

**SCHOOL DISTRICT**

**OF**

**BAY HEAD**



**BAY HEAD BOARD OF EDUCATION  
BAY HEAD, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**BAY HEAD BOARD OF EDUCATION**

**BAY HEAD, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**PREPARED BY**

**BAY HEAD BOARD OF EDUCATION  
FINANCE DEPARTMENT**

# **BAY HEAD SCHOOL DISTRICT**

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## **INTRODUCTORY SECTION**

# *Bay Head Board of Education*

145 Grove Street • Bay Head • New Jersey • 08742  
Phone: 732-892-4704 Fax: 732-892-4526 www.bayheadschoool.org

Peter S. Morris, Ed.D.  
*Superintendent*

Laurie M. Considine  
*Board Secretary*

Patricia A. Christopher, CPA  
*Business Administrator*

November 14, 2016

Honorable President and Members  
Board of Education of the Borough of Bay Head  
145 Grove Street  
Bay Head, NJ 08735

Dear Board Members:

The comprehensive annual financial report of the Bay Head School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the 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 the Title 2 U.S. Code of Federal regulations, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Bay Head 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 Bay Head Board of Education and its single school constitute the District's reporting entity.



1. REPORTING ENTITY (Continued)

The District provides a full range of educational services appropriate to grade levels K through 8, and has a sending-receiving relationship with the Point Pleasant Board of Education for grades 9 through 12. Classes offered are regular, vocational, and special education for disabled youngsters. The District completed the 2016 fiscal year with an average daily enrollment of 146.7 students, an increase of .7 students from June 2015. The following details the changes in the student enrollment over the last ten years:

Average Daily Enrollment, K-8

Fiscal Year	Student Enrollment	Percent Change
2015-2016	146.7	0.4%
2014-2015	146	6.6%
2013-2014	137	-0.7%
2012-2013	138	8.7%
2011-2012	127	8.5%
2010-2011	117	8.3%
2009-2010	108	12.5%
2008-2009	96	5.5%
2007-2008	91	- 1.1%
2006-2007	92	4.5%

2. ECONOMIC CONDITIONS AND OUTLOOK: Less than one mile square, Bay Head is a charming, residential seashore resort community. Enjoyed by many visitors in the summertime, Bay Head has a year-round population of under 1,000 residents. As part of a barrier island, Bay Head is landlocked between Point Pleasant Beach, Point Pleasant Borough, and Mantoloking, and is bordered by the Atlantic Ocean and Barnegat Bay on the east and west. Consequently, its opportunities for business and residential expansion are limited.

3. MAJOR INITIATIVES: Students continue to meet and/or exceed objectives set by the educational administration as reported to the New Jersey Department of Education. The Bay Head Elementary School continues to perform achievement scores reported for math, science, reading and writing on standardized tests. Programming during the 2015-2016 school year focused on a continuation of the Board of Education's emphasis on technology in the classrooms, hands-on science instruction and excellence in language arts.

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 is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

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. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2016, and the amount and percentage of increases in relation to prior year revenues. Excluded from the presentation are the State of New Jersey TPAF pension contributions on behalf of the Board of Education and the reimbursed TPAF Social Security contributions made by the Board and reimbursed by the State.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increases/(Decreases) from 2015</u>	
			<u>\$</u>	<u>%</u>
Local	\$4,099,980	80%	646,097	19%
State	948,308	19%	592,500	167%
Federal	<u>69,115</u>	<u>1%</u>	<u>31,734</u>	85%
Total	<u>\$5,117,403</u>	<u>100%</u>	<u>\$ 1,270,331</u>	33%

The local tax levy increased year-to-year \$56,654. Interest earned, tuition aftercare fees and miscellaneous income equaled \$382,643, an increase of \$59,873 from 2014/2015.

The schedule below presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2016, and the percentage of increase or decrease in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/(Decrease) from 2015</u>	
			<u>\$</u>	<u>%</u>
Current:				
Instruction	\$1,282,579	18.8%	129,102	11.2%
Undistributed				
Instruction	959,546	14.0%	(73,196)	-7.1%
Other Expend	1,114,080	16.3%	22,570	2.1%
Capital Outlay	2,903,816	42.5%	1,515,733	109.2%
Debt Service				
Principal	505,598	7.4%	230,598	83.9%
Interest	<u>65,194</u>	<u>1.0%</u>	<u>28,346</u>	76.9%
Total	<u>\$6,833,813</u>	<u>100.00%</u>	<u>\$1,856,153</u>	37.3%

The allocation of expenditures reflects the Board's and Superintendent's objective to provide the best education possible at the least cost, a factor in maintaining the Borough of Bay Head's enviable position as one of the state's lowest school taxpaying districts. During 2015 Bay Head taxpayers were assessed the lowest general school tax for an operating school district in Ocean County.

8. DEBT ADMINISTRATION: During the June 30, 2008 fiscal year the District sold \$2,200,000 of school bonds at with interest rates varying between 4.00% and 4.25% for the purpose of additions and renovations at the Bay Head Elementary School. At June 30, 2016, the District's outstanding balance on the 2008 debt was \$292,000.

During the June 30, 2014 fiscal year the District sold \$3,300,000 of school bonds at with interest rates varying between 2.00% and 3.25% for the purpose of additions and renovations at the Bay Head Elementary School. At June 30, 2016, the District's outstanding balance on the 2015 debt was \$3,145,000. The total outstanding school bond debt at June 30, 2016 was \$3,437,000.

During the June 30, 2016 fiscal year the District entered into an equipment lease for \$550,000 to fund a project to replace the school boiler and other HVAC upgrades. The lease is a five year lease with a fixed interest rate at 1.7%. The lease balance outstanding at June 30, 2016 was \$550,000.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act. The Board's cash position is adequate, with a balance of \$2,155,858 in cash and temporary investments at June 30, 2016.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, flood, student and volunteer accident, hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with the New Jersey School Boards Association Insurance Group to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

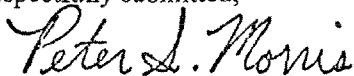
11. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Title 2 U.S. Code of Federal regulations, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment." The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

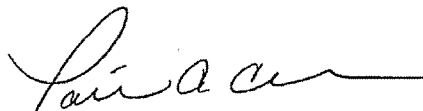
12. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Bay Head Board of Education for their continued concern in providing fiscal accountability to the taxpayers and citizens of the Borough of Bay Head, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,



Dr. Peter S. Morris, Ed.D.  
Superintendent



Patricia A. Christopher, CPA  
School Business Administrator

## BAY HEAD BOARD OF EDUCATION

BAY HEAD, NEW JERSEY

## ROSTER OF OFFICIALS

JUNE 30, 2016

<u>Members of the Board of Education:</u>	<u>Term Expires:</u>
Joseph S. Cornell, President,	2016
Darren Erbe, Vice President	2017
Benjamin Hinds, Board Member	2018
Sandra Antognoli, Board Member	2016
Barry K. Pearce, Board Member	2017

## Other Officials:

Dr. Peter S. Morris, Superintendent

Patricia A. Christopher, CPA, School Business Administrator

Laurie M. Considine, Board Secretary

Patricia A. Wojcik, Treasurer

BAY HEAD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

**Audit Firm:**

**Robert A. Hulsart and Company**  
Certified Public Accountants  
2807 Hurley Pond Road  
Wall, New Jersey 07719

**Attorney:**

**David M. Cassadonte, Esq.**  
202 Main Street  
Toms River, NJ 08753

**Official Depository:**

**Manasquan Savings Bank**  
89 Bridget Avenue  
Bay Head, NJ 08742

**BAY HEAD BOARD OF EDUCATION  
ORGANIZATION CHART  
(UNIT CONTROL)**

**BOARD OF EDUCATION**

**SUPERINTENDENT**

School Business Administrator

Board Secretary

Facilities Manager

Custodial Staff

Attendance Officer

Treasurer

Principal

School Secretary

Teaching Staff:

K-8

School Nurse

Foreign Language

Physical Education

Resource

Basic Skills

Speech

Media Center

Music

Art

Student Resources

Aides

## **FINANCIAL SECTION**



# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

9.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.  
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Bay Head School District  
County of Ocean  
Bay Head, 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 Bay Head School District, in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2016, 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 Bay Head School District, in the County of Ocean, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

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

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

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid 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 November 14, 2016 on our consideration of the Bay Head'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 Bay Head 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**

November 14, 2016

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**BAY HEAD PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF BAY HEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The discussion and analysis of the Bay Head Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. 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 2015-2016 fiscal year are as follows:

- General revenues accounted for \$4,745,844 in revenue or 93% 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 \$371,559 or 7% percent to total revenues of \$5,117,403.
- Total assets of governmental activities were \$7,798,977 primarily made up of Capital assets and Cash.
- The School District had \$4,135,331 in expenses; only \$371,559 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,745,844 were adequate to provide for these programs.
- The General Fund had \$4,187,956 in revenues and \$3,413,660 in expenditures. The General Fund's balance increased by \$774,296 over 2014-2015.

**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 Bay Head 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 Bay Head 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 Assets 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 2015-2016 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 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 Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

## Enterprise Fund

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

## The School District as a Whole

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

**Table 1**  
**Net Position**

	<u>2015</u>	<u>2016</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 4,170,626	2,175,664
Capital Assets, Net	<u>2,799,794</u>	<u>5,623,313</u>
Total Assets	<u>\$ 6,970,420</u>	<u>7,798,977</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>\$ 106,954</u>	<u>179,657</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	<u>\$ 41,512</u>	<u>39,231</u>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 764,294	633,215
Long-Term Liabilities	<u>4,154,239</u>	<u>4,208,857</u>
Total Liabilities	<u>\$ 4,918,533</u>	<u>4,842,072</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ (1,133,614)	2,186,313
Restricted	3,584,247	1,907,215
Unrestricted	<u>(333,304)</u>	<u>(996,197)</u>
Total Net Position	<u>\$ 2,117,329</u>	<u>3,097,331</u>

Table 2 shows the changes in net position.

**Table 2**  
**Changes in Net Position**

	<u>2015</u>	<u>2016</u>
<b><u>Revenues</u></b>		
Program Revenues		
Operating Grants and Contributions	\$ 320,763	371,559
General Revenues		
Property Taxes	3,131,113	3,187,767
Grants and Entitlements	355,808	948,308
Other	<u>39,388</u>	<u>609,769</u>
Total Revenues	<u>3,847,072</u>	<u>5,117,403</u>
<b><u>Program Expenses</u></b>		
Instruction	1,153,477	1,282,579
Support Services		
Tuition	517,485	461,013
Pupils and Instructional Staff	302,863	283,500
General Administration, School Administration, Business	878,279	1,598,083
Operations and Maintenance of Facilities	311,376	348,311
Pupil Transportation	106,657	106,547
Debt Service	<u>81,110</u>	<u>55,298</u>
Total Expenses	<u>3,351,247</u>	<u>4,135,331</u>
Other Financing Source/(Uses)	<u>406,310</u>	<u>(2,070)</u>
Increase/ (Decrease) in Net Position	<u>\$ 902,135</u>	<u>980,002</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 62% percent of revenues for governmental activities for the Bay Head Public School District for fiscal year 2016. The District's total revenues were \$5,117,403 for the fiscal year ended June 30, 2016. Federal, state, local grants and other local revenues accounted for another 30%.

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 Bay Head'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, 2016, it reported a combined net position balance of \$3,097,331. 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, 2016, the School Board had approximately \$6,489,673 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 2016 fiscal year.

