

BAYSHORE JOINTURE COMMISSION

Tinton Falls, New Jersey
County of Monmouth

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BAYSHORE JOINTURE COMMISSION

TINTON FALLS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

BAYSHORE JOINTURE COMMISSION

Finance Department

OUTLINE OF CAFR

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Bayshore Jointure Commission
The Shore Center for Students with Autism
900 Hope Road, Tinton Falls, NJ 07712
732-695-7827 • fax:732-493-4515

September 30, 2016

Honorable President and
Members of the Board of Directors
Bayshore Jointure Commission

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Bayshore Jointure Commission (Commission) for the fiscal year ended June 30, 2016, is hereby submitted. This CAFR includes the Commission's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 34. 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 Directors (Board). To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission'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 Commission's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Commission's financial position and operating results and other schedules. The statistical section includes selected financial information. The Commission is not required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)* or the New Jersey State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.

REPORTING ENTITY AND ITS SERVICES: The Bayshore Jointure Commission 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 Commission are included in this report. The Bayshore Jointure Commission and

the Member Districts constitute the Commission's reporting entity. The Bayshore Jointure Commission, which was established by the State Board of Education upon the recommendation of Education Commissioner Gagliardi on August 1, 2001, included eight Bayshore Districts: Atlantic Highlands, Hazlet, Henry Hudson Regional, Highlands, Keansburg, Keyport, Union Beach and Matawan-Aberdeen Regional. The Jointure was formed as an outgrowth of the Bayshore Consortium, which had been in existence for over 12 years. The Commission provided staff development including SRA training, hosted a Bayshore honors band, transportation, nursing, parent and sibling groups, an autism conference and several other educational services. The Commission relocated to 100 Tornillo Way in July 2010. This program addresses the needs for children on the autism spectrum.

ECONOMIC CONDITION AND OUTLOOK: The communities involved in the Jointure Commission share many similarities that are unique to them. The following synopses have been provided by the participating school districts:

ATLANTIC HIGHLANDS

Although Atlantic Highlands is a stable, older, year-round community, we have witnessed a heightened interest in property ownership with property values remaining stable. This is also evidenced in an increase in the ratables and the renovation of the main business district. The appeal of this shoreline community is due in part, to its proximity to Manhattan and the prosperous harbor.

Atlantic Highlands Elementary School continues to provide an exceptional educational experience for all students. The breadth of programs from special education to gifted and talented meets each child's unique needs. The school demonstrates a continuing emphasis on curriculum alignment to the core curriculum content standard in Language Arts Literacy, Reading and Mathematics.

HAZLET TOWNSHIP

Hazlet Township is a suburban community of approximately 22,000 residents located in Monmouth County in the coastal region of central New Jersey. The school community is a preschool through twelfth grade district comprised of almost 3,000 students. Our schools consist of an early child learning center for preschool and kindergarten, three first through fourth grade schools, two schools serving students in grades five and six, one middle school and one high school.

Our entire school community is committed to developing the unique abilities of each child. We strive to inspire our students to achieve personal excellence, as well as to realize his/her full potential. It is our desire that each student will become a lifelong learner and ultimately, a productive citizen of our community, State and Country.

District Goals:

- Academic Excellence
- Highly Effective Professional Staff
- Effective Communication with all Stakeholders

The Hazlet Township School District is also District-wide accredited by the Middle States Association of Colleges and Schools, Commissions on Elementary and Secondary Schools. Currently, we are the only school district in Monmouth County to achieve this prestigious distinction

HENRY HUDSON REGIONAL SCHOOL DISTRICT

The District, located in Monmouth County, is comprised of the towns of Atlantic Highlands and Highlands. These are settled residential communities with limited amounts of industry. Atlantic Highlands is a stable community with few apartments or condominiums. Highlands Borough is also a stable community with seventy-five percent (75%) of the condominiums owner-occupied. Both towns have a large senior citizen population. The Borough of Highlands has developed a Highlands Business Improvement District, which is funded by the business taxpayers.

An increased positive perception of the District in the communities has increased community support.

HIGHLANDS

Highlands Borough, created in 1900 by an Act of the New Jersey Legislature, is located in Monmouth County on the Shrewsbury River at the easterly tip of Central New Jersey encompassing .067 square miles. Adjacent to Sandy Hook Bay, Highlands offers magnificent views of the Atlantic Ocean, Sandy Hook, New York City, New York Harbor, and the Verazzano Narrows Bridge. The area of Highlands located along the waterfront is comprised mainly of marinas, restaurants, residences and seasonal homes many of which are being converted into year round homes. The mountainous areas contain mostly residences, condominiums and hotels; historic Twin Lights, located atop one of the hills of Highlands, is one of the highest points along the Atlantic Coast.

At one time Highlands residents relied solely on the clamming and commercial fishing industries for income. Later, these industries plus numerous restaurants (some of which are the most notable in the State), continue to represent a large share of resident employment. Clamming and fishing, however, are somewhat seasonal and many restaurants have fallen on hard times; accordingly, the economic conditions are relatively unsteady. During the past two decades, improved land and water transportation services have resulted in a "commuter" segment of the population who reside mainly in townhouses and condominiums built during this time. This population does not have school age children.

Today, Highlands is re-establishing the character of the town by promoting its seafood restaurants, ferry service, and water-dependent industries such as commercial, recreation fishing and clamming. In June 1995, after years of planning, the Highlands clam depurification plant was officially opened and has generated significant employment in the area. With regard to revitalizing the Highlands business area, a Commercial Loan and Grant Program, available through the Neighborhood Preservation Program, has assisted commercial property and business operators in financing physical improvements to their businesses, particularly façade improvements.

KEANSBURG

The Keansburg area is beginning to experience increases in their property assessments, which is reflected in their taxing ability. Keansburg has experienced a loss of \$30 million in ratables which will affect the Borough's ability to raise tax revenue.

Keansburg School District was designated one of the 31 Abbott Special Needs Districts in the State of New Jersey. State Aid represents approximately 76.5% of their revenues. The socio-economic structure of Keansburg represents low-income households, evident by the free and reduced lunch count which is 71.94% of the student population.

The future outlook for Keansburg School District financing continues to primarily depend upon the ability and the willingness of the Governor and State legislature to provide adequate funding for Special Needs pre-K through grade 12 education and on the availability of State tax revenues. Keansburg is preparing to open a brand new school in September 2016.

KEYPORT

The Keyport School District encompasses the Borough of Keyport located in northern Monmouth County, New Jersey. The Keyport School District students from Union Beach attend Keyport High School. The Borough of Union Beach is situated on the eastern border of the Borough of Keyport.

The Keyport School District has served the Borough of Keyport since 1871. The Keyport Grammar School was constructed in 1892. The High School was constructed in 1927. In 1937, 1952, and 1966 additions were made to the original building. In 1958, the Keyport Central School was constructed to provide educational opportunities to students in grades K-8. In September 1999, the eighth grade was moved to the high school building because of overcrowding at the Central School. To supplement this building, a new kindergarten room was added to Central School and a new Fitness Center was added to Keyport High School. Currently, the educational needs of the children of Keyport are provided by the Central School and Keyport High School.

The District is governed by a ten-member Board of Education, including a representative from the Borough of Union Beach and a non-voting student representative. Keyport members are elected by the residents of the Borough. The Union Beach representative is appointed by the Union Beach Board of Education. The members serve alternating terms.

MATAWAN/ABERDEEN REGIONAL

The Matawan-Aberdeen Regional School District has an enrollment of approximately 3,783 students. It is comprised of the following K-3 elementary schools: Cliffwood Elementary, Ravine Drive and Strathmore Elementary. Lloyd Road Elementary serves grades 4-5, Matawan Avenue Middle serves grades 6-8 and Matawan Regional High School serves grades 9-12.

The Township of Aberdeen and the Borough of Matawan are located in the center of New Jersey, in the northern part of Monmouth County and are halfway between New York and Philadelphia. Within a forty-five minute drive to the north and the east is Manhattan Borough in New York City. Taking a westerly route, the semi-rural areas of New Jersey is a similar drive away to Philadelphia. These municipalities are located near one of New Jersey's largest commercial/industrial areas as well as close proximity to air, train, highway and public transportation access.

These very stable municipalities are almost completely developed and are primarily residential communities. The Garden State Parkway, which passes directly through the District, provides access to all parts of the State because of its connections with the New Jersey Turnpike. Commercial and mass transit rail services are provided by a station operated by the New Jersey Transit located in the Borough of Matawan.

The Matawan-Aberdeen Regional School District is governed by a nine-member Board of Education and a non-voting student member. Three Board members are elected by Matawan Borough and six by Aberdeen residents. They all serve three-year terms.

OCEAN TOWNSHIP

Ocean Township became a member district in September, 2010. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. District enrollment is approximately 3,800. Housing in Ocean Township has been affected by the economy; the real estate market continues to be slowed. There are also an increasing number of homes as seasonal rentals resulting in lower student enrollment. The district operates a high school, and intermediate school and three elementary schools.

MIDDLETOWN TOWNSHIP

Middletown Township with a population of approximately 66,000 residents is the 16th largest township in the state. Portions of the original township were taken to form Colts Neck, Hazlet, Atlantic Highlands, Highlands and Keansburg townships.

