT

OF

BEACH HAVEN



**BEACH HAVEN BOARD OF EDUCATION
BEACH HAVEN, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

BEACH HAVEN BOARD OF EDUCATION

BEACH HAVEN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY

**BEACH HAVEN BOARD OF EDUCATION
FINANCE DEPARTMENT**

BEACH HAVEN SCHOOL DISTRICT

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INTRODUCTORY SECTION

December 7, 2015

Honorable President and Board Members
Borough of Beach Haven Board of Education
Beach Haven, NJ 08008

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the Borough of Beach Haven Board of Education for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. **Reporting Entity and Its Services:**

The Beach Haven School District is an independent reporting entity within the criteria adopted by the GASB, as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Borough of Beach Haven Board of Education and its school constitute the district's reporting entity.

The District provides a full range of educational services and programs, which are appropriate for grades Kindergarten through Grade Six. These services and programs include regular, as well as, special education for handicapped pupils. The district completed the 2014-15 fiscal year with an enrollment of 65 students. The following details the changes in the student enrollment of the District over the past five years.

Fiscal Year	<u>Pupil Enrollment</u>	<u>% Change</u>
2014-15	65	-8%
2013-14	80	+8%
2012-13	64	-1%
2011-12	65	-9%
2010-11	74	1.4%

2. **Economic Conditions and Outlook:** The Beach Haven School District has a stable year-round population, although student enrollment increased in the most recent years. The primary industry is tourism which significantly increases the population during the summer.
3. **MAJOR INITIATIVES** All who comprise the PK-6 Beach Haven School District continue to work to maintain high levels of academic and social achievements, value the importance of technology as educational tool vs. an educational requirement in isolation, and comply with all of the current educational rules and regulations governing schools in New Jersey.

The Board of Education recognizes that the teacher is the most important staff member for the delivery of a high quality education to allow continued success at the Southern Regional High School grades 7-12. Appropriate professional development will be provided to allow teachers to be current and proficient.

Sufficient funds will continue to be committed for building improvements and upgrades to maintain a safe, secure, and compliant building for the students and the community.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are 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, assurances that these objectives are met. The concept of reasonable assurances recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of the costs and benefits requires estimated and judgments by management.

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

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

5. Budgetary Controls:

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the district. Annual appropriated budgets are adopted for the general fund and the special revenue fund.

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

6. Accounting System and Reports:

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

7. Debt Administration

The District had no outstanding debt as of June 30, 2015.

8. Risk Management:

The Board of Education carries various forms of insurance, including, but not limited to, general liability, hazard and theft insurance on property and contents, and fidelity bonds.

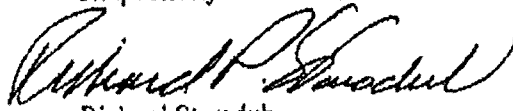
9. **Other Information:**

Independent Audit: The State of New Jersey statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Co., CPAs, was selected by the Beach Haven Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also is designed to meet the requirements of the Single Audit Act of 1984 and the related OBM Circular A-133 and State Treasury Circular Letter 04-04 OBM. The auditor's report on the general-purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports relate specifically to the single audit and are included in the single audit section of this report.

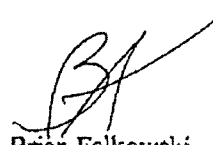
10. **Acknowledgments:**

We would like to express our appreciation to the members of the Borough of Beach Haven Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Board Office.

Respectfully submitted,



Richard Starodub
Superintendent



Brian Falkowski
Business Administrator

Borough of Beach Haven Board of Education**Beach Haven, New Jersey****June 30, 2015**

Members of Board of Education	Term Expires
Irene Hughes, President	2016
Jen Tomlinson, Vice President	2017
Kathy Kelly	2015
Carol Labin	2015
Meredith O'Donnell	2017

Other Officials:

EvaMarie Raleigh - Superintendent
Brian Falkowski – School Business Administrator
Lil Brendel – Board Secretary

Beach Haven Board of Education

Consultants & Advisors

Audit firm

Robert A. Hulsart & Son
2807 Hurley Pond Road
Wall, NJ 07719

Attorney

Isabel Machado, Esq.
Machado Law Group
136 Central Avenue 2nd Floor
Clark, NJ 07066

Official Depository

TD Bank
13100 Long Beach Blvd.
Beach Haven, NJ 08008

**Borough of Beach Haven Board of Education
Organizational Chart**

Board of Education

Chief School Administrator

Board Secretary

Support Staff

Instructional Staff Custodian and Bus Drivers

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.

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
 of the Board of Education
 Beach Haven School District
 County of Ocean
 Beach Haven, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Beach Haven School District, in the County of Ocean, 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 Beach Haven School District, in the County of Ocean, 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 to be 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 7, 2015 on our consideration of the Beach Haven's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Beach Haven Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

December 7, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

BEACH HAVEN PUBLIC SCHOOL DISTRICT
BOROUGH OF BEACH HAVEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Beach Haven Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 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 \$1,948,696 in revenue or 99% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$18,702 or 11% percent to total revenues of \$1,967,398.
- Total assets of governmental activities were \$3,391,308 primarily made up of capital assets Cash. Net capital assets.
- The School District had \$1,970,122 in expenses; only \$18,702 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$1,948,696 were adequate to provide for these programs.
- The General Fund had \$1,977,255 in revenues and \$1,874,201 in expenditures. The General Fund's balance increased \$74,495 over 2013-2014. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Using this Comprehensive Annual Financial Report (CAFR) (Continued)

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 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 those activities. 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. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Enterprise Fund

The District does not have an Enterprise Fund.

The School District as a Whole

Table 1 provides a summary of the School District's net position.

Table 1
Net Position

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current and Other Assets	\$ 702,558	628,063
Capital Assets, Net	<u>2,688,750</u>	<u>2,774,756</u>
Total Assets	<u>\$ 3,391,308</u>	<u>3,402,819</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 20,664</u>	<u> </u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 13,640</u>	<u> </u>
<u>Liabilities</u>		
Long-Term Liabilities	\$	29,812
Other Liabilities	<u>257,008</u>	<u> </u>
Total Liabilities	<u>\$ 257,008</u>	<u>29,812</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 2,688,750	2,774,756
Restricted	468,811	386,979
Unrestricted	<u>(16,237)</u>	<u>211,272</u>
Total Net Position	<u>\$ 3,141,324</u>	<u>3,373,007</u>

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

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues		
Operating Grants and Contributions	\$ 18,702	52,357
General Revenues		
Property Taxes	1,666,389	1,487,923
Grants and Entitlements	315,922	223,555
Other	<u>(33,615)</u>	<u>320,953</u>
Total Revenues	<u>1,967,398</u>	<u>2,084,788</u>
<u>Program Expenses</u>		
Instruction	700,381	711,636
Support Services		
Pupils and Instructional Staff	153,473	207,694
General Administration, School Administration, Business	233,382	564,625
Operations and Maintenance of Facilities	299,979	191,069
Pupil Transportation	34,831	47,203
Depreciation	86,006	101,604
Unallocated Benefits	<u>462,070</u>	
Total Expenses	<u>1,970,122</u>	<u>1,823,831</u>
Increase/(Decrease) in Net Position	<u>\$ (2,724)</u>	<u>260,957</u>

Governmental Activities

Property taxes made up 83% percent of revenues for governmental activities for the Beach Haven Public School District for fiscal year 2015. The District's total revenues were \$2,015,957 for the fiscal year ended June 30, 2015 Federal, state, local grants and other local revenues accounted for another 17%.

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.

Governmental Activities (Continued)

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

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

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

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School Board Funds

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

As the School Board completed the fiscal year ended June 30, 2015, it reported a combined net position balance of \$3,141,324. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

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

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

Capital Assets

At June 30, 2015, the School Board had approximately \$2,688,750 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2015 fiscal year.