	<b>Governmental Activities</b>
Table II	
Capital Assets at June 30, 2016	
Buildings and Sites	\$ 5,278,572
Machinery and Equipment	88,192
Land	<u>256,549</u>
Total	<u>\$ 5,623,313</u>

## Debt Administration

At June 30, 2016, the School District had outstanding debt of \$4,795,636 consisting of serial bonds at \$3,437,000, capital leases at \$560,799 and a pension liability of \$797,857.

## Economic Factors and Next Year's Budget

The Bay Head 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 Bay Head is primarily a residential community. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

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 Bay Head 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 Mrs. Patricia A. Christopher, Business Administrator of the Bay Head Board of Education, 145 Grove Street, Bay Head, N.J. 08742.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**BAY HEAD SCHOOL DISTRICT****STATEMENT OF NET POSITION**

Exhibit A-1

**JUNE 30, 2016**

	<b><u>Governmental Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 224,414	224,414
Accounts Receivables, Net	137,433	137,433
Restricted Cash	1,813,817	1,813,817
Capital Assets Not Being Depreciated	256,549	256,549
Capital Assets Being Depreciated, Net	5,366,764	5,366,764
Total Assets	<u>7,798,977</u>	<u>7,798,977</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>179,657</u>	<u>179,657</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferral	<u>39,231</u>	<u>39,231</u>
<b><u>Liabilities</u></b>		
Accounts Payable	2,070	2,070
Deferred Revenue	10,000	10,000
Accrued Interest	34,366	34,366
Long Term Debt:		
Due Within One Year	586,779	586,779
Long-Term	4,208,857	4,208,857
Total Liabilities	<u>4,842,072</u>	<u>4,842,072</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Related Debt	2,186,313	2,186,313
Restricted For:		
Other Purposes	1,907,215	1,907,215
Unrestricted	<u>(996,197)</u>	<u>(996,197)</u>
Total Net Position	<u>\$ 3,097,331</u>	<u>3,097,331</u>

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

**BAY HEAD SCHOOL DISTRICT**

Exhibit A-2

Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

**JUNE 30, 2016**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
<b><u>Functions/Programs</u></b>					
Governmental Activities:					
Instruction:					
Regular	\$ 968,206			(968,206)	(968,206)
Special Education	175,573		69,115	(106,458)	(106,458)
Other Instruction	138,800			(138,800)	(138,800)
Support Services:					
Tuition	461,013	302,444		(158,569)	(158,569)
Student & Instruction Related Services	283,500			(283,500)	(283,500)
School Administration	135,920			(135,920)	(135,920)
Other Administration Services	79,113			(79,113)	(79,113)
Plant Operations and Maintenance	348,311			(348,311)	(348,311)
Pupil Transportation	106,547			(106,547)	(106,547)
Unallocated Benefits	685,522			(685,522)	(685,522)
Capital Outlay	549,681			(549,681)	(549,681)
Depreciation	147,847			(147,847)	(147,847)
Interest on Debt	55,298			(55,298)	(55,298)
Total Government Activities	<u>4,135,331</u>	<u>302,444</u>	<u>69,115</u>	<u>(3,763,772)</u>	<u>(3,763,772)</u>
Total Primary Government	<u>4,135,331</u>	<u>302,444</u>	<u>69,115</u>	<u>(3,763,772)</u>	<u>(3,763,772)</u>

**BAY HEAD SCHOOL DISTRICT**

**Exhibit A-2**

**Sheet 2 of 2**

**STATEMENT OF ACTIVITIES**

**JUNE 30, 2016**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Charges for</u>	<u>Operating</u>	<u>Governmental</u>	
	<u>Services</u>	<u>Grants and</u>	<u>Activities</u>	<u>Total</u>
	<u>Expenses</u>	<u>Contributions</u>		
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purpose, Net			2,950,946	2,950,946
Property Taxes Levied for Debt Service			236,821	236,821
Federal and State Aid Not Restricted			398,308	398,308
Miscellaneous Revenue			1,159,769	1,159,769
Total General Revenues			<u>4,745,844</u>	<u>4,745,844</u>
Other Financing Sources (Uses):				
Capital Projects Transfer to General Fund			(2,070)	(2,070)
			<u>(2,070)</u>	<u>(2,070)</u>
Total General Revenues, Special Items, Extraordinary Items and Transfers			<u>4,743,774</u>	<u>4,743,774</u>
Change in Net Position			980,002	980,002
Net Position - Beginning			<u>2,117,329</u>	<u>2,117,329</u>
Net Position - Ending			<u>\$ 3,097,331</u>	<u>3,097,331</u>

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

**FUND FINANCIAL STATEMENTS – B**



BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Cash and Cash Equivalents					
Restricted	\$ 1,307,152		284,935	221,730	1,813,817
Unrestricted	224,414				224,414
Federal and State Receivables		20,827	96,800		117,627
Interfund Receivable	10,827				10,827
Receivables, Net	19,806				19,806
Total Assets	<u>\$ 1,562,199</u>	<u>20,827</u>	<u>381,735</u>	<u>221,730</u>	<u>2,186,491</u>
<b><u>Liabilities and Fund Balance</u></b>					
Liabilities:					
Deferred Revenue	\$ -	10,000			10,000
Interfund payable		10,827			10,827
Accounts Payable			2,070		2,070
Total Liabilities	<u>-</u>	<u>20,827</u>	<u>2,070</u>	<u>-</u>	<u>22,897</u>
Fund Balance:					
Restricted For:					
Lease Purchase-Boiler	477,383				477,383
Emergency Reserve	174,133				174,133
Maintenance Reserve	156,309				156,309
Designated For Subsequent Years Expenditure	6,996				6,996
Designated For Subsequent Years Expenditure					
Excess Surplus	23,075				23,075
Capital Reserve	334,869				334,869
Excess Surplus	54,859				54,859
Committed To:					
Other Purposes	78,196				78,196
Unassigned:					
General Fund	256,379				256,379
Debt Service Fund				221,730	221,730
Capital Projects Fund			379,665		379,665
Total Fund Balance	<u>1,562,199</u>	<u>-</u>	<u>379,665</u>	<u>221,730</u>	<u>2,163,594</u>
Total Liabilities and Fund Balance	<u>\$ 1,562,199</u>	<u>20,827</u>	<u>381,735</u>	<u>221,730</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 \$6,489,673 and the accumulated depreciation is \$866,360.

5,623,313

Accrued Interest

(34,366)

Deferred outflow of resources - contributions to the pension plan

179,657

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

(39,231)

Long Term Liabilities including bonds payable are payable in the current period and therefore are not reported as liabilities in the funds (see note 3)

(4,795,636)

Net Position of governmental activities

\$ 3,097,331

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

**BAY HEAD SCHOOL DISTRICT**

Exhibit B-2  
Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2016**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Capital Projects</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,950,946			236,821	3,187,767
Tuition	302,444				302,444
Private Contribution	48,570			481,000	529,570
Lease Purchase for Boiler	550,000				550,000
Miscellaneous	14,659		65,540		80,199
Total Local Sources	<u>3,866,619</u>	<u>-</u>	<u>65,540</u>	<u>717,821</u>	<u>4,649,980</u>
State Sources	321,337			76,971	398,308
Federal Sources		69,115			69,115
Total Revenues	<u>4,187,956</u>	<u>69,115</u>	<u>65,540</u>	<u>794,792</u>	<u>5,117,403</u>
Expenditures:					
Current:					
Regular Instruction	968,206				968,206
Special Education Instruction	106,458	69,115			175,573
Other Instruction	138,800				138,800
Support Services and Undistributed Costs:					
Tuition	461,013				461,013
Student and Instruction Related Services	283,500				283,500
School Administration	135,920				135,920
Other Administration Services	79,113				79,113
Plant Operations and Maintenance	348,311				348,311
Pupil Transportation	106,547				106,547
Unallocated Benefits	659,222				659,222
Capital Outlay	126,570		2,777,246		2,903,816
Debt Service:					
Bond Principal				508,598	508,598
Interest and Other Charges				65,194	65,194
Total Expenditures	<u>3,413,660</u>	<u>69,115</u>	<u>2,777,246</u>	<u>573,792</u>	<u>6,833,813</u>

BAY HEAD SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>774,296</u>	<u>-</u>	<u>(2,711,706)</u>	<u>221,000</u>	<u>(1,716,410)</u>
Other Financing Sources (Uses):					
Disbursed from Capital Projects to General Fund			<u>(2,070)</u>		<u>(2,070)</u>
Total Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,070)</u>	<u>-</u>	<u>(2,070)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>774,296</u>	<u>-</u>	<u>(2,713,776)</u>	<u>221,000</u>	<u>(1,718,480)</u>
Net Change in Fund Balances	<u>774,296</u>	<u>-</u>	<u>(2,713,776)</u>	<u>221,000</u>	<u>(1,718,480)</u>
Fund Balance - July 1	<u>787,903</u>	<u>-</u>	<u>3,093,441</u>	<u>730</u>	<u>3,882,074</u>
Fund Balance - June 30	<u>\$ 1,562,199</u>	<u>-</u>	<u>379,665</u>	<u>221,730</u>	<u>2,163,594</u>

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

BAY HEAD SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESJUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ (1,718,480)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital Outlay	2,354,135	
Depreciation	<u>(147,847)</u>	
		2,206,288
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		508,598
Some Liabilities are Not Due and Payable in the Current Period and Therefore are Not Reported in the Funds. That Liability Consists of Pension Liability Payable		(101,284)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		72,703
Pension related deferrals		2,281
Accrued Interest		<u>9,896</u>
Change in Net Position of Governmental Activities		<u>\$ 980,002</u>

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

BAY HEAD SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Scholarship Funds</u>
Assets:		
Cash and Cash Equivalents	\$ 30,792	59,749
Total Assets	<u>\$ 30,792</u>	<u>59,749</u>
Net Position:		
Reserved Unemployment Benefits	\$ 30,792	
Reserved Scholarships		59,749
Total Net Position	<u>\$ 30,792</u>	<u>59,749</u>

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

BAY HEAD SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSJUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Scholarship Fund</u>
Additions:		
Securities Increase	\$ -	3,508
Interest Earned	75	1
Donations		126
Total Additions	<u>75</u>	<u>3,635</u>
Deductions:		
Scholarship Awarded		1,050
Total Deductions	<u>-</u>	<u>1,050</u>
Change in Net Position	75	2,585
Net Position - Beginning of Year	<u>30,717</u>	<u>57,164</u>
Net Position - End of the Year	<u>\$ 30,792</u>	<u>59,749</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**BAY HEAD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1: Summary of Significant Accounting Policies**

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



**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

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

**Fund Financial Statements**

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

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

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

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

**D. Fund Accounting:**

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

**Governmental Fund Types**

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

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

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

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

**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.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Fiduciary Fund Types (Continued)**

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. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. 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). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 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.

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.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****E. Budgets/Budgetary Control (Continued):**

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

**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.

**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.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****I. Capital Assets and Depreciation (Continued)**

The District contracted with an outside service company during the 2004 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2004-2005 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2005, fiscal year 2005 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. The District has updated the records since 2004-2005 and the service company provides the District with an updated report. 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, 2016 was as follows:

	<b><u>Balance</u></b> <b><u>July 1, 2015</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2016</u></b>
Governmental Activities:				
Capital Assets that are				
Not being Depreciated:				
Land	\$ 256,549	_____	_____	256,549
Total Capital Assets Not				
Being Depreciated	<u>256,549</u>	_____	_____	<u>256,549</u>
Depreciable Assets:				
Buildings and Sites	3,070,225	2,971,366		6,041,591
Equipment	<u>366,538</u>	_____	(175,005)	<u>191,533</u>
Totals at Historical Cost	<u>3,436,763</u>	<u>2,971,366</u>	(175,005)	<u>6,233,124</u>
Less: Accumulated				
Depreciation:				
Buildings and Sites	(616,266)	(146,753)		(763,019)
Equipment	<u>(277,252)</u>	<u>(1,094)</u>	175,005	<u>(103,341)</u>
Total Accumulated				
Depreciation	<u>(893,518)</u>	<u>(147,847)</u>	175,005	<u>(866,360)</u>
Net Depreciable Assets	<u>2,543,245</u>	<u>2,823,519</u>	_____	<u>5,366,764</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 2,799,794</u>	<u>2,823,519</u>	_____	<u>5,623,313</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 147,847</u>
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**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**J. Compensated Absences**

The Board has no policy for payment of accumulated sickness upon retirement.

