

SCHOOL DISTRICT

OF

BEACH HAVEN



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

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

BEACH HAVEN BOARD OF EDUCATION

BEACH HAVEN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY

**BEACH HAVEN BOARD OF EDUCATION
FINANCE DEPARTMENT**

BEACH HAVEN SCHOOL DISTRICT

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INTRODUCTORY SECTION

November 23, 2016

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

Ladies and Gentlemen:

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

The Comprehensive Annual Financial Report is presented in four sections – introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organization chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations, Part 200, Audits of States, Local Governments and Non-Profit Organizations" and the state Treasury Circular Letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Audit". Information related to this single audit, including the auditor's report on the internal control structure and compliance with the applicable laws and regulations, and findings and recommendation, are included in the single audit section of this report.

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

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

The District provides a full range of educational services and programs, which are appropriate for grades Kindergarten through Grade Six. These services and programs include regular, as well as, special education for handicapped pupils. The district completed the 2015-16 fiscal year with an enrollment of 65 students. The following details the changes in the student enrollment of the District over the past five years.

Fiscal Year	<u>Pupil Enrollment</u>	<u>% Change</u>
2015-16	65	0
2014-15	65	-8%
2013-14	80	+8%
2012-13	64	-1%
2011-12	65	-9%

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

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

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

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

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

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

5. Budgetary Controls:

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

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

6. Accounting System and Reports:

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

7. Debt Administration

The District had no outstanding debt as of June 30, 2016.

8. Risk Management:

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


9. Other Information:

Independent Audit: The State of New Jersey statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Co., CPAs, was selected by the Beach Haven Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also is designed to meet the requirements of the Single Audit Act of 1984 and the related Uniform Guidance and State Treasury Circular Letter 15-08 OBM. The auditor's report on the general-purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports relate specifically to the single audit and are included in the single audit section of this report.

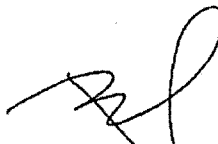
10. Acknowledgments:

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

Respectfully submitted,



Carl Krushinski
Superintendent



Brian Palkowski
Business Administrator

Borough of Beach Haven Board of Education

Beach Haven, New Jersey

June 30, 2016

Members of Board of Education	Term Expires
Irene Hughes, President	2016
Jen Tomlinson, Vice President	2017
Kathy Kelly	2016
Carol Labin	2018
Meredith O'Donnell	2017

Other Officials:

Richard Starodub – Interim Superintendent
 Brian Falkowski – School Business Administrator
 Lil Brendel – Board Secretary

Beach Haven Board of Education

Consultants & Advisors

Audit firm

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

Attorney

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

Official Depository

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

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

Board of Education

Chief School Administrator

Business Administrator/Board Secretary

Support Staff

Instructional Staff Custodian and Bus Drivers

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Beach Haven School District, in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Beach Haven School District, in the County of Ocean, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2016 on our consideration of the Beach Haven's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Beach Haven Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

November 23, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

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

The discussion and analysis of the Beach Haven Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2015-2016 fiscal year are as follows:

- General revenues accounted for \$2,271,761 in revenue or 99% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$30,646 or 1% percent to total revenues of \$2,302,407.
- The School District had \$2,359,137 in expenses; only \$30,646 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,271,761 were adequate to provide for these programs.
- The General Fund had \$2,271,761 in revenues and \$2,093,413 in expenditures. The General Fund's balance increased \$178,348 over 2014-2015. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2015-2016 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

The District does not have an Enterprise Fund.

The School District as a Whole

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

Table 1
Net Position

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current and Other Assets	\$ 880,906	702,558
Capital Assets, Net	<u>2,461,574</u>	<u>2,688,750</u>
Total Assets	<u>\$ 3,342,480</u>	<u>3,391,308</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 54,719</u>	<u>20,664</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 4,512</u>	<u>13,640</u>
<u>Liabilities</u>		
Long-Term Liabilities	<u>\$ 308,093</u>	<u>257,008</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 2,461,574	2,688,750
Restricted	646,916	468,811
Unrestricted	<u>(23,896)</u>	<u>(16,237)</u>
Total Net Position	<u>\$ 3,084,594</u>	<u>3,141,324</u>

Table 2 shows the changes in net position for fiscal year 2016 and 2015.

Table 2
Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues		
Operating Grants and Contributions	\$ 30,646	18,702
General Revenues		
Property Taxes	1,699,717	1,666,389
Grants and Entitlements	363,556	315,922
Other	<u>208,488</u>	<u>(33,615)</u>
Total Revenues	<u>2,302,407</u>	<u>1,967,398</u>
<u>Program Expenses</u>		
Instruction	744,284	700,381
Support Services		
Pupils and Instructional Staff	312,100	153,473
General Administration, School Administration, Business	186,961	233,382
Operations and Maintenance of Facilities	339,465	299,979
Pupil Transportation	50,955	34,831
Depreciation	227,176	86,006
Unallocated Benefits	<u>498,196</u>	<u>462,070</u>
Total Expenses	<u>2,359,137</u>	<u>1,970,122</u>
Increase/(Decrease) in Net Position	<u>\$ (56,730)</u>	<u>(2,724)</u>

Governmental Activities

Property taxes made up 74% percent of revenues for governmental activities for the Beach Haven Public School District for fiscal year 2016. The District's total revenues were \$2,302,407 for the fiscal year ended June 30, 2016 Federal, state, local grants and other local revenues accounted for another 26%.

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

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

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

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

Governmental Activities (Continued)

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School Board Funds

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

As the School Board completed the fiscal year ended June 30, 2016, it reported a combined net position balance of \$3,084,594. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

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

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

Capital Assets

At June 30, 2016, the School Board had approximately \$3,479,058 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2016 fiscal year.

	Governmental Activities
Table II	
Capital Assets at June 30, 2016	
Buildings and Sites	\$ 2,286,688
Machinery and Equipment	64,870
Land	99,516
Site Improvements	<u>10,500</u>
Total	<u>\$ 2,461,574</u>

Debt Administration

At June 30, 2016, the School District had no outstanding debt other than compensated absences of \$27,484. A deferred pension liability was also recorded of \$280,609.