The Middletown Township Public Schools serve students in pre-kindergarten through 12th grade in seventeen public schools, which are comprised of twelve elementary schools, three middle schools and two high schools.

Middletown reflects the area's rich history including dense residential neighborhoods, maritime activities and access to the natural beauty of the Raritan Bayshore coastline.

UNION BEACH

The Union Beach School District services the educational needs of children in grades Pre-K through 8. The district offers a full day Kindergarten program and current enrollment is 635 in grades Pre-K through 8th grade. The Union Beach

School district offers a half-day integrated pre-school program for three-and four-year olds who are residents of Union Beach. The program is designed to bring preschoolers, with and without special needs, together in an integrated environment. This educational program continues to achieve high academic, social and emotional benchmarks under the guidance and tutelage of our experienced faculty and staff. Our school district has recognized the importance of this early learning opportunity and has taken steps to ensure its continued viability for our families.

During the 2012-2013 school year, Memorial School was devastated by superstorm Sandy. The town of Union Beach was one of the hardest hit communities in Monmouth County. 85% of the homes in Union Beach suffered damage as a result of Sandy. Today, families continue to struggle to rebuild and some students remain displaced with the full intention to rebuild and one reside in Union Beach.

Our students continue to improve academically. Many of our faculty and staff have advanced degrees. The turnover rate for teachers is extremely small as many of our professional staff stay on for at least ten years or more. Student attendance rate has always been consistent with the state average despite the circumstances of the storm in the 2012-2013 school year.

The town of Union Beach is roughly 1 ½ miles and is located along the Raritan Bay. This shore area is nearly fully developed. Presently many first time buyers are purchasing the smaller shore bungalows and enlarging them in order to take advantage of this town's wonderful location along the water. All in all the Union Beach School District and Borough are truly hidden gems along the Raritan Bay. We are proud of our many accomplishments. The focus of our efforts continues to be the achievement of the vision set forth by the Board of Education, which commits itself to the academic achievement of all students. The students and staff of Memorial School are proud of their school and know that strong community support is a key ingredient to the success of any school. We thank the community for its support and look forward to its continued support of our outstanding school.

MAJOR INITIATIVES: The Bayshore Jointure Commission employs a guidance counselor, expand the use of behaviorist in connection with outside training for our staff and families, and increased field trips. A lecture program for parents on topics related to autism and special education was very successful. Management of the school is now handled on a daily basis by a principal and vice-principal while central office management is addressed through shared services agreements.

INTERNAL ACCOUNTING CONTROLS: Management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable but not absolute 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 State assistance, the Commission also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by Commission management.

The Commission has retained Strauss Esmay Associates to assist in the revision and adoption of the District Policy Manual and Regulations.

A Standard Operating Procedures Manual is maintained by the District.

BUDGETARY CONTROLS: In addition to internal accounting controls, the Commission maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, which is approved and funded by the districts comprising the Jointure Commission. Annual appropriated budgets are adopted for the General and Special Revenue funds. The final budget amount, as amended for the fiscal year, is reflected in the financial section. An encumbrance account system is used to record outstanding purchase commitments on a line item basis.

ACCOUNTING SYSTEM AND REPORTS: The Commission's accounting records reflect Generally Accepted Accounting Principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Commission 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.

FINANCIAL INFORMATION AT FISCAL YEAR END

As demonstrated by the various statements and schedules listed in the financial section of this report, the Commission continues to meet its responsibility for sound financial management. Readers should refer to the Management Discussion and Analysis for a summary of the financial statements in relation to the prior.

CASH MANAGEMENT: The investment policy of the Jointure Commission is guided in large part by State statute as detailed in "Notes to the Financial Statements", Note 2. The Commission 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 loss of funds on deposit with a failed banking institution in New Jersey. The law requires

governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

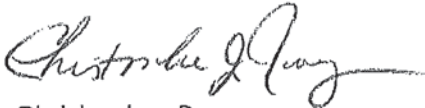
RISK MANAGEMENT: The Jointure Commission carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A schedule of Insurance Coverage is found in the support schedules.

OTHER INFORMATION:

Independent Audit – State of New Jersey statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Holman Frenia Allison, P.C. Certified Public Accountants and Consultants was selected by the Bayshore Jointure Commission. The audit was designed to meet the requirements set forth in State statutes and *Government Auditing Standards*. The auditor's reports on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bayshore Jointure Commission for their concern in providing fiscal accountability to the citizens and taxpayers of the school districts it serves and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

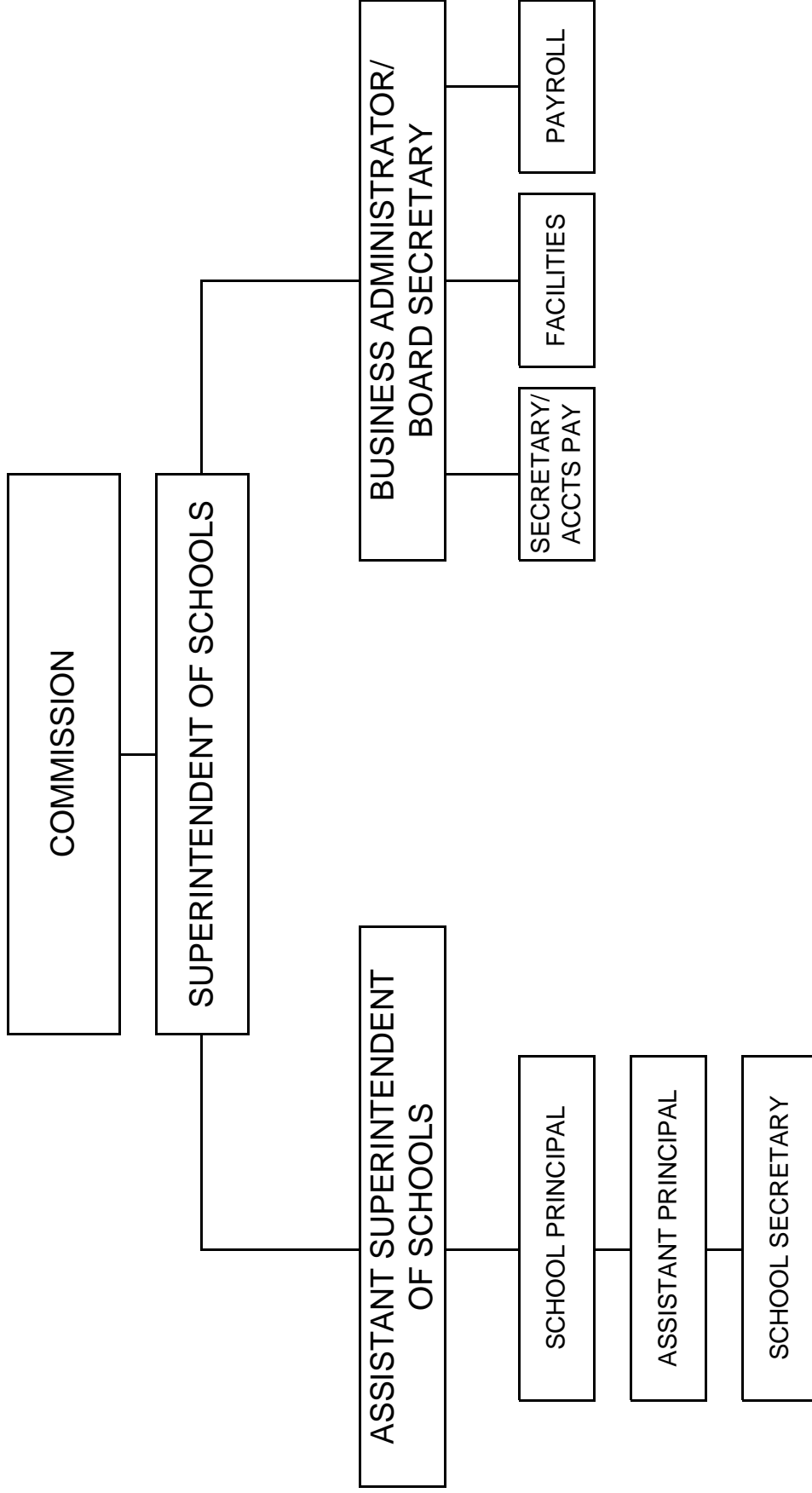


Christopher Rooney
Superintendent



Christopher J. Mullins
Board Secretary/School
Business Administrator

BAYSHORE JOINTURE COMMISSION ORGANIZATIONAL CHART



BAYSHORE JOINTURE COMMISSION
Tinton Falls, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Mr. Joseph Annibale, President	June 30, 2016
Dr. Lisa Savola, Vice President	June 30, 2016
Mrs. Roseanne Ansell	June 30, 2016
Dr. Susan Compton	June 30, 2016
Dr. William George	June 30, 2016
Dr. Dionne Ledford	June 30, 2016
Dr. Scott Ridley	June 30, 2016
Dr. Lisa Savoy	June 30, 2016
Ms. Janet Walling	June 30, 2016