**K. Deferred Revenue**

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

**L. Fund Equity**

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

**NOTE 2: Cash and Cash Equivalents and Investments**

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

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

**Deposits**

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

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

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

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

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.

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

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

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

As of June 30, 2016 cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash <u>Equivalents</u></b>
Checking, Money Market Accounts	<u>\$2,131,022</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2016 was \$2,131,022 and the bank balance was \$2,228,828. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,948,036 as covered by a collateral pool maintained by the banks as required by New Jersey statutes and \$30,792 was uninsured.

**Credit Risk Categories**

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

As of June 30, 2016, the District did not hold any long-term investments.

Insured:	
FDIC	\$ 250,000
GUDPA	1,948,036
Uninsured:	
NJ Cash Management	<u>30,792</u>
	<u>\$ 2,228,828</u>

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Long-Term</u> <u>Portion</u>	<u>2016-2017</u> <u>Payment</u>
Capital Lease	\$ 31,475	550,000	20,696	560,779	446,000	114,779
Bonds Payable	3,892,000		455,000	3,437,000	2,965,000	472,000
Pension Liability	<u>696,573</u>	<u>101,284</u>	<u>_____</u>	<u>797,857</u>	<u>797,857</u>	<u>_____</u>
	<u>\$ 4,620,048</u>	<u>651,284</u>	<u>475,696</u>	<u>4,795,636</u>	<u>4,208,857</u>	<u>586,779</u>

During the fiscal year ended June 30, 2016, the district issued long-term debt consisting of bonds issued for additions and renovations to the Bay Head Elementary school. The amount of the bonds issued was \$3,300,000. During the fiscal year ended June 30, 2015, the District entered into a lease purchase agreement for Apple Computers at a total cost of \$66,464 with a balance of \$10,779 at June 30, 2016 at interest of 5.53%.

<u>Year</u>	<u>Total Cost</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2016-2017	\$ 11,077	298	10,779	0

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 4.00% to 4.25%.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 472,000	90,679	562,679
2018	185,000	74,619	259,619
2019	195,000	70,819	265,819
2020	200,000	66,869	266,869
2021	205,000	62,819	267,819
2022-2026	1,130,000	186,618	1,316,618
2027-2030	<u>1,050,000</u>	<u>104,713</u>	<u>1,154,713</u>
	<u>\$ 3,437,000</u>	<u>657,136</u>	<u>4,094,136</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, 2016, the State of New Jersey contributed \$160,631 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 \$72,910 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

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

<b>Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
<b><u>Funding</u></b>			
6/30/16	\$ 160,631	100%	0
6/30/15	126,078	100%	0
6/30/14	106,743	100%	0

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

<b><u>Three-Year Trend Information for PERS</u></b>			
<b><u>Year</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/16	\$ 30,557	100%	0
6/30/15	30,671	100%	0
6/30/14	25,495	100%	0

**Pension Expense Deferred Outflows/Inflows – PERS**

For the year ended June 30, 2016, the District recognized pension expense of \$30,557. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 85,684	
Changes of Assumptions	19,034	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		12,828
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	44,382	26,403
District Contributions Subsequent to the Measurement Date	<u>30,557</u>	<u>          </u>
Total	<u>\$ 179,657</u>	<u>39,231</u>

\$179,657 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, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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, 2014 and 2015 are as follows:

	<b><u>Dec. 31, 2015</u></b>	<b><u>Dec. 31, 2014</u></b>
Collective Deferred Outflows of Resources	\$ 149,100	106,954
Collective Deferred Inflows of Resources	39,231	41,512
Collective Net Pension Liability	797,857	696,573
District's Proportion	.00355%	.00372%

**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, 2015 and 2014 are as follows:

	<b>2015</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 31,614,118,524	43,109,580,038	74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$ 23,722,135,537</u>	<u>22,447,996,119</u>	<u>46,170,131,656</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.96%	47.93%	38.21%

	<b>2014</b>		
	<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%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2015. 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	3.04%
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, 2014 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, 2015 are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Intermediate Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, 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 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 and 2014, 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:

	<b>2015</b>		
	<b>At 1%</b>	<b>At Current</b>	<b>At 1%</b>
	<b><u>Decrease (3.90%)</u></b>	<b><u>Rate (4.90%)</u></b>	<b><u>Increase (5.90%)</u></b>
State	\$ 27,802,122,942	23,722,135,537	20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
Total	<u>\$ 55,702,235,475</u>	<u>46,170,131,656</u>	<u>38,191,749,890</u>
	<b>2014</b>		
	<b>At 1%</b>	<b>At Current</b>	<b>At 1%</b>
	<b><u>Decrease (4.39%)</u></b>	<b><u>Rate (5.39%)</u></b>	<b><u>Increase (6.39%)</u></b>
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>

**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, 2015 and 2014 are as follows:

	<b><u>2015</u></b>	<b><u>2014</u></b>
Total Pension Liability	\$ 89,182,662,000	81,095,320,000
Plan Fiduciary Net Position	<u>25,604,797,560</u>	<u>27,282,252,461</u>
Net Pension Liability	<u>\$ 63,577,864,440</u>	<u>53,813,067,539</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

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

	<u>2015</u>	<u>2014</u>
District's Liability	\$ <u>5,696,417</u>	<u>5,109,031</u>
District's Proportion	.00896%	.00949%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. 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, 2014 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, 2015 are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign – Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds – Equity Hedge	4.00%	5.68%
Hedge Funds – Distressed	4.00%	4.30%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, 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 3.80% and 4.29% as of June 30, 2015 and 2014, 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.



**NOTE 4: Pension Plans (Continued)****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, 2015 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>
2015 (3.13%, 4.13%, 5.13%)	\$ 75,559,915,440	63,577,864,440	53,254,610,440
2014 (3.68%, 4.68%, 5.68%)	64,722,984,539	53,813,067,539	44,738,870,539

**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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**NOTE 6: 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.

**NOTE 6: Risk Management**

**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>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2015-2016	\$ 0	75	0	30,792
2014-2015	0	19	0	30,717
2013-2014	0	18	0	30,698

**NOTE 7: Tuition Adjustments**

Regulations specify that tuition adjustments for any given school year shall be remitted/ received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2016 financial statements.

**NOTE 8: Economic Dependency**

The District receives approximately 10% 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 9: Contingent Liabilities**

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

**NOTE 10: Fund Balance Appropriated**

**General Fund** – Of the \$1,568,816 General Fund fund balance at June 30, 2016, \$156,309 is reserved for maintenance reserve; \$174,133 is emergency reserve; \$334,869 is capital reserve; \$78,196 is reserve for encumbrances; \$477,383 is reserved for the lease purchase \$262,996 is undesignated; \$54,859 is excess surplus; \$23,075 is excess surplus designated for subsequent years expenditures and \$6,996 is designated for subsequent year’s expenditures.

**NOTE 11: 2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures Per the CAFR	\$ 3,413,660
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(233,541)</u>
Adjusted 2015-16 General Fund Expenditures	<u>\$ 3,180,119</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>\$ 63,602</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>12,996</u>
Maximum Unassigned/Undesignated – Unreserved Fund Balance	<u>\$ 262,996</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-16	\$ 1,568,816
Decreased by:	
Restricted Fund Balance:	
Other Reserves	(1,142,694)
Assigned Fund Balance:	
Designated for Encumbrances	(78,196)
Designated for Subsequent Years Expenditures – Excess Surplus	(23,075)
Designated for Subsequent Years Expenditures – Unassigned Fund Balance	<u>(6,996)</u>
Total Unassigned Fund Balance	<u>\$ 317,855</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 54,859</u>

**Section 3**

Excess Surplus-Designated for Subsequent Years Expenditures	\$ 23,075
Reserve Fund Balance – Excess Surplus	<u>54,859</u>
	<u>\$ 77,934</u>

**Detail of Allowable Adjustment**

Extraordinary Aid	\$ 11,778
Nonpublic Public Transportation	<u>1,218</u>
	<u>\$ 12,996</u>

**Detail of Other Restricted Fund Balance**

Capital Reserve	\$ 334,869
Maintenance Reserve	156,309
Emergency Reserve	174,133
Lease Purchase Reserve	<u>477,383</u>
Total Other Restricted Fund Balance	<u>\$ 1,142,694</u>

**NOTE 12: Operating Leases**

The District had commitments to lease copiers under operating leases that expires in 2018. Operating lease payments began in the 2011-2012 budget year. Future minimum lease payments are as follows:

Year ending June 30,	
2017	\$ 10,892
2018	<u>7,767</u>
	18,659
Less Interest	<u>2,120</u>
Principal	<u>\$ 16,539</u>

**NOTE 13: Recent 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, 2016. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2016 through November 14, 2016.

**NOTE 14: Capital Projects**

On February 27, 2014 the Board of Education approved acceptance of a ROD grant from the State of New Jersey in the amount of \$96,800 and provided additional funding of \$145,200 from insurance proceeds for HAVC and Electrical upgrades to the Elementary School which began during the 2015-2016 fiscal year. In 2014 the board Authorized transfer of \$271,530 from Capital reserve, acknowledged a donation of \$470,430 to capital, use of \$247,930 in insurance funds from Hurricane "Sandy" and the bond sale funds to reconstruct the gym and classrooms for a total of \$4,291,310.

**Note 15: Lease Purchase**

On March 15, 2016, the Board of Education approved a contract with T.D. Equipment Finance, Inc. for a lease purchase agreement for the purchase of a boiler for the school for \$550,000 at an interest rate of 1.70%, for a period of five years dated March 7, 2016.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016-17	\$ 104,000	17,434	121,434
2017-18	106,000	6,681	112,681
2018-19	110,000	4,845	114,845
2019-20	113,000	2,949	115,949
2020-21	<u>117,000</u>	<u>1,989</u>	<u>118,989</u>
	<u>\$ 550,000</u>	<u>33,898</u>	<u>583,898</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

**BAY HEAD SCHOOL DISTRICT**

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

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<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	\$ 2,950,946		2,950,946	2,950,946	-
Tuition From Individuals	245,000		245,000	302,444	57,444
Private Contribution				48,570	48,570
Lease Purchase for Boiler		550,000	550,000	550,000	
Miscellaneous	23,501		23,844	14,659	(9,185)
Total Local Sources	<u>3,219,447</u>	<u>550,000</u>	<u>3,769,790</u>	<u>3,866,619</u>	<u>96,829</u>
State Sources:					
Extraordinary Aid	6,810		6,810	18,588	11,778
Special Education Aid	58,303		58,303	58,303	-
Security Aid	3,326		3,326	3,326	-
PARCC Readiness Aid	980		980	980	-
Per Pupil Growth Aid	980		980	980	-
Transportation Aid	3,743		3,743	3,743	-
Additional Non-Public Transportation Aid			-	658	658
Non Public Transportation				1,218	1,218
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	160,631	160,631
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	72,910	72,910
Total State Sources	<u>74,142</u>	<u>-</u>	<u>74,142</u>	<u>321,337</u>	<u>247,195</u>
Total Revenues	<u>3,293,589</u>	<u>550,000</u>	<u>3,843,932</u>	<u>4,187,956</u>	<u>344,024</u>