	Governmental Activities
Table II	
Capital Assets at June 30, 2015	
Buildings And Sites	\$ 2,431,328
Machinery and Equipment	91,072
Land	99,516
Site Improvements	<u>12,834</u>
Total	<u>\$ 2,634,750</u>

Debt Administration

At June 30, 2015, the School District had no outstanding debt other than compensated absences of \$28,125. A deferred pension liability was also recorded of \$228,883.

Economic Factors and Next Year's Budget

The Beach Haven Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Beach Haven is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Dr. Patricia P. Daggy, Superintendent/Principal, Beach Haven Board of Education, Beach Avenue at Eight Street, Beach Haven, New Jersey 08008.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

BEACH HAVEN SCHOOL DISTRICT

17.

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2015

	Governmental Activities	Total
<u>Assets</u>		
Cash	\$ 540,560	540,560
Receivables, Net	143,391	143,391
Restricted Assets:		
Capital Reserve - Cash	18,607	18,607
Capital Assets Not Depreciated	99,516	99,516
Capital Assets, Net of Depreciation	2,589,234	2,589,234
Total Assets	<u>3,391,308</u>	<u>3,391,308</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>20,664</u>	<u>20,664</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>13,640</u>	<u>13,640</u>
<u>Liabilities</u>		
Noncurrent Liabilities:		
Due Beyond One Year	<u>257,008</u>	<u>257,008</u>
Total Liabilities	<u>257,008</u>	<u>257,008</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	2,688,750	2,688,750
Restricted For:		
Other Purposes	468,811	468,811
Unrestricted	<u>(16,237)</u>	<u>(16,237)</u>
Total Net Position	<u>\$ 3,141,324</u>	<u>3,141,324</u>

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

BEACH HAVEN SCHOOL DISTRICT

Exhibit A-2

Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
<u>Functions/Programs</u>					
Governmental Activities:					
Instruction:					
Regular	\$ 624,017			(624,017)	(624,017)
Special Education	68,065		18,702	(49,363)	(49,363)
Other Instruction	8,299			(8,299)	(8,299)
Support Services:					-
Student & Instruction Related Services	153,473			(153,473)	(153,473)
School Administrative Services	233,382			(233,382)	(233,382)
Plant Operations and Maintenance	299,979			(299,979)	(299,979)
Pupil Transportation	34,831			(34,831)	(34,831)
Depreciation	86,006			(86,006)	(86,006)
Unallocated Benefits	462,070			(462,070)	(462,070)
Total Government Activities	<u>1,970,122</u>	<u>-</u>	<u>18,702</u>	<u>(1,951,420)</u>	<u>(1,951,420)</u>
Total Primary Government	<u>1,970,122</u>	<u>-</u>	<u>18,702</u>	<u>(1,951,420)</u>	<u>(1,951,420)</u>

BEACH HAVEN SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position	
	Governmental Activities	Total
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purpose, Net	1,666,389	1,666,389
Federal and State Aid Not Restricted	315,922	315,922
Miscellaneous Income	14,944	14,944
Transfers	(48,559)	(48,559)
Total General Revenues	<u>1,948,696</u>	<u>1,948,696</u>
Change in Net Position	(2,724)	(2,724)
Restatement for Pension	(228,883)	(228,883)
Net Position - Beginning	<u>3,372,931</u>	<u>3,372,931</u>
Net Position - Ending	<u>\$ 3,141,324</u>	<u>3,141,324</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 540,560	540,560
Cash Capital Reserve	18,607	18,607
Accounts Receivable - Net	143,391	143,391
Total Assets	<u>\$ 702,558</u>	<u>702,558</u>
<u>Liabilities and Fund Balance</u>		
Fund Balance:		
Restricted for:		
Designated for Subsequent Years Expenditures- Excess Surplus	\$ 28,361	28,361
Designated for Subsequent Years Expenditures Maintenance Reserve	7,133	7,133
Capital Reserve	414,710	414,710
Committed to:		
Unrestricted	18,607	18,607
	233,747	233,747
Total Fund Balances	<u>702,558</u>	<u>702,558</u>
Total Liabilities and Fund Balance	<u>\$ 702,558</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 \$3,497,058 and the accumulated depreciation is \$808,308.

2,688,750

Deferred outflow of resources - contributions to the pension plan

20,664

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(13,640)

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.

(257,008)

Net position of governmental activities

\$ 3,141,324

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

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>Total Governmental Funds</u>
<u>Revenues</u>			
Local Sources:			
Local Tax Levy	\$ 1,666,389		1,666,389
Miscellaneous	14,944		14,944
Total Local Sources	<u>1,681,333</u>	-	<u>1,681,333</u>
State Sources	315,922		315,922
Federal Sources		18,702	18,702
Total Revenues	<u>1,997,255</u>	<u>18,702</u>	<u>2,015,957</u>
<u>Expenditures</u>			
Current:			
Regular Instruction	624,017		624,017
Special Education Instruction	49,363	18,702	68,065
Other Special Instruction	210		210
Other Instruction	8,089		8,089
Support Services and Undistributed Costs:			
Students and Instruction Related Services	153,473		153,473
School Administrative Services	233,382		233,382
Plant Operations and Maintenance	299,979		299,979
Pupil Transportation	34,831		34,831
Unallocated Benefits	470,781		470,781
Capital Outlay	76		76
Total Expenditures	<u>1,874,201</u>	<u>18,702</u>	<u>1,892,903</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>123,054</u>	 <u>-</u>	 <u>123,054</u>
Other Financing Sources (Uses):			
Transfer to Capital Projects Prior Year	<u>(48,559)</u>		<u>(48,559)</u>
Total Other Financing Sources (Uses)	<u>(48,559)</u>	<u>-</u>	<u>(48,559)</u>
 Net Change in Fund Balances	 74,495	 -	 74,495
 Fund Balance - July 1	 <u>628,063</u>		 <u>628,063</u>
 Fund Balance - June 30	 <u>\$ 702,558</u>	 <u>-</u>	 <u>702,558</u>

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

BEACH HAVEN SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

Exhibit B-3

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	74,495
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:</p> <p>Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Capital Outlay		76
Depreciation Expense		<u>(86,006)</u>
		(85,930)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		20,664
Pension related deferrals		(13,640)
In the statement of activities, certain operating expenses as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported when paid.		<u>1,687</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(2,724)</u>

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

BEACH HAVEN SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDS

JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 2,000</u>
Total Assets	<u><u>\$ 2,000</u></u>
Net Position:	
Held in Trust for Unemployment Claims	<u>\$ 2,000</u>
Total Net Position	<u><u>\$ 2,000</u></u>

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

BEACH HAVEN SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
Net Position - Beginning of Year	<u>\$ 2,000</u>
Net Position - End of the Year	<u><u>\$ 2,000</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
BEACH HAVEN 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 Beach Haven School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Beach Haven Borough. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

B. Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government as defined by GASB-14 (The Financial Reporting Entity) and therefore encompass the primary government and its component units except for fiduciary funds of the primary government and component units that are fiduciary in nature. Financial statements of fiduciary funds are not presented in the government-wide financial statements but are included in the fund financial statements.

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. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Inventories and Prepaid Expenses (Continued)**

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 2012 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased with a historical cost of \$2,000 or more. Accumulated fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided, and have been updated annually through 2014-2015. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Adjust.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:					
Capital Assets That are					
Not Being Depreciated:					
Land	\$ 99,516	_____	_____	_____	99,516
Depreciable Assets:					
Site Improvements	62,204				62,204
Buildings & Sites	3,102,704				3,102,704
Equipment	<u>232,634</u>	_____	_____	_____	<u>232,634</u>
Total	<u>3,397,542</u>	_____	_____	_____	<u>3,397,542</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Adjust.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Less: Accumulated					
Depreciation:					
Sites	47,037	2,333			49,370
Buildings	543,736	73,640			617,376
Equipment	<u>131,529</u>	<u>10,033</u>	_____	_____	<u>141,562</u>
Total Accumulated					
Depreciation	<u>722,302</u>	<u>86,006</u>	_____	_____	<u>808,308</u>
Net Depreciable					
Assets	<u>2,675,240</u>	<u>86,006</u>	_____	_____	<u>2,589,234</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 2,774,756</u>	<u>86,006</u>	=====	_____	<u>2,688,750</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 86,006</u>
-------------	------------------

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. Deferred revenue in the general fund represents monies received for fiscal year 2015. 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 8).