Economic Factors and Next Year's Budget

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

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

BEACH HAVEN SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit A-1

JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash	\$ 848,641	848,641
Receivables, Net	13,657	13,657
Restricted Assets:		
Capital Reserve - Cash	18,608	18,608
Capital Assets Not Depreciated	99,516	99,516
Capital Assets, Net of Depreciation	<u>2,362,058</u>	<u>2,362,058</u>
Total Assets	<u>3,342,480</u>	<u>3,342,480</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>54,719</u>	<u>54,719</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>4,512</u>	<u>4,512</u>
<u>Liabilities</u>		
Noncurrent Liabilities:		
Due Beyond One Year	<u>308,093</u>	<u>308,093</u>
Total Liabilities	<u>308,093</u>	<u>308,093</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	2,461,574	2,461,574
Restricted For:		
Other Purposes	646,916	646,916
Unrestricted	<u>(23,896)</u>	<u>(23,896)</u>
Total Net Position	<u>\$ 3,084,594</u>	<u>3,084,594</u>

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

BEACH HAVEN SCHOOL DISTRICT

**Exhibit A-2
Sheet 1 of 2**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
<u>Functions/Programs</u>					
Governmental Activities:					
Instruction:					
Regular	\$ 628,975			(628,975)	(628,975)
Special Education	111,349		30,646	(80,703)	(80,703)
Other Instruction	3,960			(3,960)	(3,960)
Support Services:					
Student & Instruction Related Services	312,100			(312,100)	(312,100)
School Administrative Services	186,961			(186,961)	(186,961)
Plant Operations and Maintenance	339,389			(339,389)	(339,389)
Pupil Transportation	50,955			(50,955)	(50,955)
Capital Outlay	76			(76)	(76)
Depreciation	227,176			(227,176)	(227,176)
Unallocated Benefits	498,196			(498,196)	(498,196)
Total Government Activities	<u>2,359,137</u>	<u>-</u>	<u>30,646</u>	<u>(2,328,491)</u>	<u>(2,328,491)</u>
Total Primary Government	<u>2,359,137</u>	<u>-</u>	<u>30,646</u>	<u>(2,328,491)</u>	<u>(2,328,491)</u>

BEACH HAVEN SCHOOL DISTRICT

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

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	Net (Expense) Revenue and Changes in Net Position	
	<u>Governmental Activities</u>	<u>Total</u>
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purpose, Net	1,699,717	1,699,717
Federal and State Aid Not Restricted	363,556	363,556
Miscellaneous Income	208,488	208,488
Total General Revenues	<u>2,271,761</u>	<u>2,271,761</u>
Change in Net Position	(56,730)	(56,730)
Net Position - Beginning	<u>3,141,324</u>	<u>3,141,324</u>
Net Position - Ending	<u><u>\$ 3,084,594</u></u>	<u><u>3,084,594</u></u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 848,641		848,641
Cash Capital Reserve	18,608		18,608
Interfund Receivable	13,483		13,483
Accounts Receivable - Net	174	13,483	13,657
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 880,906</u>	<u>13,483</u>	<u>894,389</u>
 <u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Interfund Payable	\$ -	13,483	13,483
	<hr/>	<hr/>	<hr/>
 Fund Balance:			
Restricted for:			
Excess Surplus	\$ 11,742		11,742
Designated for Withdrawal from Maintenance Reserve	162,357		162,357
Maintenance Reserve	441,710		441,710
Capital Reserve	18,607		18,607
Committed to:			
Encumbrances	12,500		12,500
Unrestricted	233,990		233,990
Total Fund Balances	<u>880,906</u>	<hr/>	<u>880,906</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 880,906</u>	<u>13,483</u>	
 Amounts reported for governmental activities in the Statement of Net Position(A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,479,058 and the accumulated depreciation is \$1,035,484.			2,461,574
Deferred outflow of resources - contributions to the pension plan			54,719
Deferred inflow of resources - acquisition of assets applicable to future reporting periods			(4,512)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			<u>(308,093)</u>
Net position of governmental activities			<u>\$ 3,084,594</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Local Sources:			
Local Tax Levy	\$ 1,699,717		1,699,717
Miscellaneous	208,488		208,488
Total Local Sources	1,908,205	-	1,908,205
State Sources	363,556		363,556
Federal Sources		30,646	30,646
Total Revenues	<u>2,271,761</u>	<u>30,646</u>	<u>2,302,407</u>
<u>Expenditures</u>			
Current:			
Regular Instruction	628,975		628,975
Special Education Instruction	80,703	30,646	111,349
Other Instruction	3,960		3,960
Support Services and Undistributed Costs:			
Students and Instruction Related Services	312,100		312,100
School Administrative Services	186,961		186,961
Plant Operations and Maintenance	339,389		339,389
Pupil Transportation	50,955		50,955
Unallocated Benefits	490,294		490,294
Capital Outlay	76		76
Total Expenditures	<u>2,093,413</u>	<u>30,646</u>	<u>2,124,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>178,348</u>	<u>-</u>	<u>178,348</u>
Net Change in Fund Balances	178,348	-	178,348
Fund Balance - July 1	<u>702,558</u>		<u>702,558</u>
Fund Balance - June 30	<u>\$ 880,906</u>	<u>-</u>	<u>880,906</u>

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

BEACH HAVEN SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

Exhibit B-3

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDSTO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 178,348
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	(227,176)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	34,055
Pension related deferrals	9,128
Net Pension Liability	<u>(51,085)</u>
Change in Net Position of Governmental Activities	<u>\$ (56,730)</u>

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

BEACH HAVEN SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	\$ 75,000
Total Assets	<u>\$ 75,000</u>
Net Position:	
Held in Trust for Unemployment Claims	\$ 75,000
Total Net Position	<u>\$ 75,000</u>

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

BEACH HAVEN SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSFOR THE YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
Increased by:	
Board of Education Contributions	<u>\$ 73,000</u>
Change in Net Position	73,000
Net Position, June 30, 2015	<u>2,000</u>
Net Position, June 30, 2016	<u><u>\$ 75,000</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
BEACH HAVEN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Beach Haven Borough. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

B. Government-Wide Financial Statements

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Proprietary Fund Type

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

Fiduciary Fund Types

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

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

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

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

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

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

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

F. Encumbrances:

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

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

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

G. Short-Term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses

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

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

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

I. Capital Assets and Depreciation

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

The District contracted with an outside service company during the 2012 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased with a historical cost of \$2,000 or more. Accumulated fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided, and have been updated annually through 2015-2016. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	<u>Additions</u>	<u>Adjust.</u>	<u>Retirements</u>	Balance June 30, 2016
Governmental Activities:					
Capital Assets That are					
Not Being Depreciated:					
Land	\$ 99,516	_____	_____	_____	99,516
Depreciable Assets:					
Site Improvements	62,204				62,204
Buildings & Sites	3,102,704				3,102,704
Equipment	<u>232,634</u>	_____	_____	_____	<u>232,634</u>
Total	<u>3,397,542</u>	_____	_____	_____	<u>3,397,542</u>

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Adjust.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Less: Accumulated					
Depreciation:					
Sites	49,370	(2,334)			(51,704)
Buildings	617,376	(198,640)			(816,016)
Equipment	<u>141,562</u>	<u>(26,202)</u>	_____	_____	<u>(167,764)</u>
Total Accumulated					
Depreciation	<u>808,308</u>	<u>(227,176)</u>	_____	_____	<u>(1,035,484)</u>
Net Depreciable					
Assets	<u>2,589,234</u>	<u>(227,176)</u>	_____	_____	<u>2,362,058</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 2,688,750</u>	<u>(227,176)</u>	=====	_____	<u>2,461,574</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 227,176</u>
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J. Compensated Absences

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

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

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2015. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 8).