OTHER OFFICIALS

Mr. Christopher Rooney, Superintendent

Mr. Christopher Mullins, Business Administrator/Board Secretary

Mr. Michael Gross, Attorney

BAYSHORE JOINTURE COMMISSION
Tinton Falls, New Jersey

CONSULTANTS AND ADVISORS

INSURANCE AGENT

New Jersey School Boards Association
Burlington, New Jersey

AUDIT FIRM

Holman Frenia Allison, P.C.
912 Highway 33
Freehold, New Jersey 07728

ATTORNEY

Michael Gross
Red Bank, New Jersey

OFFICIAL DEPOSITORY

Bank of America
Matawan, New Jersey

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Bayshore Jointure Commission
County of Monmouth
Tinton Falls, New Jersey 07712

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission, County of Monmouth, State of New Jersey, as of and for the fiscal 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission, County of Monmouth, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of an Error

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2016 the District identified certain expenses related to prior years that had not previously been accrued. The District also determined that the capital asset balance recorded in the prior period was not accurate. The District has corrected these with a prior period adjustment to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bayshore Jointure Commission's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016 on our consideration of the Bayshore Jointure Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bayshore Jointure Commission's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
September 30, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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**BAYSHORE JOINTURE COMMISSION
MONMOUTH COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

UNAUDITED

This discussion and analysis of Bayshore Jointure Commission'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; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ◆ General revenues accounted for \$94,967 in revenue or 2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,409,406 or 98% of total revenues of \$4,504,373.
- ◆ Total assets of governmental activities increased by \$271,747.
- ◆ The Governmental Activities of the School District had \$4,142,543 in expenses; \$4,409,406 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$94,967 were adequate to provide for these programs.
- ◆ The General Fund had \$2,970,701 in revenues; \$2,823,453 in expenditures; and \$65,177 in other financing sources. The General Fund's balance increased \$212,425 over 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 the Bayshore Jointure Commission 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 the Bayshore Jointure Commission, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, “How did we do financially during 2016?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position 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 student 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 District does not have any business-type activities.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds is included in the 2015-16 Comprehensive Annual Financial Report as presented by the School District. 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 and Special Revenue Fund.

Governmental Funds

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary comparison of the School District's net position for 2016 and 2015.

TABLE I - STATEMENT OF NET POSITION

	June 30, 2016		June 30, 2015	
	Governmental		Governmental	
	Activities	Total	Activities	Total
Current and other assets	\$ 2,534,801	\$ 2,534,801	\$ 2,216,574	\$ 2,216,574
Capital assets, net	13,524	13,524	14,976	14,976
Total assets	<u>2,548,325</u>	<u>2,548,325</u>	<u>2,231,550</u>	<u>2,231,550</u>
Deferred outflow of resources	616,221	616,221	176,495	176,495
Long-term liabilities	2,222,153	2,222,153	1,509,027	1,509,027
Other liabilities	<u>131,160</u>	<u>131,160</u>	<u>395,454</u>	<u>395,454</u>
Total liabilities	<u>2,353,313</u>	<u>2,353,313</u>	<u>1,904,481</u>	<u>1,904,481</u>
Deferred inflow of resources	35,675	35,675	89,836	89,836
Invested in capital assets, net	13,524	13,524	14,976	14,976
Unrestricted	<u>762,034</u>	<u>762,034</u>	<u>398,752</u>	<u>398,752</u>
	<u>\$ 775,558</u>	<u>\$ 775,558</u>	<u>\$ 413,728</u>	<u>\$ 413,728</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2016 and 2015.

TABLE II – CHANGES IN NET POSITION

	Governmental Activities		Total	
	2016	2015	2016	2015
Revenues				
Program Revenue:				
Charges for Services	\$ 4,003,109	\$ 4,116,923	\$ 4,003,109	\$ 4,116,923
Operating Grants	406,297	351,101	406,297	351,101
General Revenues:				
Miscellaneous	<u>94,967</u>	<u>3,537</u>	<u>94,967</u>	<u>3,537</u>
Total Revenues	<u>4,504,373</u>	<u>4,471,561</u>	<u>4,504,373</u>	<u>4,471,561</u>
Expenses				
Instructional Services	1,867,100	1,766,585	1,867,100	1,766,585
Support Services	2,115,614	2,201,110	2,115,614	2,201,110
Special Schools	158,377	156,522	158,377	156,522
Unallocated Depreciation	<u>1,452</u>	<u>10,469</u>	<u>1,452</u>	<u>10,469</u>
Total Expenses	<u>4,142,543</u>	<u>4,134,686</u>	<u>4,142,543</u>	<u>4,134,686</u>
Cancellation of Prior Year Receivables	-	(74,806)	-	(74,806)
Change in Net Position	<u>\$ 361,830</u>	<u>\$ 262,069</u>	<u>\$ 361,830</u>	<u>\$ 262,069</u>

Governmental Activities

Charges for services made up 89% of revenues for governmental activities for the Bayshore Jointure Commission for fiscal year 2016. The School District's total governmental revenues were \$4,504,373 for the fiscal year ended June 30, 2016. Federal, state and local grants accounted for 9%.

The total cost of all programs and services was \$4,142,543. Direct Regular and Special Education Instruction comprises 45% of School District expenses.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

TABLE III – GOVERNMENTAL ACTIVITIES

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 1,867,100	\$ 1,867,100	\$ 1,766,585	\$ 1,766,085
Support Services:				
Pupil & Instructional Staff	527,657	(3,475,452)	668,688	(3,448,235)
General, School & Business Admin	417,190	417,190	356,259	356,259
Operation & Maintenance of Facilities	277,973	277,973	279,732	279,732
Pupil Transportation	15,054	15,054	15,546	15,546
Unallocated Benefits	877,740	471,443	880,885	530,284
Other	159,829	159,829	166,991	166,991
Total Expenses	<u>4,142,543</u>	<u>(266,863)</u>	<u>4,134,686</u>	<u>(333,338)</u>

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 School District.

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

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

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

Other includes Special School expenses and depreciation expense on capital assets.

The School District's Funds

Information about the School District's major funds is included in the 2015-16 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and transfers of \$3,035,878 and expenditures of \$2,823,453 demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 14/15</u>	<u>Percent Change</u>
Local Sources	\$ 2,800,619	92.3%	\$ (59,731)	-0.2%
State Sources	235,259	7.7%	70,565	0.4%
Total Revenues	<u>\$ 3,035,878</u>	<u>100.0%</u>	<u>\$ 10,834</u>	<u>0.0%</u>

The decrease in Local Sources is due to a decrease in the tuition charges.

The increase in State Sources is due to an increase in on-behalf revenues related TPAF pensions and post-retirement medical contributions.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2016.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 14/15</u>	<u>Percent Change</u>
Instruction	\$ 852,128	30.2%	\$ (133,386)	-0.6%
Undistributed Expenditures	1,971,325	69.8%	(184,681)	-0.6%
Total Expenses	<u>\$ 2,823,453</u>	<u>100.0%</u>	<u>\$ (318,067)</u>	<u>-0.6%</u>

The decrease in Current - Instruction is related to a reduction in expenditures on salaries and supplies based on a lower enrollment and less staff required.

The decrease in Current - Undistributed Expenditures is attributed to a decrease in staff resulting in a decrease in health benefits and also less support services due to decreased enrollments.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

General Fund Budgeting Highlights (continued)

During the course of the fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student expenses both in regular education and special education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.
- ◆ Additional needs for technology and textbooks.

While the School District's final budget for the General Fund anticipated no change in surplus funds, the actual results for the year show a \$212,425 increase in surplus funds as of June 30, 2016.

Capital Assets

At the end of the fiscal year 2016, the School District had \$13,524 invested in capital assets.

TABLE IV – CAPITAL ASSETS (NET OF DEPRECIATION) AT JUNE 30, 2016 & 2015

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 4,180	\$ 4,180
Machinery and Equipment	<u>9,344</u>	<u>10,796</u>
Total	<u>\$ 13,524</u>	<u>\$ 14,976</u>

Debt Administration

At June 30, 2016, the School District had no outstanding debt.

For the Future

The Bayshore Jointure Commission provides an autistic education program to member and non-member districts throughout the State of New Jersey.

During the budget process in the spring, it was a concern to the Administration and Board of Education how future budgets would be financed and affect our sending districts. Therefore, during the past year and continuing into the present, the Board of Education and Administration have conducted a program review of costs centers in the School District to determine where cost savings may be effectuated.