**BAY HEAD SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool/Kindergarten - Salaries of Teachers	76,382	2,690	79,072	79,072	-
Grades 1-5 - Salaries of Teachers	403,108	43,659	446,767	446,767	-
Grades 6-8 - Salaries of Teachers	258,623	26,820	285,443	285,443	-
Salaries - Home Instruction	1,538		1,538	1,538	-
Regular Program - Undistributed Instruction:					
Other Salaries For Instruction	59,300		59,300	59,300	-
Purchased Professional Educational Services	25,500	(24,967)	533	533	-
Purchased Technical Services	8,500	2,671	11,171	9,771	1,400
Other Purchased Services	5,000	(38)	4,962	4,795	167
General Supplies	26,000	4,218	30,218	29,679	539
Textbooks	13,000	21,782	34,782	34,782	-
Other Objects	12,000	4,554	16,554	16,526	28
Total Regular Programs - Instruction	<u>888,951</u>	<u>81,389</u>	<u>970,340</u>	<u>968,206</u>	<u>2,134</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	100,777	5,000	105,777	105,777	-
General Supplies	1,000		1,000	613	387
Textbooks	500	(19)	481	68	413
Total Resource Room/Resource Center	<u>102,277</u>	<u>4,981</u>	<u>107,258</u>	<u>106,458</u>	<u>800</u>
Total Special Education - Instruction	<u>102,277</u>	<u>4,981</u>	<u>107,258</u>	<u>106,458</u>	<u>800</u>

**BAY HEAD SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	49,632	6,810	56,442	54,632	1,810
General Supplies	4,000	(2,190)	1,810		1,810
Total Basic Skills/Remedial - Instruction	<u>53,632</u>	<u>4,620</u>	<u>58,252</u>	<u>54,632</u>	<u>3,620</u>
School-Sponsored Co-Curricular Activities - Instruction:					
Salaries	<u>26,031</u>		<u>26,031</u>	<u>26,031</u>	<u>-</u>
School Sponsored Athletics - Instruction:					
Salaries	25,625		25,625	25,625	-
Purchased Services	7,000	501	7,501	7,501	-
Supplies and Materials	9,000		9,000	7,073	1,927
Total School Sponsored Athletics - Instruction	<u>41,625</u>	<u>501</u>	<u>42,126</u>	<u>40,199</u>	<u>1,927</u>
Before/After School Programs - Instruction:					
Salaries of Teachers	<u>17,938</u>		<u>17,938</u>	<u>17,938</u>	<u>-</u>
Community Services Programs - Instruction:					
Supplies and Materials	<u>3,500</u>		<u>3,500</u>		<u>3,500</u>
Total Community Services-Instruction	<u>3,500</u>		<u>3,500</u>		<u>3,500</u>
Total Instructional Programs	<u>1,133,954</u>	<u>91,491</u>	<u>1,225,445</u>	<u>1,213,464</u>	<u>11,981</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	350,527		350,527	350,527	-
Tuition to Other LEA's Within the State - Special	56,800	8,323	65,123	45,222	19,901
Tuition to County Vocational School-Regular	1,000	3,500	4,500	4,500	-
Tuition to Private Schools for the Disabled Within State	116,443	(43,500)	72,943	60,764	12,179
Total Undistributed Expenditures - Instruction	<u>524,770</u>	<u>(31,677)</u>	<u>493,093</u>	<u>461,013</u>	<u>32,080</u>

**BAY HEAD SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 4 of 10**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	<u>23,493</u>	<u>1,245</u>	<u>24,738</u>	<u>24,738</u>	<u>-</u>
Undistributed Expenditures - Health Services:					
Salaries	42,392	1,724	44,116	44,116	-
Supplies and Materials	<u>5,000</u>	<u>(2,340)</u>	<u>2,660</u>	<u>2,660</u>	<u>-</u>
Total Undistributed Expenditures - Health Services	<u>47,392</u>	<u>(616)</u>	<u>46,776</u>	<u>46,776</u>	<u>-</u>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Purchased Professional Educational Services	25,000	(7,500)	17,500	4,887	12,613
Supplies and Materials	<u>500</u>	<u>500</u>	<u>1,000</u>	<u>675</u>	<u>325</u>
Total Undistributed Expenditures - Other Support Services Students - Related Services	<u>25,500</u>	<u>(7,000)</u>	<u>18,500</u>	<u>5,562</u>	<u>12,938</u>
Undistributed Expenditures-Other Support Services-Extra: Salaries	<u>12,492</u>	<u>96</u>	<u>12,588</u>	<u>12,588</u>	<u>-</u>
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries	20,196	843	21,039	21,039	-
Salaries of Secretarial and Clerical Assistants	1,313		1,313	1,313	-
Purchased Professional Educational Services	3,500	(2,137)	1,363		1,363
Other Purchased Professional Services	150		150		150
Supplies and Materials	<u>500</u>	<u>300</u>	<u>800</u>	<u>359</u>	<u>441</u>
Total Undistributed Expenditures - Other Support Services - Students - Special	<u>25,659</u>	<u>(994)</u>	<u>24,665</u>	<u>22,711</u>	<u>1,954</u>

**BAY HEAD SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 5 of 10**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Other Support Services - Students - Child Study Teams					
Salaries-Secretarial and Clerical	9,298		9,298	9,298	-
Purchased Professional Educational Services	20,000	569	20,569	20,569	-
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	<u>29,298</u>	<u>569</u>	<u>29,867</u>	<u>29,867</u>	<u>-</u>
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	24,984		24,984	24,984	-
Other Salaries	9,298		9,298	9,298	-
Other Purchased Professional and Technical Services	10,000	815	10,815	10,517	298
Total Undistributed Expenditures - Improvement of Instructional	<u>44,282</u>	<u>815</u>	<u>45,097</u>	<u>44,799</u>	<u>298</u>
Undistributed Expenditures - Educational Media Services/ School Library:					
Salaries of Technology Coordinator	25,915		25,915	25,915	-
Purchased Professional and Technical Services	25,000		25,000	24,454	546
Other Purchased Services	25,000		25,000	13,511	11,489
Supplies and Materials	20,000		20,000	4,627	15,373
Total Undistributed Expenditures - Educational Media Services/School Library	<u>95,915</u>	<u>-</u>	<u>95,915</u>	<u>68,507</u>	<u>27,408</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	12,492	1,446	13,938	12,544	1,394
Salaries of Secretarial and Clerical	3,992		3,992	3,992	-
Purchased Professional Educational Services	1,519		1,519	1,477	42
Other Purchased Services	8,500	1,439	9,939	9,939	-
Total Undistributed Expenditures - Instr. Staff Training Services	<u>26,503</u>	<u>2,885</u>	<u>29,388</u>	<u>27,952</u>	<u>1,436</u>

**BAY HEAD SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	2,050	400	2,450	2,205	245
Legal Services	6,000	4,065	10,065	9,990	75
Audit Fees	7,000	(1,475)	5,525	5,525	-
Other Purchased Professional Services	58,140	(2,092)	56,048	54,418	1,630
Communications/Telephone	3,600		3,600	2,972	628
Other Purchased Services (400-500 Series)	1,000	50	1,050	1,050	-
BOE Meeting/Training Supplies	1,500	(173)	1,327	1,263	64
Miscellaneous Expenditures	150	340	490	490	-
BOE Membership Dues and Fees	4,000		4,000	3,873	127
Total Undistributed Expenditures - Support Services - General Administration	<u>83,440</u>	<u>1,115</u>	<u>84,555</u>	<u>81,786</u>	<u>2,769</u>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	49,969		49,969	49,969	-
Salaries of Secretarial and Clerical Assistants	3,992	173	4,165	4,165	-
Total Undistributed Expenditures - Support Services - School Administration	<u>53,961</u>	<u>173</u>	<u>54,134</u>	<u>54,134</u>	<u>-</u>
Undistributed Expenditures - Central Services:					
Salaries	12,406		12,406	12,406	-
Purchased Services (400-500 Series)	13,500	(2,000)	11,500	9,417	2,083
Interest on Lease Purchase Agreements	650		650		650
Miscellaneous	46,818	6,500	53,318	52,899	419
Other Objects	350	235	585	524	61
Total Undistributed Expenditures - Central Services	<u>73,724</u>	<u>4,735</u>	<u>78,459</u>	<u>75,246</u>	<u>3,213</u>

**BAY HEAD SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 7 of 10**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Admin Info Technology Purchased Technical Services	<u>5,000</u>	<u>(656)</u>	<u>4,344</u>	<u>3,867</u>	<u>477</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	63,358	4,156	67,514	67,514	-
Cleaning, Repair and Maintenance Services	36,000	20,394	56,394	42,361	14,033
General Supplies	15,000		15,000	13,955	1,045
Other Objects	<u>6,000</u>	<u>12,007</u>	<u>18,007</u>	<u>18,007</u>	<u>-</u>
Total Undistributed Expenditures - Required Maintenance - School Facilities	<u>120,358</u>	<u>36,557</u>	<u>156,915</u>	<u>141,837</u>	<u>15,078</u>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	8,368	2,500	10,868	10,868	-
Purchased Professional and Technical Services	5,000	88	5,088	5,088	-
Other Purchased Property Services	12,000	1,899	13,899	13,899	-
General Supplies	<u>1,500</u>	<u>(268)</u>	<u>1,232</u>	<u>1,232</u>	<u>-</u>
Total Undistributed Expenditures - Care & Upkeep of Grounds	<u>26,868</u>	<u>1,719</u>	<u>31,087</u>	<u>31,087</u>	<u>-</u>
Undistributed Expenditures - Security:					
Salaries	20,862	2,350	23,212	23,212	-
Purchased Professional and Technical Services	7,000		7,000	7,000	-
General Supplies	<u>3,500</u>		<u>3,500</u>	<u>2,246</u>	<u>1,254</u>
Total Undistributed Expenditures - Security	<u>31,362</u>	<u>2,350</u>	<u>33,712</u>	<u>32,458</u>	<u>1,254</u>

**BAY HEAD SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 8 of 10**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Other Operations and Maintenance of Plant Services:					
Salaries	13,720		13,720	13,720	-
Salaries of Non-Instructional Aides	9,883		9,883	9,883	-
Other Purchased Professional and Technical Services	15,000	2,093	17,093	17,093	-
Other Purchased Property Services	6,000	924	6,924	6,924	-
Insurance	52,000	(924)	51,076	50,539	537
Miscellaneous Purchased Services	10,000	677	10,677	10,398	279
Energy (Electricity)	25,000	(8,040)	16,960	16,960	-
Energy (Natural Gas)	12,000	879	12,879	12,879	-
Other Objects	5,000	(467)	4,533	4,533	-
Total Undistributed Expenditures - Other Operations and Maintenance of Plant Services	<u>148,603</u>	<u>(4,858)</u>	<u>143,745</u>	<u>142,929</u>	<u>816</u>
Total Undistributed Expenditures - Operations and Maintenance of School Facilities	<u>327,191</u>	<u>35,768</u>	<u>365,459</u>	<u>348,311</u>	<u>17,148</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	29,418		29,418	29,418	-
Salaries for Pupil Transportation - (Between Home and School) Re	15,508	3,408	18,916	18,916	-
Contracted Services - Aid in Lieu	7,072	(1,768)	5,304	5,304	-
Contracted Services (Between Home & School) - Vendors	5,000		5,000	160	4,840
Contracted Services (Between Home & School) Jointures	5,500		5,500		5,500
Contracted Services (Special Education Students) Jointures	11,000		11,000		11,000
Contracted Services - (Special Education Students) - Vendors	56,000	(4,286)	51,714	31,963	19,751
Contracted Services - (Other than Between Home & School) - Vendors	22,000	(4,121)	17,879	17,879	-
General Supplies	500		500		500
Other Objects	15,000	(9,500)	5,500	2,907	2,593
Total Undistributed Expenditures - Student Transportation Services	<u>166,998</u>	<u>(16,267)</u>	<u>150,731</u>	<u>106,547</u>	<u>44,184</u>