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

Investments

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

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

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

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

	Cash and Cash Equivalents
Checking, Money Market Accounts and Certificate of Deposit	<u>\$ 955,317</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2016 was \$955,317 and the bank balance was \$1,051,064. Of the bank balance, \$250,000 was covered by federal depository insurance and \$801,064 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

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

FDIC	\$ 250,000
GUPDA	801,064

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

Custodial Credit Risk – Deposits

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

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Long-Term</u> <u>Portion</u>
Pension Liability	\$ 228,883	51,726		280,609	280,609
Compensated Absences Payable	27,484	_____	_____	27,484	27,484
	<u>\$ 256,367</u>	<u>51,726</u>	=====	<u>308,093</u>	<u>308,093</u>

NOTE 4: Pension Plans

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

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

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

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

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

NOTE 4: Pension Plans (Continued)

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

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

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

During the year ended June 30, 2016, the State of New Jersey contributed \$112,917 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$49,672 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 34.

Year	<u>Three-Year Trend Information for PERS</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/16	\$ 10,747	100%	0
6/30/15	10,078	100%	0
6/30/14	0	100%	0

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/16	\$ 112,917	100%	0
6/30/15	110,562	100%	0
6/30/14	72,726	100%	0

Pension Expense Deferred Outflows/Inflows – PERS

For the year ended June 30, 2016, the District recognized pension expense of \$10,747. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 6,694	
Changes of Assumptions	30,135	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		4,512
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	7,143	
District Contributions Subsequent to the Measurement Date	<u>10,747</u>	<u> </u>
Total	<u>\$ 54,719</u>	<u>4,512</u>

\$54,719 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2014 and 2015 are as follows:

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Collective Deferred Outflows of Resources	\$ 54,719	20,664
Collective Deferred Inflows of Resources	4,512	13,640
Collective Net Pension Liability	280,609	228,883
District's Proportion	.00125%	.00122%

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

The components of the net pension liability of the participating employers for PERS as of June 30, 2015 and 2014 are as follows:

	2015		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 31,614,118,524	43,109,580,038	74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$ 23,722,135,537</u>	<u>22,447,996,119</u>	<u>46,170,131,656</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.96%	47.93%	38.21%
	2014		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% – 5.40% Based on Age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<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%
Intermediate Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

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

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

The components of the net pension liability of the State as of June 30, 2015 and 2014 are as follows:

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

NOTE 4: Pension Plans (Continued)

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2015</u>	<u>2014</u>
District's Liability	<u>\$ 4,995,325</u>	<u>3,480,925</u>
District's Proportion	.00786%	.00647%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases: 2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<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%

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2015 (3.13%, 4.13%, 5.13%)	\$ 75,559,915,440	63,577,864,440	53,254,610,440
2014 (3.68%, 4.68%, 5.68%)	64,722,984,539	53,813,067,539	44,738,870,539

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 6: Compensated Absences

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

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

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

NOTE 7: Capital Reserve Account

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

Fund placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 18,607
Budget Increase	<u>0</u>
Ending Balance, June 30, 2016	<u>\$ 18,607</u>

NOTE 8: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>District Contributions</u>	<u>Disbursed</u>	<u>Balance</u>
2015-2016	\$ -0-	73,000	-0-	75,000
2014-2015	-0-	-0-	-0-	2,000
2013-2014	-0-	-0-	-0-	2,000

NOTE 9: Economic Dependency

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

NOTE 10: Contingent Liabilities

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

NOTE 11: 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures Per the CAFR	\$ 2,093,413
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(162,589)</u>
Adjusted 2015-16 General Fund Expenditures	<u>\$ 1,930,824</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>\$ 38,614</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>174</u>
Maximum Unassigned Fund Balance	<u>\$ 250,174</u>
<u>Section 2</u>	
Total General Fund Fund Balance @ June 30, 2016	\$ 897,090
Decreased by:	
Designated for Withdrawal form Maintenance Reserve	(162,357)
Reserve for Encumbrances	(12,500)
Other Reserves	<u>(460,317)</u>
Total Unassigned Fund Balance	<u>\$ 261,916</u>
Excess Surplus	<u>\$ 11,742</u>
<u>Detail of Other Reserved Fund Balance</u>	
Maintenance Reserve	\$ 441,710
Capital Reserve	<u>18,607</u>
	<u>\$ 460,317</u>
<u>Detail of Allowable Adjustments</u>	
Non-Public Transportation	<u>\$ 174</u>

NOTE 12: Fund Balance Appropriated

General Fund – Of the \$897,090 General Fund fund balance at June 30, 2016, \$18,607 has been reserved in the Capital Reserve Account; \$414,710 is maintenance reserve; \$250,174 is unreserved and undesignated; \$11,742 is excess surplus designated for subsequent year's expenditures; and \$12,500 is designated for encumbrances.

NOTE 13: Calculation of Excess Surplus

In accordance with *N.J.S.A. 18A:7F-7*, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

NOTE 14: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2016. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2016 through November 23, 2016.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,699,717		1,699,717	1,699,717	-
Unrestricted Miscellaneous Revenues	15,931		15,931	208,488	192,557
Total Local Sources	<u>1,715,648</u>	<u>-</u>	<u>1,715,648</u>	<u>1,908,205</u>	<u>192,557</u>
State Sources:					
Transportation Aid	481		481	481	-
Special Education Aid	31,547		31,547	31,547	-
School Choice	164,983		164,983	164,983	-
Security Aid	2,513		2,513	2,513	-
PARCC Readiness Aid	600		600	600	-
Per Pupil Growth Aid	600		600	600	-
Non Public Transportation				174	174
TPAF Pension (On Behalf-Non-Budgeted)			-	112,917	112,917
TPAF Social Security (Reimbursed - Non-Budgeted)			-	49,672	49,672
Total State Sources	<u>200,724</u>	<u>-</u>	<u>200,724</u>	<u>363,487</u>	<u>162,763</u>
Total Revenues	<u>1,916,372</u>	<u>-</u>	<u>1,916,372</u>	<u>2,271,692</u>	<u>355,320</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Preschool-Salaries of Teachers	77,787	(51,035)	26,752	23,706	3,046
Kindergarten - Salaries of Teachers	50,974	61,432	112,406	112,401	5
Grades 1-5 - Salaries of Teachers	453,343	(84,678)	368,665	368,646	19
Grade 6 - Salaries of Teachers		54,701	54,701	54,701	-
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 Series)	11,450	2,064	13,514	13,116	398
General Supplies	66,102	(26,069)	40,033	40,033	-
Other Objects		180	180	180	
Textbooks	17,110	(180)	16,930	16,192	738
Total Regular Programs - Instruction	<u>676,766</u>	<u>(43,585)</u>	<u>633,181</u>	<u>628,975</u>	<u>4,206</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	99,632	(18,929)	80,703	80,703	-
General Supplies	475		475		475
Total Resource Room	<u>100,107</u>	<u>(18,929)</u>	<u>81,178</u>	<u>80,703</u>	<u>475</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 3 of 9