In conclusion, the Bayshore Jointure Commission has committed itself to financial excellence for many years. In addition, the Commission's system for financial planning, budgeting and internal financial controls is well-regarded. The Commission 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 member and non-member districts throughout the State of New Jersey 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 Christopher J. Mullins, School Business Administrator/Board Secretary at Bayshore Jointure Commission, 100 Tornillo Way, Tinton Falls, New Jersey 07712.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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BAYSHORE JOINTURE COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	GOVERNMENTAL ACTIVITIES	TOTALS
		JUNE 30, 2016
Cash & Cash Equivalents	\$ 2,009,060	\$ 2,009,060
Receivables - State, Net	3,980	3,980
Receivables - Other, Net	521,761	521,761
Capital Assets, Depreciable (Note 4)	13,524	13,524
	<hr/>	<hr/>
Total Assets	2,548,325	2,548,325
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to Pensions	616,221	616,221
	<hr/>	<hr/>
Total Deferred Outflow of Resources	616,221	616,221
	<hr/>	<hr/>
Total Assets and Deferred Outflow of Resources	3,164,546	3,164,546
	<hr/>	<hr/>
LIABILITIES		
Accounts Payable	89,444	89,444
Intergovernmental Payable	17,686	17,686
Unearned Revenue	24,030	24,030
Noncurrent Liabilities (Note 5):		
Due Beyond One Year	2,222,153	2,222,153
	<hr/>	<hr/>
Total Liabilities	2,353,313	2,353,313
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Related to Pensions	35,675	35,675
	<hr/>	<hr/>
Total Deferred Inflows of Resources	35,675	35,675
	<hr/>	<hr/>
Total Liabilities and Deferred Inflows of Resources	2,388,988	2,388,988
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	13,524	13,524
Unrestricted	762,034	762,034
	<hr/>	<hr/>
Total Net Position	\$ 775,558	\$ 775,558
	<hr/> <hr/>	<hr/> <hr/>

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

**BAYSHORE JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			TOTALS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	JUNE 30, 2016
Governmental Activities:					
Instruction:					
Special Education	\$ 1,863,855	\$ -	-	\$ (1,863,855)	\$ (1,863,855)
Other Special Instruction	2,251	-	-	(2,251)	(2,251)
Other Instruction	994	-	-	(994)	(994)
Support Services & Undistributed Costs:					
Tuition	-	2,705,652	-	2,705,652	2,705,652
Health Services	81,832	-	-	(81,832)	(81,832)
Student & Instruction Related Services	445,825	1,297,457	-	851,632	851,632
School Administrative Services	251,277	-	-	(251,277)	(251,277)
Other Administrative Services	165,913	-	-	(165,913)	(165,913)
Plant Operations & Maintenance	277,973	-	-	(277,973)	(277,973)
Pupil Transportation	15,054	-	-	(15,054)	(15,054)
Employee Benefits	877,740	-	406,297	(471,443)	(471,443)
Special Schools	158,377	-	-	(158,377)	(158,377)
Unallocated Depreciation	1,452	-	-	(1,452)	(1,452)
Total Governmental Activities	4,142,543	4,003,109	406,297	266,863	266,863
Total Primary Government	\$ 4,142,543	\$ 4,003,109	\$ 406,297	266,863	266,863
General Revenues:					
Miscellaneous Income				94,967	94,967
Total General Revenues, Special Items, Extraordinary Items & Transfers				94,967	94,967
Change In Net Position					
Net Position - Beginning, As Restated (See Note 13):				361,830	361,830
				413,728	413,728
Net Position - Ending				\$ 775,558	\$ 775,558

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

B. Fund Financial Statements

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Governmental Funds

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**BAYSHORE JOINTURE COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	<u>TOTALS</u> JUNE 30, 2016
ASSETS & OTHER DEBITS			
Assets:			
Cash & Cash Equivalents	\$ 1,320,399	\$ -	\$ 1,320,399
Accounts Receivable:			
State Aid	3,980	-	3,980
Other	295,164	-	295,164
Interfunds	65,177	24,030	89,207
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 1,684,720	\$ 24,030	\$ 1,708,750
<hr/>			
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	39,892	-	39,892
Payable to Other Government	13,636	-	13,636
Unearned Revenues	-	24,030	24,030
Interfund Payables	1,017,267	-	1,017,267
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,070,795	24,030	1,094,825
<hr/>			
Fund Balances:			
Committed:			
Other Purposes	850	-	850
Unassigned:			
General Fund	613,075	-	613,075
	<hr/>	<hr/>	<hr/>
Total Fund Balances	613,925	-	613,925
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	\$ 1,684,720	\$ 24,030	

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 \$59,881 and the accumulated depreciation is \$46,357.	13,524
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	580,546
Internal Service Fund assets and liabilities are included in the Statement of Net Position but are not part of the Governmental Funds Balance (from B-1). The Internal Service Fund balance is added here to reconcile the net position.	1,789,716
Long-term liabilities, including net pension liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,222,153)</u>
Net Position of Governmental Activities	<u>\$ 775,558</u>

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

BAYSHORE JOINTURE COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR FISCAL YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	<u>TOTALS</u> JUNE 30, 2016
Revenues:			
Local Sources:			
Tuition	\$ 2,705,652	\$ -	\$ 2,705,652
Miscellaneous	29,790	-	29,790
Total Local Sources	2,735,442	-	2,735,442
State Sources	235,259	-	235,259
Total Revenues	2,970,701	-	2,970,701
Expenditures:			
Current Expense:			
Special Education Instruction	848,883	-	848,883
Other Special Instruction	2,251	-	2,251
Other Instruction	994	-	994
Support Services:			
Health Services	81,832	-	81,832
Student & Instruction Related Services	445,825	-	445,825
School Administrative Services	251,277	-	251,277
Other Administrative Services	165,913	-	165,913
Plant Operations & Maintenance	277,973	-	277,973
Pupil Transportation	15,054	-	15,054
Employee Benefits	575,074	-	575,074
Special Schools	158,377	-	158,377
Total Expenditures	2,823,453	-	2,823,453
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	147,248	-	147,248
Other Financing Sources/(Uses):			
Transfers In/(Out)	65,177	-	65,177
Total Other Financing Sources/(Uses)	65,177	-	65,177
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	212,425	-	212,425
Fund Balance - July 1, As Restated (See Note 13)	401,500	-	401,500
Fund Balance - June 30	\$ 613,925	\$ -	\$ 613,925

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

**BAYSHORE JOINTURE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds \$ 212,425

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

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

Depreciation Expense (1,452)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Unfunded TPAF Pension Expense	\$	(171,038)	
State Share of Unfunded TPAF Pension Expense		171,038	
District Pension Contributions		87,611	
Pension Expense		<u>(217,502)</u>	(129,891)

In the statement of activities, internal service fund revenue and expenses are reported as a governmental activity. However, they are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds (from B-5) 282,485

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

Prior Year		1,575	
Current Year		<u>(3,312)</u>	(1,737)

Change in Net Position of Governmental Activities \$ 361,830

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

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Proprietary Funds

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BAYSHORE JOINTURE COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

ASSETS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS		TOTALS
	ADDITIONAL SERVICES	DISTRICT AIDES	JUNE 30, 2016
	Current Assets:		
Cash & Cash Equivalents	\$ 107,893	\$ 580,768	\$ 688,661
Intergovernmental Receivables	28,875	132,545	161,420
Interfund Receivables	414,477	578,760	993,237
Total Current Assets	551,245	1,292,073	1,843,318
Total Assets	551,245	1,292,073	1,843,318
 LIABILITIES			
Accounts Payable	-	49,552	49,552
Intergovernmental Payable	300	3,750	4,050
Total Liabilities	300	53,302	53,602
 NET POSITION			
Unrestricted	550,945	1,238,771	1,789,716
Total Net Position	\$ 550,945	\$ 1,238,771	\$ 1,789,716

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

**BAYSHORE JOINTURE COMMISSION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2016**

	GOVERNMENTAL ACTIVITIES		TOTALS
	INTERNAL SERVICE FUNDS		
	ADDITIONAL SERVICES	DISTRICT AIDES	JUNE 30, 2016
Operating Revenues:			
Charges for Services:			
Tuition	\$ 135,583	\$ 1,161,874	\$ 1,297,457
Total Operating Revenue	135,583	1,161,874	1,297,457
Operating Expenses:			
Salaries	-	521,149	521,149
Payroll Taxes & Benefits	-	358,823	358,823
Other Purchased Services	-	135,000	135,000
Total Operating Expenses	-	1,014,972	1,014,972
Operating Income	135,583	146,902	282,485
Change in Net Position	135,583	146,902	282,485
Total Net Position - Beginning, As Restated (See Note 13)	415,362	1,091,869	1,507,231
Total Net Position - Ending	\$ 550,945	\$ 1,238,771	\$ 1,789,716

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

**BAYSHORE JOINTURE COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS		TOTALS
	ADDITIONAL SERVICES	DISTRICT AIDES	JUNE 30, 2016
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 107,893	\$ 1,062,298	\$ 1,170,191
Payments to Employees	-	(493,580)	(493,580)
Payment to Employee Benefits	-	(433,813)	(433,813)
Payments to Vendors	-	(135,000)	(135,000)
Net Cash Flows From Operating Activities	107,893	(95)	107,798
Net Change in Cash & Cash Equivalents	107,893	(95)	107,798
Cash & Cash Equivalents, July 1	-	580,863	580,863
Cash & Cash Equivalents, June 30	<u>\$ 107,893</u>	<u>\$ 580,768</u>	<u>\$ 688,661</u>

Reconciliation of Operating Income to Net Cash Flows From Operating Activities:

Operating Income	\$ 135,583	\$ 146,902	\$ 282,485
Adjustments to Reconcile Operating Income to Net Cash Cash Flows Operating Activities:			
Prior Period Adjustment	-	(74,990)	(74,990)
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	(27,690)	(99,576)	(127,266)
(Decrease)/Increase in Accounts Payable	-	27,569	27,569
Net Cash Flows From Operating Activities	<u>\$ 107,893</u>	<u>\$ (95)</u>	<u>\$ 107,798</u>

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Fiduciary Fund

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**BAYSHORE JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	AGENCY PAYROLL	TOTALS JUNE 30, 2016
ASSETS		
Cash & Cash Equivalents	\$ 86,180	\$ 86,180
Total Assets	86,180	86,180
LIABILITIES		
Payroll Deductions and Withholdings	8,028	8,028
Accrued Salaries	12,975	12,975
Interfund Payable	65,177	65,177
Total Liabilities	\$ 86,180	\$ 86,180

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

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BAYSHORE JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

The Bayshore Jointure Commission was established on August 1, 2001 and consists of nine Bayshore Districts: Atlantic Highlands, Hazlet, Henry Hudson Regional, Highlands, Keansburg, Keyport, Union Beach, Matawan-Aberdeen Regional and Ocean Township (Monmouth County). The Jointure was formed as an outgrowth of the Bayshore Consortium, which had been in existence for over twelve years. The general purpose of the Commission is to provide services for the consortium of school districts comprising it that are more economically and efficiently provided on a collective basis. The Commission has been established pursuant to the laws of the State of New Jersey (NJSA 18A:6, et seq.).