**BAY HEAD SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits:					
Social Security Contributions	36,000	5,831	41,831	41,831	-
Other Retirement Contributions - PERS	30,000	557	30,557	30,557	-
Workers Compensation	18,500	(2,685)	15,815	15,815	-
Health Benefits	362,000	(47,314)	314,686	301,922	12,764
Tuition Reimbursement	15,000	(5,000)	10,000	7,466	2,534
Other Employee Benefits	30,000		30,000	28,090	1,910
Total Unallocated Benefits	<u>491,500</u>	<u>(48,611)</u>	<u>442,889</u>	<u>425,681</u>	<u>17,208</u>
On-Behalf TPAF Pension Contributions - Non-Budgeted				160,631	(160,631)
Reimbursed TPAF Social Security Contributions Non-Budgeted				<u>72,910</u>	<u>(72,910)</u>
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,541</u>	<u>(233,541)</u>
Total Undistributed Expenditures	<u>2,057,118</u>	<u>(58,420)</u>	<u>2,001,198</u>	<u>2,073,626</u>	<u>(72,428)</u>
Capital Outlay:					
Equipment-Instruction		11,077	11,077	11,077	-
Equipment -Grades 1-5	25,000		25,000	9,389	15,611
Equipment-Custodial	20,000		20,000	20,000	-
Equipment-Non Instructional	8,000		8,000	8,000	-
Lease Purchase of Boiler		550,000	550,000	72,617	477,383
Facilities Acquisition and Construction Services:					
Construction Services	50,000		50,000	4,280	45,720
Debt Service Assessment	<u>1,207</u>		<u>1,207</u>	<u>1,207</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>104,207</u>	<u>561,077</u>	<u>665,284</u>	<u>126,570</u>	<u>538,714</u>
Total Capital Outlay	<u>104,207</u>	<u>561,077</u>	<u>665,284</u>	<u>126,570</u>	<u>538,714</u>
Total General Fund Expenditures	<u>3,295,279</u>	<u>594,148</u>	<u>3,891,927</u>	<u>3,413,660</u>	<u>478,267</u>



**BAY HEAD SCHOOL DISTRICT**

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

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,690)</u>	<u>(44,148)</u>	<u>(47,995)</u>	<u>774,296</u>	<u>822,291</u>
Fund Balance July 1	<u>794,520</u>	<u>                    </u>	<u>794,520</u>	<u>794,520</u>	<u>                    </u>
Fund Balance June 30	<u>\$ 792,830</u>	<u>(44,148)</u>	<u>746,525</u>	<u>1,568,816</u>	<u>822,291</u>
Recapitulation:					
Restricted Fund Balance:					
Designated for Subsequent Years Expenditures- by the Board of Education				\$ 6,996	
Excess Surplus				23,075	
Lease Purchase - Boiler				477,383	
Maintenance Reserve				156,309	
Capital Reserve				334,869	
Emergency Reserve				174,133	
Excess Surplus				54,859	
Assigned Fund Balances					
Reserved For Encumbrances				78,196	
Unassigned Fund Balance				<u>262,996</u>	
				1,568,816	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(6,617)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,562,199</u>	

**BAY HEAD SCHOOL DISTRICT**

**Exhibit C-2**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Revenues:					
Federal Sources	\$ 31,744	37,371	69,115	69,115	-
Total Revenues	<u>\$ 31,744</u>	<u>37,371</u>	<u>69,115</u>	<u>69,115</u>	<u>-</u>
Expenditures:					
Instruction:					
Other Salaries for Instruction	\$ 24,221	(4,221)	20,000	20,000	
Supplies		4,119	4,119	4,119	
Total Instruction	<u>24,221</u>	<u>(4,221)</u>	<u>24,119</u>	<u>24,119</u>	<u>-</u>
Support Services:					
Benefits		5,200	5,200	5,200	
Other Purchased Services	7,523	32,273	39,796	39,796	
Total Support Services	<u>7,523</u>	<u>32,273</u>	<u>44,996</u>	<u>44,996</u>	<u>-</u>
Total Expenditures	<u>\$ 31,744</u>	<u>28,052</u>	<u>69,115</u>	<u>69,115</u>	<u>-</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET-TO-GAAP-RECONCILIATION**

**NOTE TO RSI**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual Amounts (budgetary) "revenues" from the budgetary comparison schedule	\$ 4,187,956	69,115
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Delayed Payment	6,617	
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>(6,617)</u>	<u>          </u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u>\$ 4,187,956</u>	<u>69,115</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,413,660	69,115
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
	<u>          </u>	<u>          </u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 3,413,660</u>	<u>69,115</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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

**BAY HEAD SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - PERS****Exhibit L-1****LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 797,857	696,573	646,680
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 797,857</u>	<u>696,573</u>	<u>646,680</u>
District's Covered-Employee Payroll	\$ 243,181	244,243	245,255
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	30.48%	35.06%	37.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	38.21%	42.74%	40.71%

**BAY HEAD SCHOOL DISTRICT****SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**

Exhibit L-2

**LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 30,671	25,495	25,053
Contributions in Relation to the Contractually Required Contribution	<u>30,671</u>	<u>25,495</u>	<u>25,053</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 243,181	244,243	245,255
Contributions as a Percentage of Covered-Employee Payroll	12.61%	10.44%	10.22%



**BAY HEAD SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - TPAF****Exhibit L-3****LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	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>5,696,417</u>	<u>5,109,031</u>	<u>4,546,359</u>
Total	<u>\$ 5,696,417</u>	<u>5,109,031</u>	<u>4,546,359</u>
District's Covered-Employee Payroll	\$ 889,148	929,694	945,089
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	15.61%	18.20%	20.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

N/A

**SPECIAL REVENUE FUND – E**

**SPECIAL REVENUE FUND**

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**

**JUNE 30, 2016**

	<b><u>IDEA Part B Basic</u></b>	<b><u>Title I</u></b>	<b><u>Title II</u></b>	<b><u>Total June 30, 2016</u></b>
Revenues:				
Federal Sources	<u>\$ 32,700</u>	<u>29,319</u>	<u>7,096</u>	<u>69,115</u>
Total Revenues	<u><u>\$ 32,700</u></u>	<u><u>29,319</u></u>	<u><u>7,096</u></u>	<u><u>69,115</u></u>
Expenditures:				
Instruction:				
Other Salaries for Instruction	<u>\$ -</u>	<u>20,000</u>		<u>20,000</u>
Supplies		<u>4,119</u>		<u>4,119</u>
Total Instruction	<u>-</u>	<u>24,119</u>	<u>-</u>	<u>24,119</u>
Support Services:				
Employee Benefits		<u>5,200</u>		<u>5,200</u>
Other Purchased Services	<u>32,700</u>		<u>7,096</u>	<u>39,796</u>
Total Support Services	<u>32,700</u>	<u>5,200</u>	<u>7,096</u>	<u>44,996</u>
Total Expenditures	<u><u>\$ 32,700</u></u>	<u><u>29,319</u></u>	<u><u>7,096</u></u>	<u><u>69,115</u></u>

**CAPITAL PROJECTS FUND – F**

**BAY HEAD SCHOOL DISTRICT****CAPITAL PROJECTS FUND**

Exhibit F-1

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES****IN FUND BALANCE - BUDGETARY BASIS****FOR THE YEAR ENDED JUNE 30, 2016****Revenues**

Capital Reserve	\$ 65,540
Total Revenues	<u>65,540</u>

**Expenditures**

Purchased Professional and Technical Services	23,264
Construction	2,648,262
Other	105,720
Total Expenditures	<u>2,777,246</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures (2,711,706)

## Other Financing Sources and/Or (Uses):

Transfer to Current Fund - Miscellaneous Revenue	(2,070)
Total Other Financing Sources and/or (Uses)	<u>(2,070)</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures  
and other financing Sources/and or (Uses) (2,713,776)

Fund Balance - Beginning 3,093,441

Fund Balance - Ending \$ 379,665

**BAY HEAD SCHOOL DISTRICT**

Exhibit F-1a

**CAPITAL PROJECTS FUND**

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT**

**BALANCE, AND PROJECT STATUS - BUDGETARY BASIS**

**HAVC AND ELECTRICAL UPGRADE - ELEMENTARY SCHOOL**

**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
Transfer from General - Insurance				
Recoveries	\$ 145,200		145,200	145,200
ROD Grants	96,800		96,800	96,800
Total Revenues	<u>242,000</u>	<u>-</u>	<u>242,000</u>	<u>242,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Other Purchased Professional and Technical Services	10,977		10,977	10,977
Construction Services	145,540	16,031	161,571	231,023
Other Objects				
Total Expenditures	<u>156,517</u>	<u>16,031</u>	<u>172,548</u>	<u>242,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 85,483</u>	<u>(16,031)</u>	<u>69,452</u>	<u>-</u>

**Additional Project Information**

Project Number	0210-020-14-1003-004
Grant Date	2/27/2014
Original Authorized Cost	\$ 242,000
Additional Authorized Cost	
Revised Authorized Cost	242,000
Percentage Completion	75%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	8/30/2016



**BAY HEAD SCHOOL DISTRICT**

Exhibit F-1b

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT****BALANCE, AND PROJECT STATUS - BUDGETARY BASIS****GYM AND CLASSROOM CONSTRUCTION - ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
Transfer from General - Insurance				
Recoveries	\$ 247,930		247,930	247,930
Sale of Bonds	3,300,000		3,300,000	3,300,000
Foundation	406,310	64,120	470,430	470,430
Capital Reserve	272,950		272,950	272,950
Total Revenues	<u>4,227,190</u>	<u>64,120</u>	<u>4,291,310</u>	<u>4,291,310</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Other Purchased Professional and Technical Services	209,902	23,264	233,166	233,166
Construction Services	859,185	2,632,231	3,491,416	3,801,628
Other Objects	150,795	105,720	256,515	256,516
Total Expenditures	<u>1,219,882</u>	<u>2,761,215</u>	<u>3,981,097</u>	<u>4,291,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 3,007,308</u>	<u>(2,697,095)</u>	<u>310,213</u>	<u>-</u>

**Additional Project Information**

Project Number	0210-020-14-2000 & 3000
Grant Date	N/A
Original Authorized Cost	\$ 4,291,310
Additional Authorized Cost	
Revised Authorized Cost	4,192,310
Percentage Completion	90%
Original Target Completion Date	8/30/2016
Revised Target Completion Date	8/30/2016