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Special Education-Instruction	100,107	(18,929)	81,178	80,703	475
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	500	(500)	-		-
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction:	1,000	(500)	500	-	500
School-Sponsored Athletics - Instruction:					
Other Objects	5,000		5,000	3,960	1,040
Total School-Sponsored Athletics - Instruction	5,000	-	5,000	3,960	1,040
Total Instruction	782,873	(63,014)	719,859	713,638	6,221
Tuition					
Tuition to CSSD Reg Day Schools	30,500	14,256	44,756	44,756	-
Undistributed Expenditures - Attendance & Social Work:					
Salaries	23,552	(6,833)	16,719	11,744	4,975
Other Objects		4,633	4,633	4,633	-
	23,552	(2,200)	21,352	16,377	4,975
Undistributed Expenditures - Health Services:					
Salaries	33,775	(470)	33,305	32,632	673
Purchased Professional & Technical Services	6,000	470	6,470	6,470	-
Supplies and Materials	1,000		1,000	882	118
Total Undistributed Expenditures - Health Services	40,775	-	40,775	39,984	791

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Salaries	10,000	15,000	25,000	20,687	4,313
Supplies and Materials	500		500		500
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	<u>10,500</u>	<u>15,000</u>	<u>25,500</u>	<u>20,687</u>	<u>4,813</u>
Undistributed Expenditures - Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	6,000	(234)	5,766	1,955	3,811
Salaries of Secretarial & Clerical Assistants		18,181	18,181	18,181	-
Purchased Professional Educational Services	7,500	(2,000)	5,500	5,389	111
Total Undistributed Expenditures - Other Support Services - Child Study Team	<u>13,500</u>	<u>15,947</u>	<u>29,447</u>	<u>25,525</u>	<u>3,922</u>
Undistributed Expenditures-Improvement of Instructional Services:					
Salaries-Supervisors of Instruction	70,000	(70,000)	-	-	-
Salaries-Secretarial and Clerical	81,865	59,886	141,751	141,751	-
Supplies and Materials	5,000	(5,000)	-	-	-
Other Objects	500		500	39	461
Total Undistributed Expenditures-Improvement of Inst. Services	<u>157,365</u>	<u>(15,114)</u>	<u>142,251</u>	<u>141,790</u>	<u>461</u>
Undistributed Expenditures - Educational Media Services/ School Library:					
Purchased Professional and Technical Services	1,000		1,000	548	452

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instructional Staff Training Services: Purchased Professional/Educational Services	<u>2,500</u>	<u>19,933</u>	<u>22,433</u>	<u>22,433</u>	<u>-</u>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	42,336	24,127	66,463	66,463	-
Legal Services	7,000	15,202	22,202	22,202	-
Audit Fee	7,000	(927)	6,073	6,000	73
Communications/Telephone	857		857	833	24
Other Purchased Services	4,500	423	4,923	4,923	-
Miscellaneous Purchased Services	2,500	1,209	3,709	3,709	-
Membership Dues and Fees	3,000	668	3,668	3,539	129
Total Undistributed Expenditures - Support Services - General Administration	<u>67,193</u>	<u>40,702</u>	<u>107,895</u>	<u>107,669</u>	<u>226</u>
Undistributed Expenditures - Support Services School Administration: Salaries of Principals/Assistant Principals/Program Directors	<u>8,328</u>	<u>50,297</u>	<u>58,625</u>	<u>58,625</u>	<u>-</u>
Total Undistributed Expenditures - Support Services School Administration	<u>8,328</u>	<u>50,297</u>	<u>58,625</u>	<u>58,625</u>	<u>-</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Undistributed Expenditures - Administration Info. Technology:					
Salaries	31,000	(6,372)	24,628	20,667	3,961
Purchased Technical Services			-		-
Supplies and Materials			-		-
Total Undistributed Expenditures - Administration Info. Technology	<u>31,000</u>	<u>(6,372)</u>	<u>24,628</u>	<u>20,667</u>	<u>3,961</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	52,045	8,877	60,922	55,895	5,027
Cleaning, Repairs and Maintenance Services	60,000	6,788	66,788	66,788	-
General Supplies	3,000	(1,563)	1,437	1,437	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>115,045</u>	<u>14,102</u>	<u>129,147</u>	<u>124,120</u>	<u>5,027</u>
Undistributed Expenditures - Other Operations and Maintenance of Plant:					
Purchased Professional and Technical Services	23,000	(16,306)	6,694	6,694	-
Cleaning, Repair and Maintenance Services	49,576	18,241	67,817	67,817	-
Insurance	52,409	(7,692)	44,717	44,717	-
General Supplies	5,000		5,000	4,624	376
Energy - Electricity	32,584	52,169	84,753	84,753	-
Energy-Natural Gas	39,326	(32,662)	6,664	6,664	-
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	<u>201,895</u>	<u>13,750</u>	<u>215,645</u>	<u>215,269</u>	<u>376</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Security:					
Salaries	<u>3,000</u>	<u>(1,500)</u>	<u>1,500</u>		<u>1,500</u>
Total Undistributed Expenditures Other Operations and Maintenance of Plant	<u>319,940</u>	<u>26,352</u>	<u>346,292</u>	<u>339,389</u>	<u>6,903</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries Transportation Regular	15,482	1,776	17,258	17,258	-
Other Purchased Professional Services	3,500	(276)	3,224	2,259	965
Cleaning, Repair and Maintenance	5,000		5,000	4,975	25
Contracted Services (Between Home and School) Joint Agreement	18,000		18,000	18,000	-
General Supplies	10,000	(796)	9,204	7,667	1,537
Other Objects	75	721	796	796	-
Total Undistributed Expenditures - Student Transportation Services	<u>52,057</u>	<u>1,425</u>	<u>53,482</u>	<u>50,955</u>	<u>2,527</u>
Regular Programs - Instruction - Employee Benefits:					
Social Security Contributions	23,398	7,029	30,427	30,427	-
Other Retirement Contributions-PERS	14,322	(3,294)	11,028	10,747	281
Other Retirement Contributions-PERS-Deferred	8,487	(8,487)	-	-	-
Health Benefits	315,000	(26,468)	288,532	286,531	2,001
Total Regular Programs - Instruction - Employee Benefits	<u>361,207</u>	<u>(31,220)</u>	<u>329,987</u>	<u>327,705</u>	<u>2,282</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
On-Behalf TPAF Pension Contribution - Non-Budgeted				112,917	(112,917)
Reimbursed TPAF Social Security Contributions - Non-Budgeted			-	49,672	(49,672)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,589</u>	<u>(162,589)</u>
Total Undistributed Expenditures	<u>1,119,417</u>	<u>129,006</u>	<u>1,248,423</u>	<u>1,379,699</u>	<u>(131,276)</u>
Total Current Expense	<u>1,902,290</u>	<u>65,992</u>	<u>1,968,282</u>	<u>2,093,337</u>	<u>(125,055)</u>
Capital Outlay:					
Debt Service Assessment		76	76	76	-
Total Capital Outlay	<u>-</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>-</u>
Total Expenditures	<u>1,902,290</u>	<u>66,068</u>	<u>1,968,358</u>	<u>2,093,413</u>	<u>(125,055)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>14,082</u>	<u>(66,068)</u>	<u>(51,986)</u>	<u>178,279</u>	<u>230,265</u>
Fund Balance July 1	<u>718,811</u>		<u>718,811</u>	<u>718,811</u>	
Fund Balance June 30	<u>\$ 732,893</u>	<u>(66,068)</u>	<u>666,825</u>	<u>897,090</u>	<u>230,265</u>