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

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

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

Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39 and 61, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2016.

Government-Wide Financial Statements

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements (continued)

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

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

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

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

Proprietary Fund Financial Statements

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Proprietary Fund Financial Statements (continued)

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

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

Fiduciary Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

The District reports the following major proprietary funds:

Internal Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s one-on-one aide operations.

Additionally, the District reports the following major fiduciary funds:

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

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting.

The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

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

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

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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 Bayshore Jointure Commission has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Encumbrances (continued)

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

Cash and Cash Equivalents

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

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

Tuition Receivable/Payable

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

Prepaid Expenses

Prepaid expenses, which benefit future periods, are only recorded in the government-wide financial statements and in the proprietary fund statements. Prepaid expenses in the proprietary fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016. They are recorded as expenditure during the year of purchase.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued)

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Machinery and Equipment	5-20 Years
Improvements	40 Years

Compensated Absences

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

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

Unearned Revenue

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Accrued Liabilities and Long-Term Obligations

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

Pensions

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

Deferred Inflows/Outflows of Resources

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

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

Fund Balance

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

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

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

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Recently Issued and Adopted Accounting Pronouncements (continued)

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

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

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

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

Use of Estimates

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued)

Subsequent Events

Bayshore Jointure Commission has evaluated subsequent events occurring after June 30, 2016 through the date of September 30, 2016, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

Note 2. Cash and Investments

Cash Deposits

The District is governed by the deposit limitations of New Jersey state law. The Deposits held at June 30, 2016, and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	\$ 2,095,240
Total Deposits	<u>\$ 2,095,240</u>
The District's Cash and Cash Equivalents are Reported as Follows:	
General Fund	\$ 1,320,399
Internal Service Fund	688,661
Fiduciary Fund	<u>86,180</u>
Total Cash and Cash Equivalents	<u>\$ 2,095,240</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District's bank balance of \$2,153,198 was exposed to custodial credit risk as follows:

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 2. Cash and Investments (continued)

Cash Deposits (continued)

Insured Under FDIC	\$ 250,000
Uninsured and uncollateralized	90,846
Collateralized in the District's Name Under GUDPA	<u>1,812,352</u>
Total	<u>\$2,153,198</u>

Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest Rate Risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

Note 3. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 3. Accounts Receivable (continued)

	General Fund	Internal Service Fund	Total
Local	\$ 295,164	\$ 161,420	\$ 456,584
State	3,980	-	3,980
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 299,144</u>	<u>\$ 161,420</u>	<u>\$ 460,564</u>

Note 4. Capital Assets

The following schedule is a summarization of the capital assets by source for the fiscal year ended June 30, 2016:

	June 30, 2015	Additions	Deletions	June 30, 2016
Vehicles	\$ 41,799	\$ -	\$ -	\$ 41,799
Machinery & Equipment	18,082	-	-	18,082
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	59,881	-	-	59,881
Accumulated Depreciation	(44,905)	(1,452)	-	(46,357)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 14,976</u>	<u>\$ (1,452)</u>	<u>\$ -</u>	<u>\$ 13,524</u>

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:

Unallocated	<u>\$ 1,452</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,452</u></u>

Note 5. Long-Term Obligations

A. Long-Term Obligation Activity

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

	June 30, 2015	Accrued/ Increases	Retired/ Decreases	June 30, 2016	Due Within One Year
Compensated Absences	\$ 1,575	\$ 1,737	\$ -	\$ 3,312	\$ -
Net Pension Liability	1,507,452	711,389	-	2,218,841	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 1,509,027</u>	<u>\$ 713,126</u>	<u>\$ -</u>	<u>\$ 2,222,153</u>	<u>\$ -</u>

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 5. Long-Term Obligations (continued)

B. Bonds Authorized But Not Issued

As of June 30, 2016, the District had no authorized but not issued bonds.

C. Compensated Absences

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

Note 6. Interfund Receivables, Payables and Transfers

The following interfund balances remained on the balance sheet at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 65,177	\$ 1,017,267
Special Revenue Fund	24,030	-
Internal Service Fund	993,237	-
Payroll Trust Fund	<u>-</u>	<u>65,177</u>
 Total	 <u>\$ 1,082,444</u>	 <u>\$ 1,082,444</u>

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

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 65,177	\$ -
Payroll Trust Fund	<u>-</u>	<u>65,177</u>
	<u>\$ 65,177</u>	<u>\$ 65,177</u>

The purpose of interfund transfers were for payments made on behalf of other funds.

Note 7: Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 7: Pension Obligations (continued)

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

Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 7: Pension Obligations (continued)

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

For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
06/30/16	\$ 84,979	100%	\$ 2,218,841
06/30/15	87,611	100%	1,507,452
06/30/14	66,375	100%	1,489,685

Components of Net Pension Liability - At June 30, 2016, the District reported a liability of \$2,218,841 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was .0098%, which was an increase of .00183% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u> July 1, 2015	<u>6/30/2015</u> July 1, 2014
Acturial valuation date		
Deferred Outflows of Resources	\$ 616,221	\$ 176,495
Deferred Inflows of Resources	35,675	89,836
Net Pension Liability	2,218,841	1,507,452
District's portion of the Plan's total net pension Liability	0.00988%	0.00805%

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 7: Pension Obligations (continued)

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

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$217,909. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences between expected and actual experience	\$ 52,934	\$ -
Changes of assumptions	238,286	-
Net difference between projected and actual earnings on pension plan investments	-	35,675
Changes in proportion and differences between District contributions and proportionate share of contributions	325,001	-
Total	\$ 616,221	\$ 35,675

\$84,979 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:

Year Ended		
<u>June 30:</u>	<u>PERS</u>	
2017	\$	112,210
2018		112,210
2019		112,210
2020		134,669
2021		109,247

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 7: Pension Obligations (continued)

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

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40%
	Based on Age
	Thereafter - 3.15-5.40%
	Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment 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%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 7: Pension Obligations (continued)

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

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 actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(3.90%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (4.90%)</u>	<u>1%</u> <u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 2,757,748	\$ 2,218,841	\$ 1,767,025

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 7: Pension Obligations (continued)

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

The following represents the membership tiers for TPAF:

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

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 7: Pension Obligations (continued)

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

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

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
06/30/16	\$ 70,834	100%	\$ -
06/30/15	33,884	100%	-
06/30/14	32,405	100%	-

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

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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 improvement. 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.

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:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 7: Pension Obligations (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made 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.

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 8. 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 pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program 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 9. 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 10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 11. Compensated Absences

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of Net Position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$3,312.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 there was no liability for compensated absences in the proprietary fund types.

Note 12. Fund Balance Disclosure

General Fund – of the \$613,925 General Fund fund balance at June 30, 2016, \$613,075 is unassigned and \$850 is committed for year-ended encumbrances.

Internal Service Fund – of the \$1,789,716 Internal Service Fund fund balance at June 30, 2016, \$1,789,716 is unassigned.

Note 13. Prior Period Adjustment/Restatement of Net Position

Correction of an Error – In the fiscal year ended June 30, 2016, the District determined that the capital asset balance recorded in the prior period was not accurate. The District had an independent appraisal performed in the current fiscal year and adjustment of the prior year balances is required per the independent appraisal report. This caused the District's prior year net position to be overstated by \$45,028 as of June 30, 2015, resulting in an overstatement of capital assets, and net investment in capital assets for the same amount.

In the fiscal year ended June 30, 2016, the District determined that the accounts payable balance recorded in the prior period was not accurate. The District had not accrued certain expenses related employee benefits. This caused the District's prior year net position to be overstated by \$134,390 as of June 30, 2015, resulting in an understatement of accounts payable and an overstatement of unrestricted net position for the same amount.