**PROPRIETARY FUNDS – G**

**N/A**

**FIDUCIARY FUND – H**

**BAY HEAD SCHOOL DISTRICT**

**TRUST AND AGENCY FUND**

**Exhibit H-1**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2016**

	<b><u>Unemployment Compensation</u></b>	<b><u>Private Purpose Trust Scholarship Fund</u></b>	<b><u>Salary Account</u></b>	<b><u>Student Activities</u></b>	<b><u>Balance June 30, 2014</u></b>
Assets:					
Cash and Cash Equivalents	<u>\$ 30,792</u>	<u>59,749</u>	<u>320</u>	<u>1,930</u>	<u>92,791</u>
Total Assets	<u><u>\$ 30,792</u></u>	<u><u>59,749</u></u>	<u><u>320</u></u>	<u><u>1,930</u></u>	<u><u>92,791</u></u>
Liabilities:					
Payroll Deductions and Withholdings			<u>\$ 320</u>		<u>320</u>
Due to Student Groups				<u>1,930</u>	<u>1,930</u>
Total Liabilities			<u><u>\$ 320</u></u>	<u><u>1,930</u></u>	<u><u>2,250</u></u>
Net Position					
Reserve for Unemployment Benefits	<u>\$ 30,792</u>				<u>30,792</u>
Reserve for Scholarships		<u>59,749</u>			<u>59,749</u>
Total Net Position	<u><u>\$ 30,792</u></u>	<u><u>59,749</u></u>			<u><u>90,541</u></u>

**BAY HEAD SCHOOL DISTRICT****TRUST AND AGENCY FUNDS**

Exhibit H-2

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****JUNE 30, 2016**

	<b>Private Purpose Trust Scholarship Funds</b>	<b>Unemployment Compensation Trust</b>	<b>Balance June 30, 2016</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Securities Increase	\$ 3,508		3,508
Interest Earned	1	75	76
Donations	126		126
Total Additions	<u>3,635</u>	<u>75</u>	<u>3,710</u>
Deductions:			
Scholarships Awarded	<u>1,050</u>		<u>1,050</u>
Total Deductions	<u>1,050</u>	<u>-</u>	<u>1,050</u>
Changes in Net Position	2,585	75	2,660
Net Position Beginning of Year	<u>57,164</u>	<u>30,717</u>	<u>87,881</u>
Net Position End of Year	<u>\$ 59,749</u>	<u>30,792</u>	<u>90,541</u>

**BAY HEAD SCHOOL DISTRICT****TRUST AND AGENCY FUND**

Exhibit H-3

**STUDENT ACTIVITY FUND****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****JUNE 30, 2016**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2016</b>
Student Council	\$ 723	1,523	942	1,304
Athletic Fund	401			401
School Fund	165	4,567	4,507	225
	<u>1,289</u>	<u>6,090</u>	<u>5,449</u>	<u>1,930</u>
Total Student Activities	<u>\$ 1,289</u>	<u>6,090</u>	<u>5,449</u>	<u>1,930</u>

## **LONG-TERM DEBT – I**

**BAY HEAD SCHOOL DISTRICT**

**LONG-TERM DEBT**

**Exhibit I-1**

**SCHEDULE OF SERIAL BONDS**

**JUNE 30, 2016**

<b><u>Issue</u></b>	<b><u>Date of Issue</u></b>	<b><u>Amount of Issue</u></b>	<b><u>Maturities</u></b>		<b><u>Interest Rate</u></b>	<b><u>Balance July 1, 2015</u></b>	<b><u>Retired</u></b>	<b><u>Balance June 30, 2016</u></b>
			<b><u>Date</u></b>	<b><u>Amount</u></b>				
Additions and Renovations to Elementary School	8/1/06	\$ 2,222,000	2/1/17	\$ 292,000	4.25%	\$ 592,000	300,000	292,000
Gym and Elementary School Classrooms	8/1/2015	3,300,000	8/1/16	180,000	2.000%	3,300,000	155,000	3,145,000
			8/1/17	185,000				
			8/1/18	195,000				
			8/1/19	200,000				
			8/1/20	205,000				
			8/1/21	210,000				
			8/1/22	220,000	2.250%			
			8/1/23	225,000	2.400%			
			8/1/24	235,000	2.625%			
			8/1/25	240,000	3.000%			
			8/1/26	250,000				
			8/1/27	260,000				
			8/1/28	265,000	3.250%			
			8/1/29	275,000				
						<u>\$ 3,892,000</u>	<u>455,000</u>	<u>3,437,000</u>



**BAY HEAD SCHOOL DISTRICT**

**LONG-TERM LIABILITIES**

Exhibit I-2

**OBLIGATIONS UNDER CAPITAL LEASES**

**JUNE 30, 2016**

<b><u>Series</u></b>	<b><u>Interest Rate Payable</u></b>	<b><u>Amount of Original Issue</u></b>	<b><u>Amount Outstanding June 30, 2015</u></b>	<b><u>Issued</u></b>	<b><u>Paid</u></b>	<b><u>Amount Outstanding June 30, 2016</u></b>
Boiler	1.70%	\$ 550,000	\$ -	550,000		550,000
Computer Equipment	5.53%	62,150	31,475		20,696	10,779
			<u>\$ 31,475</u>	<u>550,000</u>	<u>20,696</u>	<u>560,779</u>

**BAY HEAD SCHOOL DISTRICT**

**Exhibit I-3**

**LONG-TERM DEBT**

**BUDGETARY COMPARISON SCHEDULE**

**DEBT SERVICE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive/(Negative) Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 236,821		236,821	236,821	
Private Contribution	260,000		260,000	481,000	221,000
State Sources:					
Debt Service Aid Type II	76,971		76,971	76,971	
Total Revenues	<u>573,792</u>	<u>-</u>	<u>573,792</u>	<u>794,792</u>	<u>221,000</u>
Expenditures:					
Regular Debt Service:					
Interest	118,792	(53,598)	65,194	65,194	-
Redemption of Principal	455,000	53,598	508,598	508,598	-
Total Expenditures	<u>573,792</u>	<u>-</u>	<u>573,792</u>	<u>573,792</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	221,000	221,000
Fund Balance July 1	<u>730</u>	<u>-</u>	<u>730</u>	<u>730</u>	<u>-</u>
Fund Balance June 30	<u>\$ 730</u>	<u>-</u>	<u>730</u>	<u>221,730</u>	<u>221,000</u>

**STATISTICAL SECTION**

**(Unaudited)**

Bay Head Board of Education  
 Net Position by Component  
 Last Four Fiscal Years  
*(accrual basis of accounting)*  
*Unaudited*

J-1

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities				
Invested in capital assets, net of related debt	446,390	638,295	(1,133,614)	2,186,313
Restricted = Capital Purposes	165,426	-	-	-
Restricted = Other	229,559	1,061,083	3,584,247	1,907,215
Unrestricted	<u>230,669</u>	<u>245,269</u>	<u>(333,304)</u>	<u>(996,197)</u>
Total governmental activities net assets	<u>1,072,044</u>	<u>1,944,647</u>	<u>2,117,329</u>	<u>3,097,331</u>
Business-type activities				
Invested in capital assets, net of related debt	-	-	-	-
Restricted	-	-	-	-
Unrestricted	-	-	-	-
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District-wide				
Invested in capital assets, net of related debt	446,390	638,295	(1,133,614)	2,186,313
Restricted	394,985	1,061,083	3,584,247	1,907,215
Unrestricted	<u>230,669</u>	<u>245,269</u>	<u>(333,304)</u>	<u>(996,197)</u>
Total district net assets	<u>1,072,044</u>	<u>1,944,647</u>	<u>2,117,329</u>	<u>3,097,331</u>

Bay Head Board of Education  
 Changes in Net Position  
 Last Four Fiscal Years  
*(accrual basis of accounting)*

J-2

	2013	2014	2015	2016
<b>Expenses</b>				
Governmental Activities				
Instruction				
Regular	934,962	939,988	904,303	968,206
Special Education	92,867	156,831	125,988	175,573
Other instruction	97,088	102,159	123,186	138,800
Support Services				
Tuition	634,657	501,227	517,485	461,013
Student & instruction related services	363,633	359,736	302,863	283,500
School Administrative services	35,052	58,036	86,650	135,920
General Administration	103,580	99,197	125,744	79,113
Plant operations and maintenance	401,901	333,208	311,376	348,311
Pupil transportation	121,505	162,481	106,657	106,547
Other support services				
Depreciation	54,837	70,335	57,830	147,847
Capital Outlay		1,207	1,388,083	549,681
Interest on long-term debt	53,050	43,046	36,848	55,298
Unallocated benefits	666,230	616,242	673,477	685,522
Total governmental activities expenses	<u>3,559,362</u>	<u>3,443,691</u>	<u>4,760,490</u>	<u>4,135,331</u>
Business-type activities				
Food service	-	-	-	-
Child care	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Program revenues</b>				
Governmental activities				
Charges for services				
Instruction	268,272	284,154	283,382	302,444
Pupil transportation	-	-	-	-
Central and other support services	-	-	-	-
Operating grants and contributions	9,977	31,025		69,115
Capital grants and contributions	278,249	295,179	283,382	371,559
Total governmental activities program revenues	<u>278,249</u>	<u>295,179</u>	<u>283,382</u>	<u>371,559</u>
Business-type activities				
Charges for services				
Food service	-	-	-	-
Child care	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district program revenues	<u>278,249</u>	<u>295,179</u>	<u>283,382</u>	<u>371,559</u>

<b>Net (expense) Revenue</b>				
Governmental activities	\$ 3,281,113	\$ 3,148,512	\$ 4,477,108	\$ 3,783,772
Business-type activities	\$ -	\$ -	\$ -	\$ -
Total district-wide net expense	<u>\$ 3,281,113</u>	<u>\$ 3,148,512</u>	<u>\$ 4,477,108</u>	<u>\$ 3,783,772</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Property taxes levied for general purpose, net	2,780,744	2,836,358	2,893,085	2,950,946
Taxes levied for debt service	210,491	227,056	238,028	236,821
Unrestricted grants and contributions	373,279	438,175	383,189	948,308
Payments in lieu of taxes	-	-	-	-
Tuition Received	-	-	-	-
Investment Earnings	-	-	-	-
Miscellaneous Income	71,395	59,787	39,388	809,789
Transfers	(70,706)	-	-	(2,070)
Insurance Recoveries	-	432,746	-	-
Total governmental activities	<u>3,365,203</u>	<u>3,994,122</u>	<u>3,563,690</u>	<u>4,743,774</u>
Business-type activities				
Investment earnings	-	-	-	-
Transfers	-	-	-	-
Fixed Asset Adjustments	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide revenue	<u>3,365,203</u>	<u>3,994,122</u>	<u>3,563,690</u>	<u>4,743,774</u>
Change in Net Assets	84,090	845,610	(913,418)	980,002
Ending Total district	335,728	1,181,336	2,117,329	3,097,331

Bay Head Board of Education  
Fund Balances, Government Funds  
Last Five Fiscal Years  
*(modified accrual basis of accounting)*

J-3

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Fund Balance</b>					
Maintenance reserve	6,309	6,309	6,309	81,309	156,309
Reserved for Subsequent Years' Expenditures	132,288	172,349	32,842	1,690	6,996
Capital Reserve	-	165,426	506,399	284,869	334,869
Emergency reserve	24,133	24,133	24,133	99,133	174,133
Excess Surplus	320,787			23,075	77,934
Capital Projects Fund			491,400	3,093,441	379,665
Committed to other purposes				47,448	78,196
Lease Purchase-Boiler					477,383
Debt service fund					221,730
Unreserved, reported in:					
General Fund	283,678	261,638	245,269	251,109	256,379
Total all other governmental funds	<u>767,195</u>	<u>629,855</u>	<u>1,306,352</u>	<u>3,882,074</u>	<u>2,163,594</u>