BEACH HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 9 of 9

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted For:					
Maintenance Reserve				\$ 441,710	
Capital Reserve				18,607	
Designated for Withdrawal from Maintenance Reserve				162,357	
Excess Surplus				11,742	
Committed To:					
Encumbrances				12,500	
Unassigned				<u>250,174</u>	
				897,090	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(16,184)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 880,906</u>	

BEACH HAVEN SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	\$ 30,646		30,646	30,646	
Total Revenues	<u>\$ 30,646</u>	<u>-</u>	<u>30,646</u>	<u>30,646</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries	\$ 28,363		28,363	28,363	
Supplies	\$ 2,283		2,283	2,283	
Total Instruction	<u>30,646</u>	<u>-</u>	<u>30,646</u>	<u>30,646</u>	<u>-</u>
Total Expenditures	<u>\$ 30,646</u>	<u>-</u>	<u>30,646</u>	<u>30,646</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BEACH HAVEN SCHOOL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATION**NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 2,271,692	30,546
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in the encumbrances are recognized as expenditures and the related revenue is recognized.		
State aid payment prior year	16,253	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33)	<u>(16,184)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 2,271,761</u>	<u>30,546</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,093,413	30,546
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not yet received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,093,413</u>	<u>30,546</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

BEACH HAVEN SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - PERS**

Exhibit L-1

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 280,609	228,883	229,629
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 280,609</u>	<u>228,883</u>	<u>229,629</u>
District's Covered-Employee Payroll	\$ 96,292	86,232	84,130
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	34.32%	37.68%	36.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	38.21%	42.74%	40.71%

BEACH HAVEN SCHOOL DISTRICT**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**

Exhibit L-2

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 10,078	-	11,637
Contributions in Relation to the Contractually Required Contribution	<u>10,078</u>	<u>-</u>	<u>11,637</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 96,292	86,232	84,130
Contributions as a Percentage of Covered-Employee Payroll	10.47%	0.00%	13.83%

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>4,995,325</u>	<u>3,480,925</u>	<u>3,606,529</u>
Total	<u>\$ 4,995,325</u>	<u>3,480,925</u>	<u>3,606,529</u>
District's Covered-Employee Payroll	\$ 569,830	621,113	728,530
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	11.41%	17.84%	20.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

BEACH HAVEN SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Title 1</u>	<u>I.D.E.A. Basic</u>	<u>I.D.E.A. Pre- School</u>	<u>Totals</u>
Revenues:				
Federal Sources	<u>\$ 13,483</u>	<u>16,645</u>	<u>518</u>	<u>30,646</u>
Total Revenues	<u><u>\$ 13,483</u></u>	<u><u>16,645</u></u>	<u><u>518</u></u>	<u><u>30,646</u></u>
Expenditures:				
Instruction:				
Salaries-Teachers	\$ 13,483	14,880		28,363
Supplies		1,765	518	2,283
Total Instruction	<u>\$ 13,483</u>	<u>16,645</u>	<u>518</u>	<u>30,646</u>
Total Expenditures	<u><u>\$ 13,483</u></u>	<u><u>16,645</u></u>	<u><u>518</u></u>	<u><u>30,646</u></u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

BEACH HAVEN SCHOOL DISTRICT**TRUST AND AGENCY FUND**

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION**JUNE 30, 2016**

	<u>Net Payroll</u>	<u>Payroll Agency</u>	<u>Unemployment Compensation Expendable Trust</u>	<u>Total 2016</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 13,016	52	75,000	88,068
<u>Liabilities</u>				
Payroll Deductions and Withholding	\$ -	52		52
Net Salary Accumulation	13,106			13,106
Total Liabilities	\$ 13,106	52	-	13,158
<u>Net Position</u>				
Reserve for Unemployment Benefits			75,000	75,000
Total Net Position			75,000	75,000

BEACH HAVEN SCHOOL DISTRICT

Exhibit H-2

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

	Unemployment Compensation Trust	Total
	<hr/>	<hr/>
Increased by:		
Board of Education Contributions	\$ 73,000	73,000
	<hr/>	<hr/>
Change in Net Position	73,000	73,000
Net Position, June 30, 2015	2,000	2,000
	<hr/>	<hr/>
Net Position, June 30, 2016	\$ 75,000	75,000
	<hr/> <hr/>	<hr/> <hr/>

BEACH HAVEN SCHOOL DISTRICT**PAYROLL AGENCY FUND**

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 47,721	522,873	570,542	52
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 47,721	522,873	570,542	52

LONG-TERM DEBT – I

N/A

STATISTICAL SECTION

(Unaudited)

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

Exhibit J-1

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 2,461,574	2,688,750	2,774,756	329,779	343,870	1,571,207	1,573,043	1,568,598	1,569,459	1,560,845
Restricted	646,916	468,811	386,797	355,035	325,356	75,687	49,540	53,576	37,596	234,578
Unrestricted	(23,896)	(16,237)	211,272	216,884	212,587	349,099	263,182	265,525	265,200	74,315
Total Governmental Activities	<u>\$ 3,084,594</u>	<u>3,141,324</u>	<u>3,372,825</u>	<u>901,698</u>	<u>881,813</u>	<u>1,995,993</u>	<u>1,885,765</u>	<u>1,887,699</u>	<u>1,872,255</u>	<u>1,869,738</u>
Business Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ -	-	-	-	-					
Unrestricted										
Total Business Type Activities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District-wide										
Invested in Capital Assets, Net of Related Debt	\$ 2,461,574	2,688,750	2,274,756	329,779	343,870	1,571,207	1,573,043	1,568,598	1,569,459	1,560,845
Restricted	646,916	468,811	386,797	355,035	325,356	75,687	49,540	53,576	37,596	234,578
Unrestricted	(23,896)	(16,237)	211,272	216,884	212,587	349,099	263,182	265,525	265,200	74,315
Total District-Wide Assets	<u>\$ 3,084,594</u>	<u>3,141,324</u>	<u>2,872,825</u>	<u>901,698</u>	<u>881,813</u>	<u>1,995,993</u>	<u>1,885,765</u>	<u>1,887,699</u>	<u>1,872,255</u>	<u>1,869,738</u>