The District has corrected these matters by restating the balances for the fiscal year ended June 30, 2015 as follows:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 13. Prior Period Adjustment/Restatement of Net Position (continued)

EXHIBIT A-1 – STATEMENT OF NET POSITION

	<u>Original Balance</u>	<u>Net Adjustment</u>	<u>Restated Balance</u>
Capital Assets, Net	\$ 60,004	\$ (45,028)	\$ 14,976
Accounts Payable	126,672	134,390	261,062
Net Investment in Capital Assets	60,004	(45,028)	14,976
Unrestricted Net Position	533,142	(134,390)	398,752

EXHIBIT B-1 – BALANCE SHEET

	<u>Original Balance</u>	<u>Net Adjustment</u>	<u>Restated Balance</u>
Accounts Payable	\$ 104,689	\$ 59,400	\$ 164,089
Fund Balance	460,900	(59,400)	401,500

EXHIBIT B-4 – STATEMENT OF NET POSITION

	<u>Original Balance</u>	<u>Net Adjustment</u>	<u>Restated Balance</u>
Accounts Payable	\$ 49,552	\$ 74,990	\$ 124,542
Unrestricted Net Position	1,789,716	(74,990)	1,714,726

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		FINAL TO ACTUAL
Revenues:						
Local Sources:						
Tuition	10-1300-000-000	\$ 3,198,874	\$ -	\$ 3,198,874	\$ 2,705,652	\$ (493,222)
Miscellaneous	10-1000-000-000	380,441	-	380,441	29,790	(350,651)
Total Local Sources		<u>3,579,315</u>	<u>-</u>	<u>3,579,315</u>	<u>2,735,442</u>	<u>(843,873)</u>
State Sources:						
Nonbudgeted:						
On-Behalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	84,345	84,345
Normal Pension Contributions		-	-	-	70,834	70,834
Reimbursed TPAF Social Security		-	-	-	80,080	80,080
Total State Sources		<u>-</u>	<u>-</u>	<u>-</u>	<u>235,259</u>	<u>235,259</u>
Total Revenues		<u>3,579,315</u>	<u>-</u>	<u>3,579,315</u>	<u>2,970,701</u>	<u>(608,614)</u>
Expenditures:						
Current Expense:						
Autism:						
Salaries of Teachers	11-214-100-101	800,500	(29,208)	771,292	702,288	69,004
Other Salaries for Instruction	11-214-100-106	197,400	-	197,400	98,061	99,339
Purchased Technical Services	11-214-100-340	-	330	330	330	-
General Supplies	11-214-100-610	35,040	(6,008)	29,032	22,922	6,110
Textbooks	11-214-100-640	20,100	4,197	24,297	23,828	469
Other Objects	11-214-100-891	500	1,418	1,918	1,454	464
Total Autism		<u>1,053,540</u>	<u>(29,271)</u>	<u>1,024,269</u>	<u>848,883</u>	<u>175,386</u>
Vocational Programs - Local - Instruction:						
General Supplies	11-301-100-610	2,200	508	2,708	2,251	457
Total Vocational Programs - Local - Instruction		<u>2,200</u>	<u>508</u>	<u>2,708</u>	<u>2,251</u>	<u>457</u>
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	2,500	(2,500)	-	-	-
Supplies and Materials	11-401-100-600	-	1,185	1,185	994	191
Total School Sponsored Cocurricular - Activities		<u>2,500</u>	<u>(1,315)</u>	<u>1,185</u>	<u>994</u>	<u>191</u>
Total - Instruction		<u>1,058,240</u>	<u>(30,078)</u>	<u>1,028,162</u>	<u>852,128</u>	<u>176,034</u>
Undistributed Expenditures						
Health Services:						
Salaries	11-000-213-100	66,630	10,290	76,920	76,452	468
Purchased Professional & Technical Services	11-000-213-300	2,000	1,608	3,608	3,608	-
Supplies and Materials	11-000-213-600	2,000	(147)	1,853	1,772	81
Total Health Services		<u>70,630</u>	<u>11,751</u>	<u>82,381</u>	<u>81,832</u>	<u>549</u>

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	163,415	(8,530)	154,885	154,885	-
Purchased Professional - Educational Services	11-000-216-320	240,000	36,200	276,200	140,776	135,424
Supplies and Materials	11-000-216-600	1,500	-	1,500	1,195	305
Total Other Support Services - Students - Related Services		404,915	27,670	432,585	296,856	135,729
Other Support Services - Guidance - Extraordinary Services:						
Salaries	11-000-217-100	67,170	(4,166)	63,004	63,004	-
Total Other Support Services - Students - Extraordinary Services		67,170	(4,166)	63,004	63,004	-
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	-	12,006	12,006	9,978	2,028
Purchased Professional & Technical Services	11-000-218-320	1,000	(1,000)	-	-	-
Total Other Support Services - Students - Regular		1,000	11,006	12,006	9,978	2,028
Instructional Staff Training Services:						
Purchased Professional - Educational Services	11-000-223-320	40,000	35,696	75,696	74,955	741
Other Purchased Services	11-000-223-500	750	292	1,042	1,032	10
Total Instructional Staff Training Services		40,750	35,988	76,738	75,987	751
Support Services General Administration:						
Salaries	11-000-230-100	-	15,750	15,750	13,500	2,250
Legal Services	11-000-230-331	20,000	-	20,000	16,564	3,436
Audit Services	11-000-230-332	12,000	(500)	11,500	9,500	2,000
Other Purchased Professional Services	11-000-230-339	31,015	-	31,015	13,134	17,881
Purchased Technical Services	11-000-230-340	6,380	-	6,380	6,252	128
Communications/Telephone	11-000-230-530	7,550	(4,800)	2,750	2,569	181
BOE Other Purchased Services	11-000-230-585	2,000	(2,000)	-	-	-
Other Purchased Services (400-500Series)	11-000-230-590	7,600	9,372	16,972	12,271	4,701
Miscellaneous Expenditures	11-000-230-890	960	340	1,300	1,300	-
BOE Membership Dues & Fees	11-000-230-895	1,600	-	1,600	302	1,298
Total Support Services General Administration		89,105	18,162	107,267	75,392	31,875
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	199,160	6,086	205,246	205,246	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	45,990	6,152	52,142	38,642	13,500
Other Purchased Professional Services	11-000-240-300	-	-	-	-	-
Supplies and Materials	11-000-240-600	1,000	4,500	5,500	5,276	224
Other Objects	11-000-240-800	2,530	-	2,530	2,113	417
Total Support Services School Administration		248,680	16,738	265,418	251,277	14,141

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		FINAL TO ACTUAL
Central Services:						
Purchased Professional Services	11-000-251-330	27,390	28,610	56,000	55,585	415
Purchased Technical Services	11-000-251-340	13,500	(13,500)	-	-	-
Other Purchased Services	11-000-251-592	5,000	-	5,000	-	5,000
Supplies and Materials	11-000-251-600	1,200	500	1,700	1,597	103
Miscellaneous Expenditures	11-000-251-890	2,500	-	2,500	394	2,106
Total Central Services		49,590	15,610	65,200	57,576	7,624
Administration Information Technology:						
Purchased Technical Services	11-000-252-340	21,400	(744)	20,656	17,896	2,760
Supplies and Materials	11-000-252-600	34,910	-	34,910	15,049	19,861
Total Administration Information Technology		56,310	(744)	55,566	32,945	22,621
Other Operation & Maintenance of Plant:						
Cleaning, Repair & Maintenance Services	11-000-262-420	500	-	500	-	500
Rental of Land & Building	11-000-262-441	264,615	-	264,615	264,615	-
Insurance	11-000-262-520	7,650	-	7,650	6,313	1,337
General Supplies	11-000-262-610	12,000	-	12,000	7,045	4,955
Total Other Operation & Maintenance of Plant		284,765	-	284,765	277,973	6,792
Student Transportation Services:						
Cleaning, Repair & Maintenance Services	11-000-270-420	4,000	(1,500)	2,500	731	1,769
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	10,000	4,300	14,300	14,263	37
Insurance	11-000-270-593	3,290	(2,450)	840	-	840
General Supplies	11-000-262-610	300	-	300	60	240
Transportation Supplies	11-000-262-615	1,500	-	1,500	-	1,500
Other Objects	11-000-270-800	150	-	150	-	150
Total Student Transportation Services		19,240	350	19,590	15,054	4,536
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	36,000	-	36,000	35,278	722
Social Security	11-000-291-220	82,500	-	82,500	23,495	59,005
Other Retirement Contributions - PERS	11-000-291-241	73,250	14,047	87,297	30,547	56,750
Unemployment Compensation	11-000-291-250	30,000	-	30,000	12,017	17,983
Workmen's Compensation	11-000-291-260	60,000	(28,000)	32,000	16,000	16,000
Health Benefits	11-000-291-270	653,000	(26,071)	626,929	217,278	409,651
Tuition Reimbursements	11-000-291-280	16,000	-	16,000	-	16,000
Other Employee Benefits	11-000-291-290	19,770	-	19,770	5,200	14,570
Total Unallocated Benefits		970,520	(40,024)	930,496	339,815	590,681