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%.

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.

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

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

	Cash and Cash Equivalents
Checking, Money Market Accounts and Certificate of Deposit	<u>\$ 614,781</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2015 was \$614,781 and the bank balance was \$564,745. Of the bank balance, \$250,000 was covered by federal depository insurance and \$314,745 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

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:

FDIC	\$ 250,000
GUPDA	314,745

As of June 30, 2015, the District did not hold any long-term investments.

Custodial Credit Risk – Deposits

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

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

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

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Long-Term Portion
Compensated Absences Payable	\$ 29,812		1,687	28,125	28,125
Pension Liability	_____	228,883	_____	228,883	228,883
	<u>\$ 29,812</u>	<u>228,883</u>	<u>1,687</u>	<u>257,008</u>	<u>257,008</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.

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.

NOTE 4: Pension Plans (Continued)

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 6.78% 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.

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 \$110,562 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 \$50,046 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 34.

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/15	\$ 10,078	100%	0
6/30/14	0	100%	0
6/30/13	11,637	100%	0

NOTE 4: Pension Plans (Continued)**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/15	\$ 110,562	100%	0
6/30/14	72,726	100%	0
6/30/13	98,251	100%	0

Pension Expense Deferred Outflows/Inflows – PERS

For the year ended June 30, 2015, the District recognized pension expense of \$10,078. 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	\$ 7,197	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		13,640
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	3,389	
District Contributions Subsequent to the Measurement Date	<u>10,078</u>	<u> </u>
Total	<u>\$ 20,664</u>	<u>13,640</u>

\$20,664 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	\$ 20,664	
Collective Deferred Inflows of Resources	13,640	
Collective Net Pension Liability	228,883	229,629
District's Proportion	.00122%	.00120%

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:

	2014		
	<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%
	2013		
	<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% Decrease (4.39%)</u>	<u>At Current Discount Rate (5.39%)</u>	<u>At 1% Increase (6.39%)</u>
	State	\$ 23,772,450,916	20,127,103,950
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% Decrease (4.55%)</u>	<u>At Current Discount Rate (5.55%)</u>	<u>At 1% 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	\$ 3,480,925	3,606,529
District's Proportion	.00647%	.00710%

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: 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.

NOTE 7: Capital Reserve Account

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

Fund placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). 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. 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-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2014	\$ 18,607
Budget Increase	<u> 0</u>
Ending Balance, June 30, 2015	<u>\$ 18,607</u>

NOTE 8: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>District Contributions</u>	<u>Disbursed</u>	<u>Balance</u>
2014-2015	\$ -0-	-0-	-0-	2,000
2013-2014	-0-	-0-	-0-	2,000
2012-2013	-0-	-0-	-0-	2,000

NOTE 9: 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 10: 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 11: 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures Per the CAFR	\$ 1,874,201
Decreased by:	
On Behalf TPAF Pension and Social Security	(160,608)
Adjusted 2014-15 General Fund Expenditures	<u>\$ 1,713,593</u>
2% of Adjusted 2014-15 General Fund Expenditures	<u>\$ 43,272</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	_____
Maximum Unassigned Fund Balance	<u>\$ 250,000</u>

NOTE 11: 2% Calculation of Excess Surplus (Continued)**Section 2**

Total General Fund Fund Balance @ June 30, 2015	\$ 718,811
Decreased by:	
Designated for Subsequent Year's Expenditures – Excess Surplus	(28,361)
Designated for Subsequent Year's Expenditures – Undesignated	(7,133)
Other Reserves	<u>(433,317)</u>
Total Unassigned Fund Balance	<u>\$ 250,000</u>
Excess Surplus	<u>\$ 0</u>

Section 3

Designated for Subsequent Years Surplus – Excess Surplus	\$ 28,361
Excess Surplus	<u>0</u>
	<u>\$ 28,361</u>

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 414,710
Capital Reserve	<u>18,607</u>
	<u>\$ 433,317</u>

NOTE 12: Fund Balance Appropriated

General Fund – Of the \$718,811 General Fund fund balance at June 30, 2015, \$18,607 has been reserved in the Capital Reserve Account; \$414,710 is maintenance reserve; \$250,000 is unreserved and undesignated; \$28,361 is excess surplus designated for subsequent year's expenditures; and \$7,133 is designated for subsequent year's expenditures.

NOTE 13: Calculation of Excess Surplus

In accordance with *N.J.S.A. 18A:7F-7*, as amended, 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 14: 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.

NOTE 14: Significant Accounting Pronouncements (Continued)

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 7, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

BEACH HAVEN SCHOOL DISTRICT

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

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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	\$ 1,666,389		1,666,389	1,666,389	-
Unrestricted Miscellaneous Revenues			-	14,944	14,944
Total Local Sources	<u>1,666,389</u>	<u>-</u>	<u>1,666,389</u>	<u>1,681,333</u>	<u>14,944</u>
State Sources:					
Transportation Aid	481		481	481	-
Special Education Aid	31,547		31,547	31,547	-
School Choice	126,910		126,910	126,910	-
Security Aid	2,513		2,513	2,513	-
PARCC Readiness Aid	600		600	600	-
Per Pupil Growth Aid	600		600	600	-
TPAF Pension (On Behalf-Non-Budgeted)			-	110,562	110,562
TPAF Social Security (Reimbursed - Non-Budgeted)			-	50,046	50,046
Total State Sources	<u>162,651</u>	<u>-</u>	<u>162,651</u>	<u>323,259</u>	<u>160,608</u>
Total Revenues	<u>1,829,040</u>	<u>-</u>	<u>1,829,040</u>	<u>2,004,592</u>	<u>175,552</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

**Exhibit C-1
Sheet 2 of 9**

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>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Preschool-Salaries of Teachers	62,610	(45,897)	16,713	16,713	-
Kindergarten - Salaries of Teachers	88,037	21,269	109,306	109,306	-
Grades 1-5 - Salaries of Teachers	353,780	69,503	423,283	396,574	26,709
Grade 6 - Salaries of Teachers	50,973	3,668	54,641	54,641	-
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 Series)	11,450	(183)	11,267	11,267	-
General Supplies	15,500	45,602	61,102	33,983	27,119
Textbooks	12,000	(6,890)	5,110	1,533	3,577
Total Regular Programs - Instruction	<u>594,350</u>	<u>87,072</u>	<u>681,422</u>	<u>624,017</u>	<u>57,405</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	48,801	197	48,998	48,998	-
General Supplies	475	(69)	406	365	41
Total Resource Room	<u>49,276</u>	<u>128</u>	<u>49,404</u>	<u>49,363</u>	<u>41</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

**Exhibit C-1
Sheet 3 of 9**

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>49,276</u>	<u>128</u>	<u>49,404</u>	<u>49,363</u>	<u>41</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	500	4,513	5,013	210	4,803
General Supplies	<u>500</u>	<u>(210)</u>	<u>290</u>		<u>290</u>
Total Basic Skills/Remedial - Instruction:	<u>1,000</u>	<u>4,303</u>	<u>5,303</u>	<u>210</u>	<u>5,093</u>
School-Sponsored Athletics - Instruction:					
Other Objects	<u>10,000</u>	<u>111</u>	<u>10,111</u>	<u>8,089</u>	<u>2,022</u>
Total School-Sponsored Athletics - Instruction	<u>10,000</u>	<u>111</u>	<u>10,111</u>	<u>8,089</u>	<u>2,022</u>
Total Instruction	<u>654,626</u>	<u>91,614</u>	<u>746,240</u>	<u>681,679</u>	<u>64,561</u>
Undistributed Expenditures - Attendance & Social Work:					
Salaries	<u>5,935</u>	<u>996</u>	<u>6,931</u>	<u>6,931</u>	<u>-</u>
Undistributed Expenditures - Health Services:					
Salaries	31,992		31,992	31,836	156
Purchased Professional & Technical Services	6,000		6,000	5,924	76
Supplies and Materials	<u>1,000</u>	<u>143</u>	<u>1,143</u>	<u>1,143</u>	<u>-</u>
Total Undistributed Expenditures - Health Services	<u>38,992</u>	<u>143</u>	<u>39,135</u>	<u>38,903</u>	<u>232</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