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

Exhibit J-2

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 628,975	624,017	661,334	734,375	734,490	703,165	702,688	669,660	607,268	588,000
Special Education	111,349	68,065	39,977	45,591	35,792	9,595	13,565	24,445	21,840	22,231
Other Special Instruction	3,960	8,299	10,325	5,206	11,139	6,664	5,329	9,188	11,717	10,910
Support Services:										
Tuition					12,513					
Student & Instruction Related Services	312,100	153,473	207,694	159,571	152,520	132,976	157,815	138,600	150,295	139,844
School Administrative Services	186,961	233,382	146,830	110,272	80,273	26,260	34,494	34,384	100,795	84,795
General and Business Administrative Services						64,271	59,507	57,706	3,186	3,114
Plant Operations and Maintenance	339,389	299,979	191,069	180,334	127,790	180,903	190,762	207,090	202,120	247,363
Pupil Transportation	50,955	34,831	47,203	41,914	35,605	33,808	53,334	53,262	44,946	32,789
Business and Other Support Services	498,272	462,070	417,795	429,376	327,442	311,354	308,667	325,247	353,865	341,400
Unallocated Depreciation	227,176	86,006	101,604	14,091	14,091	12,120	11,331	10,247	9,934	1,771
Total Government Activities Expense	<u>2,359,137</u>	<u>1,970,122</u>	<u>1,823,831</u>	<u>1,720,730</u>	<u>1,531,655</u>	<u>1,481,116</u>	<u>1,537,492</u>	<u>1,529,829</u>	<u>1,505,966</u>	<u>1,472,217</u>
Business-Type Activities:										
Food Service										
School Store										
Total Business-Type Activities Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District Expenses	<u>\$ 2,359,137</u>	<u>1,970,122</u>	<u>1,823,831</u>	<u>1,720,730</u>	<u>1,531,655</u>	<u>1,481,116</u>	<u>1,537,492</u>	<u>1,529,829</u>	<u>1,505,966</u>	<u>1,472,217</u>
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ -	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	30,646	18,702	52,357	16,258	18,744	13,213	30,164	13,700	12,882	12,989
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	<u>30,646</u>	<u>18,702</u>	<u>52,357</u>	<u>16,258</u>	<u>18,744</u>	<u>13,213</u>	<u>30,164</u>	<u>13,700</u>	<u>12,882</u>	<u>12,989</u>
Business-Type Activities:										
Charges for Services										
Operating Grants and Contributions										
Capital Grants and Contributions										
Total Business-Type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District Program Revenues	<u>\$ 30,646</u>	<u>18,702</u>	<u>52,357</u>	<u>16,258</u>	<u>18,744</u>	<u>13,213</u>	<u>30,164</u>	<u>13,700</u>	<u>12,882</u>	<u>12,989</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,328,491)	(1,951,420)	(1,771,474)	(1,704,472)	(1,512,911)	(1,467,904)	(1,507,332)	(1,516,134)	(1,493,087)	(1,459,232)
Business-Type Activities										
Total District-Wide Net (Expense)/Revenue	<u>\$ (2,328,491)</u>	<u>(1,951,420)</u>	<u>(1,771,474)</u>	<u>(1,704,472)</u>	<u>(1,512,911)</u>	<u>(1,467,904)</u>	<u>(1,507,332)</u>	<u>(1,516,134)</u>	<u>(1,493,087)</u>	<u>(1,459,232)</u>
General Revenue and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, Levied for General Purposes, Net	\$ 1,699,717	1,666,389	1,487,923	1,458,748	1,430,146	1,402,104	1,348,177	1,296,324	1,246,466	1,198,525
Property Taxes Levied for Debt Service										
Grants and Contributions	363,556	315,922	223,555	192,291	159,333	113,394	154,388	175,376	239,427	231,829
Interest Earned on Capital Reserve Account						147	145	26	27	36
Miscellaneous Income	208,488	14,944	320,953	34,026	14,421	61,616	14,909	59,850	9,685	10,321
Prior Period Adjustment		(48,559)			(14,136)	(2,740)				
Total Governmental Activities	<u>2,271,761</u>	<u>1,948,696</u>	<u>2,032,431</u>	<u>1,685,065</u>	<u>1,589,764</u>	<u>1,577,261</u>	<u>1,514,879</u>	<u>1,531,576</u>	<u>1,495,605</u>	<u>1,440,711</u>
Business-Type Activities:										
Interest Earned										
Transfers										
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 2,271,761</u>	<u>1,948,696</u>	<u>2,032,431</u>	<u>1,685,065</u>	<u>1,589,764</u>	<u>1,577,261</u>	<u>1,514,879</u>	<u>1,531,576</u>	<u>1,495,605</u>	<u>1,440,711</u>
Change in Net Position:										
Governmental Activities	\$ (56,730)	(2,724)	260,957	(19,407)	76,853	109,357	7,548	15,443	2,517	(18,519)
Business-Type Activities										
Total District	<u>\$ (56,730)</u>	<u>(2,724)</u>	<u>260,957</u>	<u>(19,407)</u>	<u>76,853</u>	<u>109,357</u>	<u>7,548</u>	<u>15,443</u>	<u>2,517</u>	<u>(18,519)</u>

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

Exhibit J-3

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:										
Reserved	\$ 656,916	468,811	386,979	315,743	325,356	152,538	49,540	53,576	37,596	123,155
Unreserved	<u>233,990</u>	<u>233,747</u>	<u>211,272</u>	<u>216,884</u>	<u>250,532</u>	<u>294,461</u>	<u>285,396</u>	<u>287,739</u>	<u>287,414</u>	<u>207,952</u>
Total General Fund	<u>\$ 890,906</u>	<u>702,558</u>	<u>598,251</u>	<u>532,627</u>	<u>575,888</u>	<u>446,999</u>	<u>334,936</u>	<u>341,315</u>	<u>325,010</u>	<u>331,107</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund	\$ -	-	-	-	-					
Capital Projects Fund				39,292						
Debt Service Fund										
Permanent Fund										
Total All Other Government Funds	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>39,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Exhibit J-4