BAY HEAD SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	2,121,394	2,502,548	2,567,548	2,898,971	2,926,684	2,983,040	2,991,235	3,063,414	3,131,113	3,187,767
Tuition From Individuals	101,593	89,955	108,959	159,356	214,544	320,415	268,272	264,154	283,382	302,444
Miscellaneous	83,107	5,606	8,803	23,763	36,802	29,201	71,395	59,787	39,388	80,199
Contribution										529,570
State Sources	288,460	356,150	282,598	283,943	225,245	320,554	373,279	438,175	355,808	948,308
Federal Sources	30,880	32,106	24,493	49,726	25,729	27,833	9,977	31,025	37,381	69,115
Total Revenue	2,625,434	2,986,365	2,992,401	3,415,779	3,429,004	3,681,043	3,714,158	3,856,555	3,847,072	5,117,403
<b>General Fund Expenditures</b>										
Instruction:										
Regular	637,206	735,677	811,531	845,812	827,212	903,038	934,962	939,988	904,303	968,206
Special	61,266	48,865	50,830	53,000	60,035	62,400	92,867	156,831	125,988	175,573
Other	84,423	71,973	75,991	89,894	85,559	80,197	97,088	102,159	123,186	138,800
School-Sponsored/Other Instructional	-	-	-	-	-	-	18,850			
Support Services and Undistributed Costs:										
Tuition	599,207	477,915	726,769	684,922	621,846	589,249	634,657	501,227	517,485	461,013
Student & Instruction Related Services	254,924	277,403	288,980	302,165	337,533	372,870	363,633	369,736	302,863	283,500
General Administration	11,289	33,107	56,045	32,043	36,559	36,953	35,052	58,036	86,650	135,920
School & General Administration	100,175	90,712	67,325	89,978	91,939	90,892	103,580	99,197	125,744	79,113
Operations and Maintenance	192,816	226,096	254,197	293,024	304,966	310,301	401,901	333,206	311,376	348,311
Student Transportation	66,980	63,897	55,089	77,028	96,188	107,243	121,505	162,481	106,657	106,547
Unallocated Employee Benefits	469,713	522,688	502,978	531,039	506,213	506,213	666,230	616,242	673,477	659,222
Capital Outlay	909,820	1,312,180	-	23,505	-	20,726	25,850	1,807	1,388,083	2,903,816
Debt Service:										
Principal	-	150,000	165,000	175,000	190,000	200,000	225,000	250,000	275,000	508,598
Interest and other charges	-	138,352	86,235	79,635	72,635	65,035	57,035	47,473	36,848	65,194
Total General Fund Expenditures	3,387,799	4,148,865	3,140,970	3,277,045	3,230,685	3,363,967	3,759,360	3,628,383	4,977,660	6,833,813
Excess (Deficiency) of revenues over (under) expenditures	(762,365)	(1,162,500)	(148,569)	138,734	198,319	317,076	(45,202)	228,172	(1,130,588)	(1,716,410)
Other Financing sources (uses)										
Transfers in	2,222,000	(3,678)	(490)							
Transfers Out	(14,820)	14,783	12,059							(2,070)
Sandy related sources (uses) net							(70,706)	432,746		
Total Other Financing Sources (uses) net	2,207,180	11,105	11,569	-	-	-	(70,706)	432,746	-	(2,070)
Net change in fund balance	1,444,815	(1,151,395)	(137,000)	138,734	172,590	206,638	(115,908)	660,918	(1,130,588)	(1,718,480)

Source: District Records



Exhibit J-5

BAY HEAD SCHOOL DISTRICT  
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Interest	-	-	-	-	5,662	5,235	-	-	-	-
Tuition	101,593	89,955	108,959	159,356	214,544	320,415	288,272	264,154	283,382	302,444
Contributions	-	-	-	-	-	-	-	-	-	-
Refund Prior Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	5,606	8,803	23,783	27,447	23,966	71,395	59,787	39,388	80,199
	<u>101,593</u>	<u>95,561</u>	<u>117,762</u>	<u>183,139</u>	<u>247,653</u>	<u>349,616</u>	<u>339,667</u>	<u>323,941</u>	<u>322,770</u>	<u>382,643</u>

Source: District records

Exhibit J-6

## BAY HEAD SCHOOL DISTRICT

## LAST TEN FISCAL YEARS

## UNAUDITED

<u>Year</u>	<u>Net Taxable Value (CI 6)</u>	<u>Net Valuation for Apportionment (11)</u>	<u>County Equal Ratio R.S.:54:3-17-19</u>
2007	947,926,300	1,589,596,873	57.69%
2008	957,014,986	1,694,105,779	56.49%
2009	*R 1,617,167,722	1,695,068,383	95.48%
2010	1,603,584,033	1,568,091,781	102.85%
2011	1,592,071,981	1,619,339,080	98.39%
2012	1,593,565,285	1,579,312,359	100.90%
2013	1,549,312,732	1,521,569,925	101.82%
2014	1,587,863,332	1,553,241,240	102.23%
2015	1,586,865,100	1,597,112,490	101.65%
2016	1,572,878,600	1,549,939,495	98.54%

Source: Abstract of Ratables  
County Board of Taxation

\*R Reassessment

Exhibit J-7

## BAY HEAD SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

## UNAUDITED

Fiscal Year Ended June 30,	Bay Head School District	Borough of Bay Head	Ocean County	Total
2007	0.264	0.253	0.522	1.039
2008	0.268	0.272	0.547	1.087
2009*	0.179	0.163	0.325	0.667
2010	0.183	0.172	0.316	0.671
2011	0.187	0.172	0.346	0.705
2012	0.187	0.184	0.358	0.729
2013	0.197	0.200	0.385	0.782
2014	0.197	0.200	0.399	0.796
2015	0.203	0.208	0.422	0.833
2016	0.206	0.207	0.423	0.836

Source: Ocean County Board of Taxation

\* Revaluation

Bay Head Board of Education  
 Ten Highest Taxpayers  
 Two and 15 Years ago

Exhibit J-8

<u>2014</u>			<u>2001</u>		
<u>Taxpayer</u>	Assessed Valuation <u>2014</u>	As a Percentage of District's Net <u>Assessed Valuation</u>	<u>Taxpayer</u>	Assessed Valuation <u>2001</u>	As a Percentage of District's Net <u>Assessed Valuation</u>
Bay Head Yacht Club	13,500,000	0.850%	Bay Head Yacht Club	8,491,800	2.060%
Hartington J Trust	9,079,100	0.572%	Dale's Yacht Basin	4,176,600	1.020%
denihan, Barbara T.	7,738,700	0.487%	Individual	2,831,100	0.690%
RDCC LLC	7,675,400	0.483%	Individual	2,532,200	0.620%
Kamine, Harold & Kathleen	7,306,400	0.460%	Individual	1,982,100	0.480%
Smith Willima & Mary Ann	7,300,000	0.460%	Individual	1,972,100	0.480%
Higgins, James & Jacquelyn	7,195,000	0.453%	Individual	1,786,800	0.440%
Farris, David & Jill	7,183,900	0.452%	Individual	1,795,900	0.440%
SMATCO LTD	7,159,400	0.451%	Individual	1,701,300	0.420%
McLendon, Heath & Judith	7,100,000	0.447%	Grenville	1,703,400	0.420%
Total 10 highest	<u>\$ 81,237,900</u>	<u>5.116%</u>		<u>\$ 28,973,300</u>	<u>7.610%</u>
Total Net Assessment	<u>\$ 1,587,863,332</u>				

Source: Municipal Finance Officer

Exhibit J-9

BAY HEAD SCHOOL DISTRICT  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year Ended <u>June 30,</u>	School <u>Levy</u>	Taxes Levied for <u>the Fiscal Year</u>	Current Tax <u>Collections</u>	Percentage <u>of Levy</u>
2006	1,796,560	9,021,664	8,915,660	98.83%
2007	2,121,394	9,917,999	9,849,172	99.30%
2008	2,502,548	10,439,063	10,363,696	99.28%
2009	2,898,971	10,772,419	10,683,384	98.83%
2010	2,926,684	10,744,599	10,508,534	97.37%
2011	2,983,040	11,258,755	11,134,830	98.90%
2012	2,991,235	11,611,255	11,326,207	97.23%
2013	3,053,414	12,199,640	12,019,112	98.52%
2014	3,131,113	12,585,417	12,405,275	98.57%
2015	3,431,946	data unavailale		

Source: Municipal Finance Officer  
 Abstract of Ratables

Exhibit J-10

## BAY HEAD SCHOOL DISTRICT

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS\*  
UNAUDITED

Fiscal Year Endec <u>June 30</u>	<u>Governmental Activities</u>			<u>Business - Type Activities</u>		<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bonded Debt Anticipation Notes (BANs)</u>	<u>Percentage of Personal Income</u>	
2007	\$2,222,000	NONE	NONE	NONE	NO DATA TO REPORT	
2008	\$2,072,000	NONE	\$63,225	NONE	NO DATA TO REPORT	
2009	\$1,907,000	NONE	\$47,419	NONE	NO DATA TO REPORT	
2010	\$1,732,000	NONE	\$31,613	NONE	NO DATA TO REPORT	
2011	1,542,000.00	NONE	\$47,995	NONE	NO DATA TO REPORT	
2012	1,342,000.00	NONE	\$31,997	NONE	NO DATA TO REPORT	
2013	\$1,117,000	NONE	\$15,999	NONE	NO DATA TO REPORT	
2014	\$867,000	NONE	\$15,999	NONE	NO DATA TO REPORT	
2015	\$ 3,892,000	NONE	\$31,475	NONE	NO DATA TO REPORT	
2016	\$ 3,437,800	NONE	\$ 560,779	NONE	NO DATA TO REPORT	

Exhibit J-11

## BAY HEAD SCHOOL DISTRICT

## RATIO OF NET GENERAL BONDED DEBT OUTSTANDING

## LAST TEN FISCAL YEARS

## UNAUDITED

Fiscal Year Ended	General Obligation		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value # of Property
<u>June 30</u>	<u>Bonds</u>	<u>Deductions</u>		
2007	\$ 2,222,000		\$ 2,222,000	0.137%
2008	\$ 2,072,000		\$ 2,072,000	0.129%
2009	\$ 1,907,000		\$ 1,907,000	0.120%
2010	\$ 1,732,000		\$ 1,732,000	0.109%
2011	\$ 1,542,000		\$ 1,542,000	0.100%
2012	\$ 1,342,000		\$ 1,342,000	0.085%
2013	\$ 1,117,000		\$ 1,117,000	0.070%
2014	\$ 867,000		\$ 867,000	0.055%
2015	\$ 3,892,000		\$ 3,892,000	0.247%
2016	\$ 3,437,800		\$ 3,437,800	0.219%





## BAY HEAD SCHOOL DISTRICT

Exhibit J-13

## COMPUTATION OF LEGAL DEBT MARGIN INFORMATION

UNAUDITED

## Legal Debt Margin For Fiscal Year 2016

## Equalized valuation basis

2015	\$ 1,597,112,498
2014	1,553,241,240
2013	1,521,569,925
	<u>\$ 4,671,923,663</u>

Average equalized valuation of taxable property \$ 1,557,307,888

Debt limit (3% of average equalization value) 46,719,237

Total Net Debt Applicable to Limit 3,437,800

Legal debt margin \$ 43,281,437

## Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debit Limit	41,075,935	46,040,956	49,328,989	49,709,404	48,934,802	47,852,639	47,618,707	47,170,881	46,964,494	46,719,237
Total net debt applicable to limit	<u>2,952,652</u>	<u>1,050,126</u>	<u>1,348,695</u>	<u>1,734,138</u>	<u>1,734,138</u>	<u>2,286,653</u>	<u>1,117,000</u>	<u>867,000</u>	<u>3,892,000</u>	<u>3,437,800</u>
Legal debt margin	<u>38,123,283</u>	<u>44,930,830</u>	<u>47,980,293</u>	<u>47,975,266</u>	<u>47,200,664</u>	<u>45,565,986</u>	<u>46,501,707</u>	<u>46,303,881</u>	<u>43,072,494</u>	<u>43,281,437</u>
Total net debt applicable to the limit as a percentage of debt limit	7.19%	2.28%	2.73%	3.49%	3.54%	4.78%	2.35%	1.87%	2.35%	2.35%