**Exhibit C-1
Sheet 4 of 9**

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>
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Salaries	46,214	(14,895)	31,319	29,649	1,670
Supplies and Materials	500		500	475	25
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	<u>46,714</u>	<u>(14,895)</u>	<u>31,819</u>	<u>30,124</u>	<u>1,695</u>
Undistributed Expenditures - Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	5,906	(5,906)	-		-
Salaries of Secretarial & Clerical Assistants	25,139	28,335	53,474	53,213	261
Purchased Professional Educational Services	7,500		7,500	7,364	136
Total Undistributed Expenditures - Other Support Services - Child Study Team	<u>38,545</u>	<u>22,429</u>	<u>60,974</u>	<u>60,577</u>	<u>397</u>
Undistributed Expenditures-Improvement of Instructional Services:					
Salaries-Supervisors of Instruction	80,653	(80,653)	-		-
Salaries-Secretarial and Clerical	34,551	(20,759)	13,792	13,034	40,618
Supplies and Materials	5,000		5,000		10,000
Other Objects	500		500	481	1,481
Total Undistributed Expenditures-Improvement of Inst. Services	<u>120,704</u>	<u>(101,412)</u>	<u>19,292</u>	<u>13,515</u>	<u>52,099</u>
Undistributed Expenditures - Educational Media Services/ School Library:					
Purchased Professional and Technical Services	<u>1,000</u>		<u>1,000</u>	<u>957</u>	<u>43</u>

BEACH HAVEN SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 9**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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 - Instructional Staff Training Services:					
Purchased Professional/Educational Services	<u>2,500</u>		<u>2,500</u>	<u>2,466</u>	<u>34</u>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	55,000	95,157	150,157	150,157	-
Legal Services	7,000	21,785	28,785	28,785	-
Audit Fee	7,000	(1,000)	6,000	6,000	-
Communications/Telephone	857	205	1,062	1,062	-
Other Purchased Services	4,500	(292)	4,208	4,208	-
Miscellaneous Purchased Services	2,500	(227)	2,273	2,273	-
Membership Dues and Fees	3,000	248	3,248	3,248	-
Total Undistributed Expenditures - Support Services - General Administration	<u>79,857</u>	<u>115,876</u>	<u>195,733</u>	<u>195,733</u>	<u>-</u>
Undistributed Expenditures - Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	<u>828</u>	<u>10,596</u>	<u>11,424</u>	<u>11,424</u>	<u>-</u>
Total Undistributed Expenditures - Support Services School Administration	<u>828</u>	<u>10,596</u>	<u>11,424</u>	<u>11,424</u>	<u>-</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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 - Administration Info. Technology:					
Purchased Technical Services	12,000	(1,900)	10,100	10,066	30,266
Supplies and Materials	24,000	(7,841)	16,159	16,159	48,477
Total Undistributed Expenditures - Administration Info. Technology	<u>36,000</u>	<u>(9,741)</u>	<u>26,259</u>	<u>26,225</u>	<u>78,743</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	45,732	4,014	49,746	49,746	-
Cleaning, Repairs and Maintenance Services	50,522	5,174	55,696	39,863	15,833
General Supplies	3,000	6,231	9,231	9,231	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>99,254</u>	<u>15,419</u>	<u>114,673</u>	<u>98,840</u>	<u>15,833</u>
Undistributed Expenditures - Other Operations and Maintenance of Plant:					
Purchased Professional and Technical Services	19,847	(5,694)	14,153	14,153	-
Cleaning, Repair and Maintenance Services	28,628	24,715	53,343	53,343	-
Insurance	49,442	(8,649)	40,793	40,793	-
General Supplies	33,568	16,433	50,001	50,001	-
Energy - Electricity	29,000	4,619	33,619	33,619	-
Energy-Natural Gas	35,000	(25,770)	9,230	9,230	-
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	<u>195,485</u>	<u>5,654</u>	<u>201,139</u>	<u>201,139</u>	<u>-</u>

BEACH HAVEN SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 9**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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 - Security:					
Salaries	<u>3,000</u>	<u>(2,238)</u>	<u>762</u>		<u>762</u>
Total Undistributed Expenditures Other Operations and Maintenance of Plant	<u>297,739</u>	<u>18,835</u>	<u>316,574</u>	<u>299,979</u>	<u>16,595</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries Transportation Regular	22,866		22,866	19,016	64,748
Other Purchased Professional Services	3,500	(936)	2,564	1,066	6,194
Cleaning, Repair and Maintenance	5,000	1,143	6,143	6,143	18,429
Contracted Services (Between Home and School) Joint Agreement	6,500		6,500	725	13,725
General Supplies	10,000	(43)	9,957	7,881	27,795
Other Objects	75		75		75
Total Undistributed Expenditures - Student Transportation Services	<u>47,941</u>	<u>164</u>	<u>48,105</u>	<u>34,831</u>	<u>130,966</u>
Regular Programs - Instruction - Employee Benefits:					
Social Security Contributions	23,175	1,918	25,093	25,093	-
Other Retirement Contributions-PERS	13,905	(1,918)	11,987	10,078	1,909
Other Retirement Contributions-PERS-Deferred	8,240		8,240		8,240
Health Benefits	307,992	(30,914)	277,078	275,002	2,076
Total Regular Programs - Instruction - Employee Benefits	<u>353,312</u>	<u>(30,914)</u>	<u>322,398</u>	<u>310,173</u>	<u>12,225</u>

BEACH HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 9

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
On-Behalf TPAF Pension Contribution - Non-Budgeted				110,562	(110,562)
Reimbursed TPAF Social Security Contributions - Non-Budgeted			-	50,046	(50,046)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,608</u>	<u>(160,608)</u>
Total Undistributed Expenditures	<u>1,070,067</u>	<u>12,077</u>	<u>1,082,144</u>	<u>1,192,446</u>	<u>132,421</u>
Total Current Expense	<u>1,724,693</u>	<u>103,691</u>	<u>1,828,384</u>	<u>1,874,125</u>	<u>196,982</u>
Capital Outlay:					
Debt Service Assessment		76	76	76	-
Total Capital Outlay	<u>-</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>-</u>
Total Expenditures	<u>1,724,693</u>	<u>103,767</u>	<u>1,828,460</u>	<u>1,874,201</u>	<u>196,982</u>
Other Funding Sources and/Or (uses:					
Transfer to Capital Projects for Hurricane Expenditures - Prior Year				(48,559)	(48,559)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>104,347</u>	<u>(103,767)</u>	<u>580</u>	<u>81,832</u>	<u>372,534</u>
Fund Balance July 1	<u>636,979</u>		<u>636,979</u>	<u>636,979</u>	
Fund Balance June 30	<u>\$ 741,326</u>	<u>(103,767)</u>	<u>637,559</u>	<u>718,811</u>	<u>372,534</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted For:					
Maintenance Reserve				\$ 414,710	
Capital Reserve				18,607	
Designated for Subsequent Years Expenditures-Excess Surplus				28,361	
Designated for Subsequent Years Expenditures				7,133	
Committed To:					
Unassigned				250,000	
				<u>718,811</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(16,253)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 702,558</u>	