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:										
Local Tax Levy	\$ 1,699,717	1,666,389	1,487,923	1,458,748	1,430,146	1,402,104	1,348,177	1,296,324	1,246,466	1,198,525
Other Local Revenue	208,488	14,944	320,953	1,293,439	14,421	61,763	15,055	59,876	9,712	10,357
State Revenue	363,556	315,922	223,555	192,291	159,333	113,394	152,897	175,376	239,427	231,829
Federal Revenue	30,646	18,702	52,357	16,258	18,744	13,213	30,164	13,700	12,882	12,989
Total Revenues	<u>2,302,407</u>	<u>2,015,957</u>	<u>2,084,788</u>	<u>2,960,736</u>	<u>1,622,644</u>	<u>1,590,474</u>	<u>1,546,293</u>	<u>1,545,276</u>	<u>1,508,487</u>	<u>1,453,700</u>
Expenditures:										
Instruction:										
Regular	628,975	624,017	661,334	739,472	697,165	703,165	702,688	669,660	607,268	588,000
Special	111,349	68,065	39,977	45,591	36,646	9,595	13,565	24,445	21,840	22,231
Other	3,960	8,299	10,325	5,206		6,664	5,329	9,188	11,717	10,910
School Sponsored/Other Instructional										
Support Service:										
Tuition					12,513					
Attendance & Health Services			36,220	34,325	36,831	39,278	55,808	57,488	56,348	56,937
Support Service - Students	312,100	153,473	138,296	108,229	106,365	80,414	76,914	63,495	67,747	60,579
Support Service - Instructional Staff			33,178	17,017	9,324	13,283	25,092	17,616	26,198	22,328
General Administration			130,624	100,765	50,604	61,721	34,494	57,706	66,411	53,316
School Administration	186,961	233,382	16,206	9,507	29,669	28,810	59,507	34,384	37,570	34,593
Operations and Maintenance	339,389	299,979	191,069	180,334	127,790	206,903	190,762	228,090	202,120	257,587
Student Transportation	50,955	34,831	47,203	41,914	35,605	33,808	53,334	53,262	44,946	32,789
Business and Other Support Services:										
Interest on Lease-Purchase Agreements										
Employee Benefits	490,294	470,781	286,624	269,839	200,969	205,951	203,877	225,380	192,715	182,960
On-Behalf TAP Contribution			72,726	98,251	72,088	51,276	48,306	44,876	107,003	108,013
Reimbursed TAP Social Security Contr.			58,445	61,286	54,385	54,127	56,483	54,991	54,146	50,426
Capital Outlay	76	76	296,937	1,259,413	10,285	10,285	15,776	9,386	18,548	9,351
Debt Service:										
Principal										
Interest and Other Charges										
Education Jobs					2,416					
Total Expenditures	<u>2,124,059</u>	<u>1,892,903</u>	<u>2,019,164</u>	<u>2,971,149</u>	<u>1,482,655</u>	<u>1,505,280</u>	<u>1,541,935</u>	<u>1,549,967</u>	<u>1,514,577</u>	<u>1,490,020</u>
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	<u>178,348</u>	<u>123,054</u>	<u>65,624</u>	<u>(10,413)</u>	<u>139,989</u>	<u>85,194</u>	<u>4,358</u>	<u>(4,691)</u>	<u>(6,090)</u>	<u>(36,320)</u>
Other Financing Sources (Uses):										
Prior Period Adjustments		(48,559)			(14,136)		(2,740)			
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	<u>\$ 178,348</u>	<u>74,495</u>	<u>65,624</u>	<u>(10,413)</u>	<u>125,853</u>	<u>85,194</u>	<u>1,618</u>	<u>(4,691)</u>	<u>(6,090)</u>	<u>(36,320)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

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

Exhibit J-5

<u>Fiscal Year Ended June 30</u>	<u>Interest Earned</u>	<u>Refunds of Prior Year Expense</u>	<u>Donation</u>	<u>Insurance Claim</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	6,327				4,030	10,357
2008	4,334				5,378	9,712
2009	2,938	10,828		40,948	5,162	59,876
2010	3,016	4,062			7,832	14,910
2011	2,861	1,176	1,500	45,288	10,792	61,617
2012	28				14,393	14,421
2013			17,000	1,242,413	34,026	1,293,439
2014				296,937	24,016	320,953
2015					14,944	14,944
2016					208,488	208,488

Source: District Records

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

Year	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities (Note a)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (Note b)
2006	72,163,500	1,405,202,700	109,041,292	13,888,100	1,600,295,592	622,263	1,600,917,855	1,845,867,359	0.075
2007	55,679,700	1,444,938,500	108,759,692	13,888,100	1,623,265,992	452,644	1,623,718,636	2,059,025,155	0.077
2008	49,992,200	1,460,757,300	107,327,192	13,888,100	1,631,964,792	456,866	1,632,421,658	2,117,278,415	0.079
2009	49,142,700	1,468,876,900	107,072,492	13,888,100	1,638,980,192	474,647	1,639,454,839	2,165,573,976	0.082
2010	49,278,900	1,473,932,200	107,087,692	13,888,100	1,644,186,892	474,488	1,644,661,380	2,105,301,306	0.085
2011	51,021,700	1,477,800,300	107,161,192	13,888,100	1,649,871,292	402,358	1,650,273,650	2,051,268,462	0.087
2012	49,565,400	1,487,564,200	105,254,692	13,936,500	1,658,320,792	368,685	1,656,689,477	2,009,537,323	0.089
2013	55,884,100	1,480,412,700	104,652,392	13,936,500	1,654,885,692	349,404	1,655,235,096	1,956,998,369	0.090
2014	74,759,100	1,468,222,600	104,037,792	11,888,900	1,658,908,392	240,322	1,659,148,714	1,974,484,882	0.101
2015	71,052,100	1,484,137,800	104,337,792	11,888,900	1,671,655,622	249,030	1,674,665,622	2,002,810,932	0.102

Source: Abstract of Ratables

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

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

a Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies.

b Tax rates are per \$100 of assessed valuation.

EXHIBIT J-7

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

<u>Year</u>	<u>Borough of Beach Haven School District</u>	<u>Southern Regional School District</u>	<u>County of Ocean</u>	<u>Borough of Beach Haven</u>	<u>Total Tax Rate</u>
2006	0.075	0.240	0.340	0.322	0.977
2007	0.077	0.259	0.341	0.323	1.000
2008	0.079	0.265	0.347	0.331	1.022
2009	0.082	0.258	0.353	0.338	1.031
2010	0.085	0.254	0.364	0.351	1.054
2011	0.087	0.255	0.367	0.365	1.074
2012	0.089	0.257	0.367	0.371	1.084
2013	0.090	0.270	0.403	0.385	1.148
2014	0.101	0.250	0.409	0.386	1.146
2015	0.102	0.279	0.422	0.412	1.269

* Reflects reassessment
Source: Borough Records

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

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

Source: Municipal Tax Assessor and taxrecords.com

EXHIBIT J-9

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (a)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	1,192,689	1,108,315	92.93%	84,374
2007	1,198,525	1,114,151	92.96%	84,374
2008	1,246,466	1,162,092	93.23%	84,374
2009	1,296,324	1,296,324	100.00%	-
2010	1,348,177	1,348,177	100.00%	-
2011	1,402,104	1,402,104	100.00%	-
2012	1,430,146	1,430,146	100.00%	-
2013	1,487,923	1,487,923	100.00%	-
2014	1,666,389	1,666,389	100.00%	-
2015	1,699,717	1,699,717	100.00%	-

Source: District Records

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

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

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Capital Leases</u>	<u>Total District</u>	<u>Percentage of Personal Income</u>	<u>Per Capita Income (a)</u>
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2007	-	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	-	0.00%	-
2012	-	-	-	-	-	-	0.00%	-
2013	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	0.00%	-

Source: District Records

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

EXHIBIT J-11

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Debt as a</u> <u>Percentage of</u> <u>Assessed Value</u> <u>of Property</u>	<u>Net</u> <u>Bonded</u> <u>Debt</u> <u>Per Capita</u>
2006	\$ -	\$ -	\$ -	100.00%	\$ 1
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-