Bay Head Board of Education  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

J-14

<u>Year</u>	<u>Population</u>	<u>Household</u>	<u>Unemployment Rate</u>	<u>Annual Births</u>
2005	1,259	\$ 87,200	4.5%	3
2006	1260	-	4.8%	4
2007	1265	-	-	4
2008	1238			4
2009	1273			6
2010	968	\$77,790		0
2011				2
2012	983		10.70%	3
2013	992		8.90%	1
2014	data unavailable			
2015	data unavailable			

Source: Municipal Finance Officer, County of Ocean, U.S. Bureau of the Census,  
 Population Division, U.S. Department of Labor, Statistics Division

Bay Head Board of Education  
Principal Employers,  
Current Year and Nine Years Ago

2016

**DATA NOT AVAILABLE**

2007

**DATA NOT AVAILABLE**

Bay Head Board of Education  
 Full-Time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years

J-16

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Instruction</b>										
Regular	8.6	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Special Education	1.2	1.2	1.3	1.3	1.3	1.5	1.5	1.5	1.5	1.5
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	2.7	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Nonnpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
<b>Support Services</b>										
Student & instruction related services	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General administration	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
School administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other administrative services	1.4	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Central Services	-	-	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Administrative Information Technology	-	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Plant operations & maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	0.8	0.8	1.3	1.3	1.3	1.3	1.3	1.3
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>17.9</b>	<b>17.5</b>	<b>20.6</b>	<b>21.6</b>	<b>22.1</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>

Source: District Personnel Records

Bay Head Borough Board of Education  
 Operating Statistics  
 Last Ten Fiscal Years

J-17  
 GASB F-6  
 NJ J-12, 14

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil (c)</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) b</u>	<u>Average Daily Attendance (ADA) b</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	92	2,562,528	27,854	#DIV/0!	11.9	1:7.3	91.6	86.8		94.76%
2008	91	2,686,547	29,522	5.99%	12.1	1:7.5	91.0	85.3	-0.66%	93.74%
2009	96	3,016,470	31,442	6.50%	12.2	1:7.9	96.4	92.0	5.93%	95.44%
2010	108	3,022,410	27,985	-10.99%	12.2	1:8.6	111.1	105.9	15.25%	95.32%
2011	117	2,968,050	25,368	-9.35%	12.7	1:9.2	116.0	110.4	4.41%	95.17%
2012	127	3,190,204	25,112	-1.01%	13.0	1:9.8	137.2	131.8	18.28%	96.06%
2013	138	3,467,348	25,126	0.05%	13.0	1:7	138.4	132.7	0.87%	95.88%
2014	137	3,299,285	24,082	-4.15%	13.0	1:7	137.1	131.6	-0.94%	95.99%
2015	146	3,277,729	22,450	-6.78%	13.0	1:7	146.4	139.8	6.78%	95.49%
2016	147	3,484,775	23,754	5.81%	13.0	1:7	146.7	140.3	0.20%	95.65%

Sources: District records, School Register Summary

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

b Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**BAY HEAD ELEMENTARY SCHOOL**

**BUILDING INFORMATION**

**LAST TEN FISCAL YEARS ENDING JUNE 30**

**UNAUDITED**

<b>District Building</b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<u>Elementary School and Offices</u>										
Bay Head School Square Feet	18,809	19,834	19,834	19,834	19,834	19,834	19,834	19,834	19,834	29,655
Bay Head School Library Square Feet	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348
FES Capacity (students)	151	151	151	151	151	151	151	151	151	168
Enrollment	92	91	96	108	117	127	138	137	146	147

Exhibit J-19

BAY HEAD SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
 UNAUDITED

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

	Library	Bay Head Elementary	Other Facilities	Total School Facilities
2001	2,141	16,693	N/A	18,834
2002	2,133	16,475	N/A	18,608
2003	3,041	23,702	N/A	26,743
2004	3,079	24,006	N/A	27,085
2005	3,251	23,843	N/A	27,094
2006	2,493	18,285	N/A	20,778
2007	2,628	19,275	N/A	21,903
2008	3,239	23,756	N/A	26,995
2009	3,948	28,954	N/A	32,902
2010	3,461	25,384	N/A	28,845
2011	3,636	26,669	N/A	30,305
2012	3,430	25,154	N/A	28,584
2013	4,039	36,351	N/A	40,390
2014	637	5,673	N/A	6,310
2015	637	5,673	N/A	6,310
2016	793	8,481	N/A	9,274

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

## BAY HEAD SCHOOL DISTRICT

EXHIBIT J-20

## Insurance Schedule

June 30, 2016 - Unaudited

	<u>Coverage</u>		<u>Deductible</u>
<b>I. Commerical Package</b>			
A. Property			
Blanket Building and Contents	\$5,669,468		\$1,000
Valueable Papers and Records	\$10,000,000		\$1,000
Extra Expense	\$50,000,000		\$1,000
Increased cost of Construction/Building Ordinance	\$10,000,000		\$1,000
Crime/Employe Dishonesty	\$250,000		\$1,000
B. Comprehensive General Liability			
General Liability	\$31,000,000		N/A
C. School Leaders Wrongful Acts Coverage A			
	\$31,000,000	\$	5,000
D. Inland   Contents			
Electronic Data Processing	\$173,000		\$1,000
E. Auto Liability			
	\$31,000,000		N/A
<b>II. Workers' Compensation</b>			
Professional payroll	\$1,355,951		
Non-Professional payroll	\$82,000		
<b>III. Employers Liability Coverage B</b>			
Bodily Injury Each Accident	\$2,000,000		
Bodily Injury Each Employee	\$2,000,000		
Policy Limit Bodily Injury by Disease	\$2,000,000		
<b>IV. Equipment Breakdown Coverage</b>			
Comprehensive coverage (Boiler & Machinery)	\$100,000,000		\$1,000
<b>V. Public Officials Bonds (Selective Insurance Co.)</b>			
Patricia A. Wojcik, Limit of Coverage	\$140,000		0
Patricia A. Christopher, Limit of Coverage	\$140,000		0
Laurie M. Considine, Limit of Coverage	\$140,000		\$1,000
<b>VI. Catastrophe Access Liability</b>			
	\$50,000,000		\$31,000,000
VII. Pollution Legal Liability			
	\$ 1,000,000	\$	10,000

Source: District records



**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  
Bay Head School District  
County of Ocean  
Bay Head, 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 Bay Head Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Bay Head Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated November 14, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay Head 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 Bay Head 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 Bay Head Board of Education, County of Ocean, and 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 Bay Head Board of Education, County of Ocean, State of New Jersey's financial statements are free from material misstatement, we performed tests of it 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**

November 14, 2016

BAY HEAD SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2016				
					From	To					(Accounts Receivable)	Deferred Revenue	Due to Grantor		
U.S. Department of Education: Passed Through State Department of Education:															
Special Revenue:															
Title I	84.010A	S010A150030	N/A	\$ 29,319	9/1/2015	8/31/2016	\$		17,160	(29,319)	(12,159)				
IDEA Part B Basic	84.027	H027A150100	N/A	32,700	9/1/2015	8/31/2016	-		24,032	(32,700)	(8,668)				
Title IIA	84.367A	S367A150029	N/A	7,096	9/1/2015	8/31/2016			7,096	(7,096)					
Total Federal Financial Assistance							\$	-	48,288	(69,115)	(20,827)	-	-		

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BAY HEAD SCHOOL DISTRICT**

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

Schedule B  
K-4

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2016				Budgetary Expenditures Pass Through Funds	Repayment of Prior Years Balances	Balance at June 30, 2016			MEMO		
					Deferred Revenue Accts. Receivable	Due To Grantor	Carryover (Walkover) Amount	Cash Received			Inter- Governmental (Accounts Receivable)	Deferred Revenue Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
General Fund:																
Extraordinary Aid	16-495-034-5120-044	\$ 18,588	7/1/15	6/30/16	\$				(18,588)		(18,588)					18,588
Extraordinary Aid	15-495-034-5120-044	15,605	7/1/14	6/30/15		(15,605)		15,605								
Special Education Categorical Aid	16-495-034-5120-089	58,303	7/1/15	6/30/16				58,303	(58,303)				(5,731)		58,303	
Security Aid	16-495-034-5120-084	3,326	7/1/15	6/30/16				3,326	(3,326)				(327)		3,326	
Transportation Aid	16-495-034-5120-014	3,743	7/1/15	6/30/16				3,743	(3,743)				(367)		3,743	
PARCC Readiness Aid	16-495-034-5120-098	980	7/1/15	6/30/16				980	(980)				(96)		980	
Per Pupil Growth Aid	16-495-034-5120-097	980	7/1/15	6/30/16				980	(980)				(96)		980	
Additional Non-Public Transportation Aid	16-495-034-5120-014	1,218	7/1/15	6/30/16					(1,218)		(1,218)				1,218	
Additional Non-Public Transportation Aid	16-495-034-5120-014	658	7/1/15	6/30/16				658	(658)						658	
Additional Non-Public Transportation Aid	15-495-034-5120-014	1,392	7/1/14	6/30/15		(1,392)		1,392								
Reimbursed TPAF Social	16-495-034-5094-002															
Security Contr. (Nonbudgeted)	16-495-034-5094-003	72,910	7/1/15	6/30/16				72,910	(72,910)							72,910
Reimbursed TPAF Social																
Security Contr. (Nonbudgeted)	15-495-034-5094-003	71,777	7/1/14	6/30/15		(3,463)		3,463								
<b>Total General</b>						<b>(20,460)</b>		<b>161,360</b>	<b>(160,706)</b>	<b>-</b>	<b>(19,806)</b>	<b>-</b>	<b>-</b>	<b>(6,617)</b>	<b>160,706</b>	
Capital Projects:																
ROD Grant	0210-020-14-1003-004	96,800	2/27/13	6/30/14		(96,800)					(96,800)					
Debt Service:																
Debt Service Aid Type II	16-495-034-5120-017	76,791	7/1/15	6/30/16				76,791	(76,791)							76,791
<b>Total State Financial Assistance</b>						<b>\$ (117,260.00)</b>		<b>238,151</b>	<b>(237,497)</b>	<b>-</b>	<b>(116,606)</b>	<b>-</b>	<b>-</b>	<b>(6,617)</b>	<b>237,497</b>	

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION**

K-5

**BAY HEAD SCHOOL DISTRICT****NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2016****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, Bay Head 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>Debt Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 160,706	76,791	237,497
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized			
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	160,631		160,631
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)	_____	_____	_____
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 321,337</u>	<u>76,791</u>	<u>398,128</u>

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

	<u>Special Revenue Fund</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>		
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 69,115	69,115
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>\$ 69,115</u>	<u>69,115</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, 2016. 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, 2016.



**BAY HEAD SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**K-6**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I - Summary of Auditor's Results*

**Financial Statement Section**

(A) Type of auditor's report issued on financial statements

**Description**

Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes      x   No

2) Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      x   None Reported

Noncompliance material to basic financial statements noted?

\_\_\_\_\_ Yes      x   No

**Federal Awards**

NOT APPLICABLE

**State Awards**

NOT APPLICABLE

**BAY HEAD SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016***Part II - Schedule of Financial Statement Findings*

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

There are none.

**BAY HEAD SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016*****Part III - Schedule of Federal Awards and State Financial Assistance  
Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

**Current Year Federal Awards**

Not Applicable

**Current Year State Awards**

Not Applicable

**BAY HEAD SCHOOL DISTRICT****SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

**Status of Prior Year Findings**

There were none.