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ACCOUNT NUMBER	JUNE 30, 2016				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Nonbudgeted:						
On-Bhalf TPAF:						
Post-Retirement Medical Contributions	-	-	-	84,345	(84,345)	
Normal Pension Contributions	-	-	-	70,834	(70,834)	
Reimbursed TPAF Social Security	-	-	-	80,080	(80,080)	
Total Undistributed Expenditures	<u>2,302,675</u>	<u>92,341</u>	<u>2,395,016</u>	<u>1,812,948</u>	<u>582,068</u>	
Total Expenditures - Current Expense	<u>3,360,915</u>	<u>62,263</u>	<u>3,423,178</u>	<u>2,665,076</u>	<u>758,102</u>	
Special Schools						
Summer School - Instruction:						
Instruction:						
Salaries	13-422-100-101	80,600	(18,493)	62,107	57,107	5,000
Other Salaries for Instruction	13-422-100-106	100,700	(43,257)	57,443	57,443	-
General Supplies	13-422-100-610	1,000	2,734	3,734	3,734	-
Support Services						
Salaries	13-422-200-100	32,500	6,743	39,243	39,243	-
Other Purchased Services	13-422-200-500	3,600	(2,750)	850	850	-
Total Special Schools	<u>218,400</u>	<u>(55,023)</u>	<u>163,377</u>	<u>158,377</u>	<u>5,000</u>	
Total Expenditures	<u>3,579,315</u>	<u>7,240</u>	<u>3,586,555</u>	<u>2,823,453</u>	<u>763,102</u>	
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)	-	(7,240)	(7,240)	147,248	154,488	
Other Financing Sources/(Uses):						
Operating Transfers In:						
Transfer from Payroll Agency Fund:	-	-	-	65,177	-	
Total Other Financing Uses	-	-	-	65,177	-	
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures After Other Financing Sources/(Uses)	-	(7,240)	(7,240)	212,425	154,488	
Fund Balances, July 1 (Unadjusted)	460,900	-	460,900	460,900	-	
Prior Period Adjustment	-	-	-	(59,400)	59,400	
Fund Balances, July 1 (Adjusted)	<u>460,900</u>	<u>-</u>	<u>460,900</u>	<u>401,500</u>	<u>59,400</u>	
Fund Balances, June 30	<u>\$ 460,900</u>	<u>\$ (7,240)</u>	<u>\$ 453,660</u>	<u>\$ 613,925</u>	<u>\$ 213,888</u>	

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	<u>\$ 7,240</u>
Total	<u>\$ 7,240</u>

RECAPITULATION OF FUND BALANCE

Committed Fund Balance:	
Year-End Encumbrances	\$ 850
Unassigned Fund Balance	<u>613,075</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$ 613,925</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BAYSHORE JOINTURE COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FOR FISCAL YEAR ENDED JUNE 30, 2016**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
 GAAP Revenues and Expenditures**

	GENERAL FUND
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-Series)	<u>\$ 2,970,701</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u><u>\$ 2,970,701</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>2,823,453</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 2,823,453</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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BAYSHORE JOINTURE COMMISSION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.00988%	0.00805%	0.00779%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset)	2,218,841	1,507,452	1,489,685	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	582,344	695,441	534,371	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	381.02%	216.76%	278.77%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

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

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	84,979	87,611	66,375	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	84,979	87,611	66,375	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	-	-	-	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	582,344	695,441	534,371	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	14.59%	12.60%	12.42%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

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

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.00627%	0.00765%	0.00815%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
State's proportionate share of the net pension liability (asset) associated with the District	3,961,281	4,093,919	4,121,625	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	1,082,636	950,700	861,221	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-	-	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	0	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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BAYSHORE JOINTURE COMMISSION
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Teachers Pension and Annuity Fund (TPAF)

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

Changes of assumptions. 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 improvement. 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.

Public Employees' Retirement System (PERS)

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

Changes of assumptions. 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.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

Not Applicable

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

Not Applicable

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Internal Service Fund

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**BAYSHORE JOINTURE COMMISSION
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016**

ASSETS	ADDITIONAL SERVICES	DISTRICT AIDES	2016
Current Assets:			
Cash & Cash Equivalents	\$ 107,893	\$ 580,768	\$ 688,661
Intergovernmental Receivables	28,875	132,545	161,420
Interfund Receivable	414,477	578,760	993,237
	<hr/>		
Total Current Assets	551,245	1,292,073	1,843,318
	<hr/>		
Total Assets	551,245	1,292,073	1,843,318
	<hr/>		
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	49,552	49,552
Unearned Revenue	300	3,750	4,050
	<hr/>		
Total Current Liabilities	300	53,302	53,602
	<hr/>		
NET POSITION			
Unrestricted	550,945	1,238,771	1,789,716
	<hr/>		
Total Net Position	\$ 550,945	\$ 1,238,771	\$ 1,789,716
	<hr/> <hr/>		

**BAYSHORE JOINTURE COMMISSION
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2016**

	ADDITIONAL SERVICES	DISTRICT AIDES	2016
Operating Revenues:			
Charges for Services:			
Tuition	\$ 135,583	\$ 1,161,874	\$ 1,297,457
	<hr/>		
Total Operating Revenue	135,583	1,161,874	1,297,457
	<hr/>		
Operating Expenses:			
Salaries	-	521,149	521,149
Payroll Taxes & Benefits	-	358,823	358,823
Other Purchased Services	-	135,000	135,000
	<hr/>		
Total Operating Expenses	-	1,014,972	1,014,972
	<hr/>		
Operating Income	135,583	146,902	282,485
	<hr/>		
Change in Net Position	135,583	146,902	282,485
	<hr/>		
Total Net Position - Beginning, As Restated	415,362	1,091,869	1,507,231
	<hr/>		
Total Net Position - Ending	\$ 550,945	\$ 1,238,771	\$ 1,789,716
	<hr/> <hr/>		

**BAYSHORE JOINTURE COMMISSION
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2016**

	ADDITIONAL SERVICES	DISTRICT AIDES	2016
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 107,893	\$ 1,062,298	\$ 1,170,191
Payments to Employees	-	(493,580)	(493,580)
Payment to Employee Benefits	-	(433,813)	(433,813)
Payments to Vendors	-	(135,000)	(135,000)
Net Cash Flows From Operating Activities	107,893	(95)	107,798
Net Change in Cash & Cash Equivalents	107,893	(95)	107,798
Cash and Cash Equivalents, July 1	-	580,863	580,863
Cash and Cash Equivalents, June 30	\$ 107,893	\$ 580,768	\$ 688,661

Reconciliation of Operating Income to Net Cash Flows From Operating Activities:

Operating Income	\$ 135,583	\$ 146,902	\$ 282,485
Adjustments to Reconcile Operating Income to Net Cash Flows From by Operating Activities:			
Prior Period Adjustment	-	(74,990)	(74,990)
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	(27,690)	(99,576)	(127,266)
(Decrease)/Increase in Accounts Payable	-	27,569	27,569
Net Cash Flows From Operating Activities	\$ 107,893	\$ (95)	\$ 107,798

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H. Fiduciary Fund

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**BAYSHORE JOINTURE COMMISSION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	PAYROLL AGENCY	2016
Cash & Cash Equivalents	\$ 86,180	\$ 86,180
Total Assets	\$ 86,180	\$ 86,180
LIABILITIES		
Payroll Deductions and Withholdings	\$ 8,028	\$ 8,028
Accrued Salaries	12,975	12,975
Interfund Payable	65,177	65,177
Total Liabilities	\$ 86,180	\$ 86,180

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 85,867	\$ 2,103,818	\$ 2,103,505	\$ 86,180
Total Assets	<u>\$ 85,867</u>	<u>\$ 2,103,818</u>	<u>\$ 2,103,505</u>	<u>\$ 86,180</u>
LIABILITIES				
Interfund Payable	\$ -	\$ 65,177	\$ -	\$ 65,177
Payroll Deductions & Withholdings	72,366	745,392	809,730	8,028
Net Payroll	13,501	1,293,249	1,293,775	12,975
Total Liabilities	<u>\$ 85,867</u>	<u>\$ 2,103,818</u>	<u>\$ 2,103,505</u>	<u>\$ 86,180</u>

I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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BAYSHORE JOINTURE COMMISSION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net Investment in Capital Assets	\$ 13,524	\$ 60,004	\$ 70,473	\$ 22,153	\$ 15,676	\$ 19,159	\$ 22,642	\$ 26,081	\$ 34,114	\$ 42,147
Restricted	-	-	-	-	-	-	-	135	225,104	50,262
Unrestricted	762,034	533,142	1,750,289	1,093,134	357,331	230,624	(10,287)	172,715	115,268	365,457
Total Governmental Activities	\$ 775,558	\$ 593,146	\$ 1,820,762	\$ 1,115,287	\$ 373,007	\$ 249,783	\$ 12,355	\$ 198,930	\$ 374,486	\$ 457,866
Government-Wide:										
Net Investment in Capital Assets	\$ 13,524	\$ 60,004	\$ 70,473	\$ 22,153	\$ 15,676	\$ 19,159	\$ 22,642	\$ 26,081	\$ 34,114	\$ 42,147
Restricted	-	-	-	-	-	-	-	136	225,104	50,262
Unrestricted	762,034	533,142	1,750,289	1,093,134	357,331	230,624	(10,287)	172,715	115,268	365,457
Total Net Position	\$ 775,558	\$ 593,146	\$ 1,820,762	\$ 1,115,287	\$ 373,007	\$ 249,783	\$ 12,355	\$ 198,932	\$ 374,486	\$ 457,866