BEACH HAVEN 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:					
Federal Sources	<u>\$ 14,880</u>	<u>3,822</u>	<u>18,702</u>	<u>18,702</u>	<u> </u>
Total Revenues	<u><u>\$ 14,880</u></u>	<u><u>3,822</u></u>	<u><u>18,702</u></u>	<u><u>18,702</u></u>	<u><u>-</u></u>
Expenditures:					
Instruction:					
Salaries	<u>\$ 14,880</u>	<u>3,822</u>	<u>18,702</u>	<u>18,702</u>	<u> </u>
Total Instruction	<u>14,880</u>	<u>3,822</u>	<u>18,702</u>	<u>18,702</u>	<u>-</u>
Total Expenditures	<u><u>\$ 14,880</u></u>	<u><u>3,822</u></u>	<u><u>18,702</u></u>	<u><u>18,702</u></u>	<u><u>-</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BEACH HAVEN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATION

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 basis) "revenue" from the budgetary comparison schedule	\$ 2,004,592	18,702
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in the encumbrances are recognized as expenditures and the related revenue is recognized.		
State aid payment prior year	8,916	
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)	<u>(16,253)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,997,255</u>	<u>18,702</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 1,874,201	18,702
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not yet 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>\$ 1,874,201</u>	<u>18,702</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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)	\$ 228,883	229,629
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>
Total	<u>\$ 228,883</u>	<u>229,629</u>
District's Covered-Employee Payroll	\$ 86,232	84,130
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	37.68%	36.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.74%	40.71%

BEACH HAVEN SCHOOL DISTRICT**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS****Exhibit L-2****LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ -	<u>11,637</u>
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>11,637</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 86,232	84,130
Contributions as a Percentage of Covered-Employee Payroll	0.00%	13.83%

BEACH HAVEN 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>3,480,925</u>	<u>3,606,529</u>
Total	<u>\$ 3,480,925</u>	<u>3,606,529</u>
District's Covered-Employee Payroll	\$ 621,113	728,530
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	17.84%	20.20%
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

BEACH HAVEN SCHOOL DISTRICT**SPECIAL REVENUE FUND**

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES**BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>I.D.E.A. Basic</u>	<u>I.D.E.A. Pre- School</u>	<u>Totals</u>
Revenues:			
Federal Sources	\$ 18,176	526	18,702
Total Revenues	<u>18,176</u>	<u>526</u>	<u>18,702</u>
Expenditures:			
Instruction:			
Salaries-Teachers	18,176	526	18,702
Total Instruction	<u>18,176</u>	<u>526</u>	<u>18,702</u>
Total Expenditures	<u>18,176</u>	<u>526</u>	<u>18,702</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	<u>Net Payroll</u>	<u>Payroll Agency</u>	<u>Unemployment Compensation Expendable Trust</u>	<u>Total 2015</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 7,893	45,721	2,000	55,614
<u>Liabilities</u>				
Payroll Deductions and Withholding	\$ -	45,721		45,721
Net Salary Accumulation	7,893			7,893
Total Liabilities	\$ 7,893	45,721	-	53,614
<u>Net Position</u>				
Reserve for Unemployment Benefits			2,000	2,000
Total Net Position			2,000	2,000

BEACH HAVEN SCHOOL DISTRICT

Exhibit H-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONJUNE 30, 2015

	Unemployment Compensation Trust	Total
Net Position, June 30, 2014	<u>\$ 2,000</u>	<u>2,000</u>
Net Position, June 30, 2015	<u><u>\$ 2,000</u></u>	<u><u>2,000</u></u>

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

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	<u>\$ 37,152</u>	<u>444,534</u>	<u>433,965</u>	<u>47,721</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	<u>\$ 37,152</u>	<u>444,534</u>	<u>433,965</u>	<u>47,721</u>

LONG-TERM DEBT – I

N/A

STATISTICAL SECTION

(Unaudited)

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-1

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 2,688,750	2,774,756	329,779	343,870	1,571,207	1,573,043	1,568,598	1,569,459	1,560,845	1,553,264
Restricted	468,811	386,797	355,035	325,356	75,687	49,540	53,576	37,596	234,578	227,188
Unrestricted	(16,237)	211,272	216,884	212,587	349,099	263,182	265,525	265,200	74,315	107,805
Total Governmental Activities	<u>\$ 3,141,324</u>	<u>3,372,825</u>	<u>901,698</u>	<u>881,813</u>	<u>1,995,993</u>	<u>1,885,765</u>	<u>1,887,699</u>	<u>1,872,255</u>	<u>1,869,738</u>	<u>1,888,257</u>
Business Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ -	-	-	-	-	-	-	-	-	-
Unrestricted										
Total Business Type Activities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District-wide										
Invested in Capital Assets, Net of Related Debt	\$ 2,688,750	2,274,756	329,779	343,870	1,571,207	1,573,043	1,568,598	1,569,459	1,560,845	1,553,264
Restricted	468,811	386,797	355,035	325,356	75,687	49,540	53,576	37,596	234,578	227,188
Unrestricted	(16,237)	211,272	216,884	212,587	349,099	263,182	265,525	265,200	74,315	107,805
Total District-Wide Assets	<u>\$ 3,141,324</u>	<u>2,872,825</u>	<u>901,698</u>	<u>881,813</u>	<u>1,995,993</u>	<u>1,885,765</u>	<u>1,887,699</u>	<u>1,872,255</u>	<u>1,869,738</u>	<u>1,888,257</u>

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-2

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 624,017	661,334	734,375	734,490	703,165	702,688	669,660	607,268	588,000	585,366
Special Education	68,065	39,977	45,591	35,792	9,595	13,565	24,445	21,840	22,231	37,111
Other Special Instruction	8,299	10,325	5,206	11,139	6,664	5,329	9,188	11,717	10,910	11,639
Support Services:										
Tuition				12,513						14,120
Student & Instruction Related Services	153,473	207,694	159,571	152,520	132,976	157,815	138,600	150,295	139,844	87,451
School Administrative Services	233,382	146,830	110,272	80,273	26,260	34,494	34,384	100,795	84,795	120,281
General and Business Administrative Services					64,271	59,507	57,706	3,186	3,114	4,950
Plant Operations and Maintenance	299,979	191,069	180,334	127,790	180,903	190,762	207,090	202,120	247,363	137,394
Pupil Transportation	34,831	47,203	41,914	35,605	33,808	53,334	53,262	44,946	32,789	37,358
Business and Other Support Services	462,070	417,795	429,376	327,442	311,354	308,667	325,247	353,865	341,400	285,055
Unallocated Depreciation	86,006	101,604	14,091	14,091	12,120	11,331	10,247	9,934	1,771	1,771
Total Government Activities Expense	<u>1,970,122</u>	<u>1,823,831</u>	<u>1,720,730</u>	<u>1,531,655</u>	<u>1,481,116</u>	<u>1,537,492</u>	<u>1,529,829</u>	<u>1,505,966</u>	<u>1,472,217</u>	<u>1,322,496</u>
Business-Type Activities:										
Food Service										
School Store										
Total Business-Type Activities Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District Expenses	<u>\$ 1,970,122</u>	<u>1,823,831</u>	<u>1,720,730</u>	<u>1,531,655</u>	<u>1,481,116</u>	<u>1,537,492</u>	<u>1,529,829</u>	<u>1,505,966</u>	<u>1,472,217</u>	<u>1,322,496</u>
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ -	-								
Operating Grants and Contributions	18,702	52,357	16,258	18,744	13,213	30,164	13,700	12,882	12,989	14,991
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	<u>18,702</u>	<u>52,357</u>	<u>16,258</u>	<u>18,744</u>	<u>13,213</u>	<u>30,164</u>	<u>13,700</u>	<u>12,882</u>	<u>12,989</u>	<u>14,991</u>
Business-Type Activities:										
Charges for Services										
Operating Grants and Contributions										
Capital Grants and Contributions										
Total Business-Type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District Program Revenues	<u>\$ 18,702</u>	<u>52,357</u>	<u>16,258</u>	<u>18,744</u>	<u>13,213</u>	<u>30,164</u>	<u>13,700</u>	<u>12,882</u>	<u>12,989</u>	<u>14,991</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (1,951,420)	(1,771,474)	(1,704,472)	(1,512,911)	(1,467,904)	(1,507,332)	(1,516,134)	(1,493,087)	(1,459,232)	(1,307,507)
Business-Type Activities										
Total District-Wide Net (Expense)/Revenue	<u>\$ (1,951,420)</u>	<u>(1,771,474)</u>	<u>(1,704,472)</u>	<u>(1,512,911)</u>	<u>(1,467,904)</u>	<u>(1,507,332)</u>	<u>(1,516,134)</u>	<u>(1,493,087)</u>	<u>(1,459,232)</u>	<u>(1,307,507)</u>
General Revenue and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, Levied for General Purposes, Net	\$ 1,666,389	1,487,923	1,458,748	1,430,146	1,402,104	1,348,177	1,296,324	1,246,466	1,198,525	1,192,689
Property Taxes Levied for Debt Service										
Grants and Contributions	315,922	223,555	192,291	159,333	113,394	154,388	175,376	239,427	231,829	201,581
Interest Earned on Capital Reserve Account						145	26	27	36	18
Miscellaneous Income	14,944	320,953	34,026	14,421	61,616	14,909	59,850	9,685	10,321	13,706
Prior Period Adjustment	(48,559)			(14,136)		(2,740)				
Total Governmental Activities	<u>1,948,696</u>	<u>2,032,431</u>	<u>1,685,065</u>	<u>1,589,764</u>	<u>1,577,261</u>	<u>1,514,879</u>	<u>1,531,576</u>	<u>1,495,605</u>	<u>1,440,711</u>	<u>1,407,994</u>
Business-Type Activities:										
Interest Earned										
Transfers										
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 1,948,696</u>	<u>2,032,431</u>	<u>1,685,065</u>	<u>1,589,764</u>	<u>1,577,261</u>	<u>1,514,879</u>	<u>1,531,576</u>	<u>1,495,605</u>	<u>1,440,711</u>	<u>1,407,994</u>
Change in Net Position:										
Governmental Activities	\$ (2,724)	260,957	(19,407)	76,853	109,357	7,548	15,443	2,517	(18,519)	100,487
Business-Type Activities										
Total District	<u>\$ (2,724)</u>	<u>260,957</u>	<u>(19,407)</u>	<u>76,853</u>	<u>109,357</u>	<u>7,548</u>	<u>15,443</u>	<u>2,517</u>	<u>(18,519)</u>	<u>100,487</u>

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
FUND BALANCES, GENERAL FUND
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-3

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:										
Reserved	\$ 468,811	386,979	315,743	325,356	152,538	49,540	53,576	37,596	123,155	182,826
Unreserved	233,747	211,272	216,884	250,532	294,461	285,396	287,739	287,414	207,952	174,381
Total General Fund	<u>\$ 702,558</u>	<u>598,251</u>	<u>532,627</u>	<u>575,888</u>	<u>446,999</u>	<u>334,936</u>	<u>341,315</u>	<u>325,010</u>	<u>331,107</u>	<u>357,207</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund	\$ -	-	-	-						
Capital Projects Fund			39,292							
Debt Service Fund										
Permanent Fund										
Total All Other Government Funds	<u>\$ -</u>	<u>-</u>	<u>39,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-4

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:										
Local Tax Levy	\$ 1,666,389	1,487,923	1,458,748	1,430,146	1,402,104	1,348,177	1,296,324	1,246,466	1,198,525	1,192,689
Other Local Revenue	14,944	320,953	1,293,439	14,421	61,763	15,055	59,876	9,712	10,357	13,724
State Revenue	315,922	223,555	192,291	159,333	113,394	152,897	175,376	239,427	231,829	202,789
Federal Revenue	18,702	52,357	16,258	18,744	13,213	30,164	13,700	12,882	12,989	14,991
Total Revenues	<u>2,015,957</u>	<u>2,084,788</u>	<u>2,960,736</u>	<u>1,622,644</u>	<u>1,590,474</u>	<u>1,546,293</u>	<u>1,545,276</u>	<u>1,508,487</u>	<u>1,453,700</u>	<u>1,424,193</u>
Expenditures:										
Instruction:										
Regular	624,017	661,334	739,472	697,165	703,165	702,688	669,660	607,268	588,000	585,366
Special	68,065	39,977	45,591	36,646	9,595	13,565	24,445	21,840	22,231	37,111
Other	8,299	10,325	5,206		6,664	5,329	9,188	11,717	10,910	11,639
School Sponsored/Other Instructional										
Support Service:										
Tuition				12,513						14,120
Attendance & Health Services		36,220	34,325	36,831	39,278	55,808	57,488	56,348	56,937	46,682
Support Service - Students	153,473	138,296	108,229	106,365	80,414	76,914	63,495	67,747	60,579	41,976
Support Service - Instructional Staff		33,178	17,017	9,324	13,283	25,092	17,616	26,198	22,328	18,500
General Administration		130,624	100,765	50,604	61,721	34,494	57,706	66,411	53,316	61,781
School Administration	233,382	16,206	9,507	29,669	28,810	59,507	34,384	37,570	34,593	44,950
Operations and Maintenance	299,979	191,069	180,334	127,790	206,903	190,762	228,090	202,120	257,587	137,394
Student Transportation	34,831	47,203	41,914	35,605	33,808	53,334	53,262	44,946	32,789	37,358
Business and Other Support Services:										
Interest on Lease-Purchase Agreements										
Employee Benefits	470,781	286,624	269,839	200,969	205,951	203,877	225,380	192,715	182,960	156,748
On-Behalf TAP Contribution		72,726	98,251	72,088	51,276	48,306	44,876	107,003	108,013	78,291
Reimbursed TAP Social Security Contr.		58,445	61,286	54,385	54,127	56,483	54,991	54,146	50,426	50,015
Capital Outlay	76	296,937	1,259,413	10,285	10,285	15,776	9,386	18,548	9,351	13,262
Debt Service:										
Principal										
Interest and Other Charges										
Education Jobs				2,416						
Total Expenditures	<u>1,892,903</u>	<u>2,019,164</u>	<u>2,971,149</u>	<u>1,482,655</u>	<u>1,505,280</u>	<u>1,541,935</u>	<u>1,549,967</u>	<u>1,514,577</u>	<u>1,490,020</u>	<u>1,335,193</u>
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	<u>123,054</u>	<u>65,624</u>	<u>(10,413)</u>	<u>139,989</u>	<u>85,194</u>	<u>4,358</u>	<u>(4,691)</u>	<u>(6,090)</u>	<u>(36,320)</u>	<u>89,000</u>
Other Financing Sources (Uses):										
Prior Period Adjustments	<u>(48,559)</u>			<u>(14,136)</u>		<u>(2,740)</u>				
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	<u>\$ 74,495</u>	<u>\$ 65,624</u>	<u>(10,413)</u>	<u>125,853</u>	<u>85,194</u>	<u>1,618</u>	<u>(4,691)</u>	<u>(6,090)</u>	<u>(36,320)</u>	<u>89,000</u>
Debt Service as a Percentage of										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year Ended June 30</u>	<u>Interest Earned</u>	<u>Refunds of Prior Year Expense</u>	<u>Donation</u>	<u>Insurance Claim</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	515	7,864			5,345	13,724
2007	6,327				4,030	10,357
2008	4,334				5,378	9,712
2009	2,938	10,828		40,948	5,162	59,876
2010	3,016	4,062			7,832	14,910
2011	2,861	1,176	1,500	45,288	10,792	61,617
2012	28				14,393	14,421
2013			17,000	1,242,413	34,026	1,293,439
2014				296,937	24,016	320,953
2015					14,944	14,944

Source: District Records

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

Year	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities (Note a)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (Note b)
2005	66,156,900	1,376,696,200	110,883,492	14,529,800	1,568,266,392	955,308	1,569,221,700	1,532,257,927	0.077
2006	72,163,500	1,405,202,700	109,041,292	13,888,100	1,600,295,592	622,263	1,600,917,855	1,845,867,359	0.075
2007	55,679,700	1,444,938,500	108,759,692	13,888,100	1,623,265,992	452,644	1,623,718,636	2,059,025,155	0.077
2008	49,992,200	1,460,757,300	107,327,192	13,888,100	1,631,964,792	456,866	1,632,421,658	2,117,278,415	0.079
2009	49,142,700	1,468,876,900	107,072,492	13,888,100	1,638,980,192	474,647	1,639,454,839	2,165,573,976	0.082
2010	49,278,900	1,473,932,200	107,087,692	13,888,100	1,644,186,892	474,488	1,644,661,380	2,105,301,306	0.085
2011	51,021,700	1,477,800,300	107,161,192	13,888,100	1,649,871,292	402,358	1,650,273,650	2,051,268,462	0.087
2012	49,565,400	1,487,564,200	105,254,692	13,936,500	1,658,320,792	368,685	1,656,689,477	2,009,537,323	0.089
2013	55,884,100	1,480,412,700	104,652,392	13,936,500	1,654,885,692	349,404	1,655,235,096	1,956,998,369	0.090
2014	74,759,100	1,468,222,600	104,037,792	11,888,900	1,658,908,392	240,322	1,659,148,714	1,974,484,882	0.101

Source: Abstract of Ratables

Notes: Real property is required to be assessed at market value.