**BAYSHORE JOINTURE COMMISSION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Special Education	\$ 1,863,855	\$ 1,764,636	\$ 1,321,652	\$ 1,187,469	\$ 840,587	\$ 943,324	\$ 834,312	\$ 822,857	\$ 707,702	\$ 684,917
Other Special Instruction	2,251	313	-	-	-	-	-	-	-	-
Other Instruction	994	1,636	77	-	1,847	4,796	14,854	19,044	12,185	21,482
Support Services & Undistributed Costs:										
Health Services	81,832	54,652	-	-	-	-	-	-	-	-
Student & Instruction Related Services	445,825	614,036	1,486,197	1,193,591	1,659,398	1,514,716	971,039	1,198,567	1,007,184	807,980
School Administrative Services	251,277	201,376	226,200	216,698	197,021	228,104	138,081	133,411	124,557	118,469
Other Administrative Services	165,913	154,883	132,695	152,409	144,406	129,843	100,386	102,910	106,836	103,099
Plant Operations & Maintenance	277,973	279,732	275,346	247,899	258,516	197,997	149,914	137,582	141,200	141,730
Pupil Transportation	15,054	15,546	12,115	10,752	12,414	7,701	50,650	68,598	50,853	53,698
Employee Benefits	877,740	884,385	-	-	-	-	921,402	585,963	582,707	350,880
Special Schools	158,377	156,522	248,726	201,526	152,813	99,892	123,281	118,186	101,562	71,119
Unallocated Increase/(Decrease) in Compensated Absences	-	(3,500)	-	-	-	-	-	-	-	-
Adjustment to Capital Assets	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	1,452	10,469	9,362	3,483	3,483	3,483	3,483	8,033	8,033	7,337
Total Governmental Activities Expenses	\$ 4,142,543	\$ 4,134,686	\$ 3,712,370	\$ 3,213,827	\$ 3,270,485	\$ 3,129,856	\$ 3,307,402	\$ 3,195,151	\$ 2,842,819	\$ 2,360,711
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 2,705,652	\$ 2,857,313	\$ 2,924,726	\$ 2,551,326	\$ 2,322,173	\$ 2,461,151	\$ 2,326,699	\$ 2,037,413	\$ 1,869,372	\$ 1,702,353
Pupil Transportation	-	-	-	-	-	-	56,675	54,921	49,026	49,787
Central and Other Support Services	1,297,457	1,259,610	1,267,286	1,220,002	924,181	776,688	584,333	812,537	673,053	527,415
Operating Grants & Contributions	-	500	58,789	-	-	-	-	-	-	14,589
Total Governmental Activities Program Revenues	\$ 4,003,109	\$ 4,117,423	\$ 4,250,801	\$ 3,771,328	\$ 3,246,354	\$ 3,237,839	\$ 2,967,707	\$ 2,904,871	\$ 2,591,451	\$ 2,294,144
Net/(Expense)/Revenue: Governmental Activities	\$ (139,434)	\$ (17,263)	\$ 538,431	\$ 557,501	\$ (24,131)	\$ 107,983	\$ (339,695)	\$ (290,280)	\$ (251,368)	\$ (66,567)
Total District-Wide Net Expense	\$ (139,434)	\$ (17,263)	\$ 538,431	\$ 557,501	\$ (24,131)	\$ 107,983	\$ (339,695)	\$ (290,280)	\$ (251,368)	\$ (66,567)

BAYSHORE JOINTURE COMMISSION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
On-Behalf and TPAF Aid	\$ 406,297	\$ 350,601	\$ 161,164	\$ 169,442	\$ 143,535	\$ 128,748	\$ 131,666	\$ 123,018	\$ 105,679	\$ 96,333
Miscellaneous Income	94,967	3,537	5,880	4,270	3,820	697	21,408	(8,292)	75,808	45,541
Cancellation of Prior Year Receivables	-	(74,806)	-	-	-	-	-	-	-	-
Non-Cash Contributions	-	-	-	11,067	-	-	-	-	-	-
Total Governmental Activities	\$ 501,264	\$ 279,332	\$ 167,044	\$ 184,779	\$ 147,355	\$ 129,445	\$ 153,074	\$ 114,726	\$ 181,487	\$ 141,874
Change in Net Position:										
Governmental Activities	\$ 361,830	\$ 262,069	\$ 705,475	\$ 742,280	\$ 123,224	\$ 237,428	\$ (186,621)	\$ (175,554)	\$ (69,881)	\$ 75,307
Total District	\$ 361,830	\$ 262,069	\$ 705,475	\$ 742,280	\$ 123,224	\$ 237,428	\$ (186,621)	\$ (175,554)	\$ (69,881)	\$ 75,307

**BAYSHORE JOINTURE COMMISSION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136	\$ 225,104	\$ 50,262
Committed	850	7,239	-	-	-	-	-	-	-	-
Unassigned	613,075	453,661	610,406	484,479	375,531	248,824	(10,287)	172,715	115,268	365,457
Total General Fund	\$ 613,925	\$ 460,900	\$ 610,406	\$ 484,479	\$ 375,531	\$ 248,824	\$ (10,287)	\$ 172,851	\$ 340,372	\$ 415,719
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BAYSHORE JOINTURE COMMISSION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
District Charges	\$ 2,705,652	\$ 2,857,313	\$ 2,924,726	\$ 2,551,326	\$ 2,322,173	\$ 2,449,074	\$ 2,326,699	\$ 2,037,413	\$ 1,869,372	\$ 1,702,353
Miscellaneous	29,790	3,537	64,669	4,270	3,820	697	21,408	8,028	75,808	71,838
State Sources	235,259	164,694	161,164	169,442	143,535	128,748	131,666	123,018	105,679	100,402
Total Revenue	2,970,701	3,025,544	3,150,559	2,725,038	2,469,528	2,578,519	2,479,773	2,168,459	2,050,859	1,874,593
Expenditures:										
Instruction	852,128	985,514	912,530	870,564	600,402	632,852	849,166	841,901	719,887	691,810
Undistributed Instruction	1,812,948	1,999,484	1,883,949	1,604,425	1,631,830	1,638,295	1,690,464	1,356,591	1,291,258	1,013,243
Special Schools	158,377	156,522	169,364	141,101	110,589	67,385	123,281	118,186	101,562	71,119
Capital Outlay	-	-	58,789	-	-	-	-	2,982	13,499	3,720
Total Expenditures	2,823,453	3,141,520	3,024,632	2,616,090	2,342,821	2,338,532	2,662,911	2,319,660	2,126,206	1,779,892
Excess (Deficiency) of Revenues Over/(Under) Expenditures	147,248	(115,976)	125,927	108,948	126,707	239,987	(183,138)	(151,201)	(75,347)	94,701
Other Financing Sources/(Uses):										
Cancellation of Prior Year Receivables	-	(33,530)	-	-	-	-	-	-	-	-
Transfers In	65,177	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	65,177	(33,530)	-	-	-	-	(16,320)	17,818	(15,777)	-
Net Change in Fund Balances	\$ 212,425	\$ (149,506)	\$ 125,927	\$ 108,948	\$ 126,707	\$ 239,987	\$ (199,458)	\$ (133,383)	\$ (91,124)	\$ 94,701
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: District records

BAYSHORE JOINTURE COMMISSION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDED JUNE 30,	INTEREST ON INVESTMENTS	MISCELLANEOUS	TOTAL
2016	\$ -	\$ 29,790	\$ 29,790
2015	-	3,037	3,037
2014	-	64,669	64,669
2013	-	4,270	4,270
2012	-	3,820	3,820
2011	-	697	697
2010	-	21,408	21,408
2009	-	8,028	8,028
2008	1,724	74,084	75,808
2007	4,394	67,444	71,838

Source: District Records

Operating Information

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

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BAYSHORE JOINTURE COMMISSION
INSURANCE SCHEDULE
June 30, 2016

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Commercial Package Policy		
New Jersey School Boards Association		
Insurance Group:		
Property - Blanket Real and Personal	\$ 200,000	\$ 1,000
Electronic data processing	50,000	1,000
Equipment breakdown	100,000,000	1,000
Flood	50,000,000	10,000
Comprehensive general liability	6,000,000	-
Automobile	6,000,000	-
School Leaders' Errors and Omissions		
New Jersey School Boards Association		
Insurance Group:		
Coverage A	6,000,000	5,000
Coverage B	Each Claim 100,000	-
	Each policy period 300,000	5,000
Officials' Bonds		
Selective Insurance		
Board Secretary / School Business Administrator	75,000	500
Workers' Compensation and Employers' Liability		
New Jersey School Boards Association		
Insurance Group	1,718,594	-

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Bayshore Jointure Commission
County of Monmouth
Tinton Falls, New Jersey 07712

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Bayshore Jointure Commission's basic financial statements, and have issued our report thereon dated September 30, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
September 30, 2016

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards – NOT APPLICABLE

Internal Control over major programs:	
1) Material weakness(es) identified?	_____
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____
Type of auditor’s report issued on compliance for major programs	_____
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance?	_____

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
	Not Applicable	

Dollar threshold used to distinguish between type A and type B programs:	_____
Auditee qualified as low-risk auditee?	_____

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results (continued):

State Awards – NOT APPLICABLE

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? _____

Internal control over major programs: _____

1) Material weakness(es) identified? _____

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

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

Any audit findings disclosed that are required to be reported in accordance
with New Jersey OMB Circular Letter 15-08? _____

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
--------------------------------------	------------------------------

Not Applicable

Section II – Financial Statement Findings

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

No Current Year Findings

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB’S Circular 15-08.

Not Applicable