Reassessment occurs when ordered by the County Board of Taxation, normally when the assessed value is markedly different than true (market) value.

- a Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies.
- b Tax rates are per \$100 of assessed valuation.

EXHIBIT J-7

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Borough of Beach Haven School District</u>	<u>Southern Regional School District</u>	<u>County of Ocean</u>	<u>Borough of Beach Haven</u>	<u>Total Tax Rate</u>
2005 *\$	0.077	0.234	0.326	0.308	0.945
2006	0.075	0.240	0.340	0.322	0.977
2007	0.077	0.259	0.341	0.323	1.000
2008	0.079	0.265	0.347	0.331	1.022
2009	0.082	0.258	0.353	0.338	1.031
2010	0.085	0.254	0.364	0.351	1.054
2011	0.087	0.255	0.367	0.365	1.074
2012	0.089	0.257	0.367	0.371	1.084
2013	0.090	0.270	0.403	0.385	1.148
2014	0.101	0.250	0.409	0.386	1.146

* Reflects reassessment

Source: Borough Records

EXHIBIT J-8

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND TEN YEARS AGO
UNAUDITED

	<u>2011</u>		<u>2002</u>	
	<u>Taxable Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Taxpayer #1	\$ 6,215,800	0.38%	\$ 5,109,700	0.99%
Taxpayer #2	6,195,100	0.38%	4,000,000	0.78%
Taxpayer #3	6,008,300	0.36%	3,500,000	0.68%
Taxpayer #4	5,306,300	0.32%	2,500,000	0.49%
Taxpayer #5	4,928,400	0.30%	1,917,000	0.37%
Taxpayer #6	3,540,900	0.21%	1,827,100	0.36%
Taxpayer #7	3,446,400	0.21%	1,799,700	0.35%
Taxpayer #8	3,152,700	0.19%	1,772,100	0.34%
Taxpayer #9	2,989,000	0.18%	1,700,000	0.33%
Taxpayer #10	2,875,400	0.17%	1,659,700	0.32%
	<u>\$ 44,658,300</u>	<u>2.71%</u>	<u>\$ 25,785,300</u>	<u>5.02%</u>

Source: Municipal Tax Assessor and taxrecords.com

EXHIBIT J-9

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
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	
2005	1,160,149	1,075,775	92.73%	84,374
2006	1,192,689	1,108,315	92.93%	84,374
2007	1,198,525	1,114,151	92.96%	84,374
2008	1,246,466	1,162,092	93.23%	84,374
2009	1,296,324	1,296,324	100.00%	-
2010	1,348,177	1,348,177	100.00%	-
2011	1,402,104	1,402,104	100.00%	-
2012	1,430,146	1,430,146	100.00%	-
2013	1,487,923	1,487,923	100.00%	-
2014	1,666,389	1,666,389	100.00%	-

Source: District Records

Note: (a) School taxes are collected by the municipal tax collector. Under New Jersey State statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. From 2005 to 2008, the balance of that year's levy was received in July.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income	Per Capita Income (a)
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2006	-	-	-	-	-	-	0.00%	-
2007	-	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	-	0.00%	-
2012	-	-	-	-	-	-	0.00%	-
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-

Source: District Records

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

EXHIBIT J-11

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>		<u>Deductions</u>		<u>Net General Bonded Debt Outstanding</u>		<u>Debt as a Percentage of Assessed Value of Property</u>	<u>Net Bonded Debt Per Capita</u>	
2005	\$	-	\$	-	\$	-	0.00%	\$	-
2006		-		-		-	0.00%		-
2007		-		-		-	0.00%		-
2008		-		-		-	0.00%		-
2009		-		-		-	0.00%		-
2010		-		-		-	0.00%		-
2011		-		-		-	0.00%		-
2012		-		-		-	0.00%		-
2013		-		-		-	0.00%		-
2014		-		-		-	0.00%		-

Source: District Records

EXHIBIT J-12

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

Net Direct Debt of School District as of December 31, 2010	\$	-
Net Overlapping Debt of School District:		
Borough of Beach Haven (100%)	\$	4,479,620.00
County of Ocean - Borough's Share (1.972%)		8,421,399.28
		<u>12,901,019.28</u>
Total Direct and Overlapping Debt as of December 31, 2010	\$	<u><u>12,901,019.28</u></u>

Sources: State of New Jersey Department of Community Affairs, Borough of Beach Haven and
Ocean County Board of Taxation

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2014:

Equalized valuation basis:

2011	2,051,268,462
2012	2,009,537,323
2013	1,956,998,369
	\$ 6,017,804,154

Average Equalized Valuation of Taxable Property \$ 2,005,934,718

Debt Limit (3% of average equalized valuation)	\$ 60,178,042
Les: Total net debt applicable to limit	-
Legal Debt Margin	\$ 60,178,042

	Fiscal Year								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$ 60,178,042	61,661,071	61,899,911	62,945,546	63,592,642	62,876,955	59,375,819	53,587,241	45,806,630
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 60,178,042	61,661,071	61,899,911	62,945,546	63,592,642	62,876,955	59,375,819	53,587,241	45,806,630

Total net debt applicable to limit
as percentage of debt limit

Source: District Records
Equalized Valuation provided by Division of Local Government Services,
Department of Community Affairs, State of New Jersey.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>(a)</u> <u>Population</u>	<u>(b)</u> <u>Personal</u> <u>Income</u>	<u>(c)</u> <u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>(d)</u> <u>Unemployment</u> <u>Rate</u>
2005	1,348	\$ 42,111,150	\$ 35,970	5.5%
2006	1,365	\$ 45,336,858	\$ 38,094	6.9%
2007	1,379	\$ 47,139,294	\$ 40,368	7.7%
2008	1,391	\$ 49,695,023	\$ 41,347	6.8%
2009	1,403	\$ 51,784,148	\$ 40,612	8.8%
2010	1,174	\$ 55,447,963	\$ 40,689	14.3%
2011	1,175	\$ 46,422,090	\$ 42,121	14.9%
2012	1,177	\$ 50,629,832	\$ 43,016	15.9%
2013	1,177	\$ 50,862,878	\$ 43,214	15.6%
2014	1,180	No Data Avail.	No Data Avail.	7.8%

Sources:

(a) Population information provided by the NJ Department of Labor and Workforce Development
2010 population provided by U.S. Census Bureau.

(b) Personal income has been estimated based upon the municipal population and per capita personal
income presented.

(c) Per capita personal income based upon county-wide data provided by NJ Department of Labor and
Workforce Development

(d) Unemployment data provided by the NJ Department of Labor and Workforce Development

EXHIBIT J-15

**Beach Haven School District
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2009			2000		
	EMPLOYEE: (Optional)	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYMENT	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
	N/A	1	0.00%	0	1	0.00%
	0	2	0.00%	0	2	0.00%
	0	3	0.00%	0	4	0.00%
D	0	4	0.00%	0	3	0.00%
E	0	5	0.00%	0		0.00%
F	0	6	0.00%	0	6	0.00%
G	0	7	0.00%	0		0.00%
H	0	8	0.00%	0	7	0.00%
I	0	9	0.00%	0		0.00%
J	0	10	0.00%	0	5	0.00%
K	0		0.00%	0	8	0.00%
L	0		0.00%	0	9	0.00%
M	0		0.00%	0	10	0.00%
	<u>0</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>
	<u><u>0</u></u>		<u><u>0.00%</u></u>	<u><u>0</u></u>		<u><u>0.00%</u></u>

**BEACH HAVEN SCHOOL
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR**

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction:										
Regular	11	10	10	10	10	10	10	10	10	9
Special Education	2	3	3	3	3	3	3	3	3	3
Other Special Education	1	1	1	1	1	1	1	1	1	1
Support Services:										
Attendance and Health	1	1	1	1	1	1	1	1	1	1
School Administrative Services	2	2	1	1	1	1	1	1	1	1
General & Business Administrative Servi	1	1	2	2	2	2	2	2	2	2
Plant Operations & Maintenance	1	1	1	0	2	2	2	2	2	2
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Business & Other Support Services	1									
Total	21	20	21	21	21	21	21	21	21	20

Source: District Personnel Records

**BEACH HAVEN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	TEACHING STAFF (b)	<u>PUPIL/TEACHER RATIO</u>	AVERAGE DAILY ENROLLMENT	AVERAGE DAILY ATTENDANCE
					ELEMENTARY	(ADE) (c)	(ADA) (c)
2015	70					68.55	66.57
2014	75					73.87	68.97
2013	74					71.3	67.7
2012	75						
2011	74	\$ 1,492,069	\$ 20,163	14	5.3		
2010	73	\$ 1,511,778	\$ 20,709	14	5.2		
2009	77	\$ 1,536,272	\$ 19,952	14	5.1		
2008	71	\$ 1,614,584	\$ 21,332	14	5.1		
2007	72	\$ 1,480,676	\$ 20,565	14	5.1		
2006	71	\$ 1,321,936	\$ 18,619	14	5		

**BEACH HAVEN SCHOOL
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary Schools:										
Beach Haven School										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capacity (Students)	175	175	175	175	175	175	175	175	175	175
Enrollment	65	75	74	75	63	61	77	71	72	71

Number of Schools at June 30, 2015:

Elementary = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

**BEACH HAVEN SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST NINE FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

000-261-xxx

*	2015	2014	2013	2012	2011	2010	2009	2008	2007
	58,471	23,543	32,861	63,500	62,844	86,030	114,166	82,324	94,786

Total School
Facilities

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

EXHIBIT J-20

**BEACH HAVEN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015**

	COVERAGE	DEDUCTIBLE
Commerical Property Coverages:		
Blanket Building & Personal Property	\$3,095,674	500
Equipment Floater	62,000	250
Commercial General Liability:		
General Aggregate	2,000,000	
Products Completed Operations	2,000,000	
Each Occurrence	1,000,000	
Personal and Advertsing Injury	1,000,000	
Fire Damage Legal Liability	100,000	
Medical any one person	5,000	
Business Automobile:		
Liability Limit	1,000,000	
Personal Injury Protection	PIP	
Auto Medical Payments	5,000	
Uninsured Motorist	1,000,000	
Underinsured Motorist	1,000,000	
Workers Compensation	500,000	
Commercial Umbrella		
Each Occurrence Bodily Injury and Property Damag	2,000,000	
General Aggregate	4,000,000	
Fidelity Bonds		
Treasurer of School Money	150,000	
Board Secretary	50,000	
Blanket Bond	10,000	
Accident & Health		
Traveling Accident Medical Expenses	500,000	
Student Accident	1,000,000	
School Leader & Erros and Omissions	1,000,000	10000
Flood Insurance		
Building	292,800	5000
Contents	127,700	5000

Carriers: Selective, Guarantee Trust Life, National Union Fire Insurance

SINGLE AUDIT SECTION

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
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**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
Beach Haven School District
County of Ocean
Beach Haven, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beach Haven Board of Education, County of Ocean, 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 Beach Haven Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated December 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Beach Haven Board of Education, County of Ocean, 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 Beach Haven Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Beach Haven Board of Education, County of Ocean, 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 Beach Haven Board of Education, County of Ocean, 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 7, 2015

BEACH HAVEN SCHOOL DISTRICT

Schedule A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

K-3

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass- Through Grantor/Program Title</u> <u>U.S. Department of Education</u> <u>Passed-Through State Department</u> <u>of Education</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2014</u>	<u>Carryover (Walkover) Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>Repayment of Prior Years Balances</u>	<u>Balance at June 30, 2015</u>			
				<u>From</u>	<u>To</u>							<u>(Accounts Receivable)</u>	<u>Deferred Revenue</u>	<u>Due to Grantor</u>	
Project Serve	84,184S	N/A	\$ 36,039	9/1/13	8/31/14	\$ (36,039)		36,039							
I.D.E.A.:															
Basic	84.027	FT-14	18,176	9/1/14	8/31/15			18,176	(18,176)						
Preschool	84.173	FT-14	526	9/1/14	8/31/15			526	(526)						
Total Special Revenue Fund						<u>(36,039)</u>	<u>-</u>	<u>54,741</u>	<u>(18,702)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal Financial Awards						<u>\$ (36,039)</u>	<u>-</u>	<u>54,741</u>	<u>(18,702)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying Notes to Schedules of Financial Assistance.

BEACH HAVEN SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule B

K-4

<u>State Grantor/ Program Title</u> <u>State Department of Education</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2014</u>	<u>Carryover (Walkover) Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>Balance at June 30, 2015</u>			<u>MEMO</u>		
			<u>From</u>	<u>To</u>						<u>(Accounts Receivable)</u>	<u>Deferred Revenue</u>	<u>Due to Grantor</u>	<u>Budgetary Receivable</u>	<u>Total Cumulative Expenditures</u>	
General Fund:															
Special Education Aid	15-495-034-5120-089	\$ 31,547	7/1/14	6/30/15	\$ -		31,547	(31,547)					(3,153)	31,547	
School Choice	15-495-034-5120-068	126,910	7/1/14	6/30/15			126,910	(126,910)					(12,683)	126,910	
Security Aid	15-495-034-5120-084	2,513	7/1/14	6/30/15			2,513	(2,513)					(252)	2,513	
Transportation Aid	15-495-034-5120-014	481	7/1/14	6/30/15			481	(481)					(45)	481	
PARCC Readiness Aid	15-495-034-5120-098	600	7/1/14	6/30/15			600	(600)					(60)	600	
Per Pupil Growth Aid	15-495-034-5120-097	600	7/1/14	6/30/15			600	(600)					(60)	600	
Reimbursed TPAF Social Security	14-100-034-5095-002	58,445	7/1/13	6/30/14	(2,673)		2,673								
Reimbursed TPAF Social Security	15-100-034-5095-002	50,046	7/1/14	6/30/15			45,520	(50,046)			(4,526)			50,046	
On Behalf TPAF Pension	15-100-034-5095-006	110,562	7/1/14	6/30/15			110,562	(110,562)						110,562	
Total General Fund					(2,673)	-	321,406	(323,259)	-		(4,526)	-	-	(16,253)	323,259
Total State Financial Assistance					\$ (2,673)	-	321,406	(323,259)	-		(4,526)	-	-	(16,253)	323,259

See accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

BEACH HAVEN SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND 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, Beach Haven School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting. This basis of accounting is described in 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 one or more state aid June payments 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>Total</u>
<u>State Assistance</u>		
Actual Amounts (Budgetary)		
“Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 323,259	323,259
Difference – Budget to “GAAP”		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized		
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>(7,337)</u>	<u>(7,337)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 315,922</u>	<u>315,922</u>

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

	<u>Special Revenue Fund</u>	<u>Total</u>
<u>Federal Assistance</u>		
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 18,702	18,702
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>\$ 18,702</u>	<u>18,702</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.