Source: District Records

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2010:

Equalized valuation basis:	
2012	2,009,537,323
2013	1,956,998,369
2014	1,974,484,882
	<u>\$ 5,941,020,574</u>

Average Equalized Valuation of Taxable \$ 1,980,340,191

Debt Limit (3% of average equalized val):	\$ 59,410,206
Les: Total net debt applicable to limit	-
Legal Debt Margin	<u>\$ 59,410,206</u>

	Fiscal Year								
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$ -	60,178,042	61,661,071	61,899,911	62,945,546	63,592,642	62,876,955	59,375,819	53,587,241
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ -</u>	<u>60,178,042</u>	<u>61,661,071</u>	<u>61,899,911</u>	<u>62,945,546</u>	<u>63,592,642</u>	<u>62,876,955</u>	<u>59,375,819</u>	<u>53,587,241</u>

Total net debt applicable to limit
 as percentage of debt limit

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

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

Year Ended December 31,	(a) Population	(b) Personal Income	(c) Per Capita Personal Income	(d) Unemployment Rate
2006	1,365	\$ 45,336,858	\$ 38,094	6.9%
2007	1,379	\$ 47,139,294	\$ 40,368	7.7%
2008	1,391	\$ 49,695,023	\$ 41,347	6.8%
2009	1,403	\$ 51,784,148	\$ 40,612	8.8%
2010	1,174	\$ 55,447,963	\$ 40,689	14.3%
2011	1,175	\$ 46,422,090	\$ 42,121	14.9%
2012	1,177	\$ 50,629,832	\$ 43,016	15.9%
2013	1,177	\$ 50,862,878	\$ 43,214	15.6%
2014	1,180	No Data Avail.	No Data Avail.	6.4%
2015	1,048	\$ 57,787,768	\$ 55,141	4.7%

Sources:

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

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

BEACH HAVEN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2016

DATA NOT AVAILABLE

2007

DATA NOT AVAILABLE

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

Exhibit J-16

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	12	11	11	10	10	10	10	10	10	10
Special Education	2	2	2	3	3	3	3	3	3	3
Other Special Education	1	1	1	1	1	1	1	1	1	1
Support Services:										
Attendance and Health	1	1	1	1	1	1	1	1	1	1
School Administrative Services	2	2	2	2	1	1	1	1	1	1
General & Business Administrative Service	1	1	1	1	2	2	2	2	2	2
Plant Operations & Maintenance	1	1	1	1	1	0	2	2	2	2
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Business & Other Support Services	1	1	1							
Total	22	21	21	20	21	21	21	21	21	21

Source: District Personnel Records

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

Exhibit J-17

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES		PUPIL/TEACHER AVERAGE		AVERAGE	
		(a)	COST PER PUPIL	TEACHING STAFF (b)	LEMENTAR (ADE) (c)	DAILY ENROLLMENT	DAILY ATTENDANCE (ADA) (c)
2016	63					62.66	59.48
2015	70					68.55	66.57
2014	75					73.87	68.97
2013	74					71.3	67.7
2012	75						
2011	74	\$ 1,492,069	\$ 20,163	14	5.3		
2010	73	\$ 1,511,778	\$ 20,709	14	5.2		
2009	77	\$ 1,536,272	\$ 19,952	14	5.1		
2008	71	\$ 1,614,584	\$ 21,332	14	5.1		
2007	72	\$ 1,480,676	\$ 20,565	14	5.1		

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

Exhibit J-18

DISTRICT BUILDIN	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary Schools:										
Beach Haven School										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capacity (Students)	175	175	175	175	175	175	175	175	175	175
Enrollment	63	65	75	74	75	63	61	77	71	72

Number of Schools at June 30, 2016:

 Elementary = 1

Source: District Facilities Office

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

j

BEACH HAVEN SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
1-000-261-xxx

*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	66,788	58,471	23,543	32,861	63,500	62,844	86,030	114,166	82,324	94,786

Total School
Facilities

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

Source: District records

EXHIBIT J-20

**BEACH HAVEN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016**

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

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

SINGLE AUDIT SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

84.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beach Haven Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Beach Haven Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated November 23, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

November 23, 2016

BEACH HAVEN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Schedule A

K-3

<u>Federal Grantor/Pass- Through Grantor/Program Title U.S. Department of Education Passed-Through State Department of Education</u>	<u>Federal C.F.D.A. Number</u>	<u>Federal Fain Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2015</u>	<u>Carryover (Walkover) Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>Repayment of Prior Years Balances</u>	<u>Balance at June 30, 2016</u>		
					<u>From</u>	<u>To</u>							<u>(Accounts Receivable)</u>	<u>Deferred Revenue</u>	<u>Due to Grantor</u>
Title I	84,010A	S010A150030	N/A	\$ 13,483	9/1/15	8/31/16	\$ -	-	-	(13,483)	-	-	(13,483)	-	-
I.D.E.A.:															
Basic	84,027	H027A150100	FT-14	16,545	9/1/15	8/31/16	-	16,545	(16,545)	-	-	-	-	-	-
Preschool	84,173	H173A150114	FT-14	518	9/1/15	8/31/16	-	518	(518)	-	-	-	-	-	-
Total Special Revenue Fund							-	17,063	(30,546)	-	-	-	(13,483)	-	-
Total Federal Financial Awards							\$ -	-	17,063	(30,546)	-	-	(13,483)	-	-

See accompanying Notes to Schedules of Financial Assistance.

BEACH HAVEN SCHOOL DISTRICT

Schedule B

SCHEDULE OF EXPENDITURES STATE FINANCIAL ASSISTANCE

K-4

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>State Grantor/ Program Title</u> <u>State Department of Education</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance at June 30, 2015</u>					<u>Balance at June 30, 2016</u>			<u>MEMO</u>		
			<u>From</u>	<u>To</u>	<u>Deferred Revenue (Accounts Receivable)</u>	<u>Due To Grantor</u>	<u>Carryover (Walkover) Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>(Accounts Receivable)</u>	<u>Deferred Revenue</u>	<u>Due to Grantor</u>	<u>Budgetary Receivable</u>	<u>Total Cumulative Expenditures</u>
General Fund:															
Special Education Aid	16-495-034-5120-089	\$ 31,547	7/1/15	6/30/16	\$ -			\$ 31,547	(31,547)					2,544	\$ 31,547
School Choice	16-495-034-5120-068	164,983	7/1/15	6/30/16			164,983	(164,983)					13,302	164,983	
Security Aid	16-495-034-5120-084	2,513	7/1/15	6/30/16			2,513	(2,513)					202	2,513	
Transportation Aid	16-495-034-5120-014	481	7/1/15	6/30/16			481	(481)					38	481	
PARCC Readiness Aid	16-495-034-5120-098	600	7/1/15	6/30/16			600	(600)					49	600	
Per Pupil Growth Aid	16-495-034-5120-097	600	7/1/15	6/30/16			600	(600)					49	600	
Non Public Transportation	16-495-034-5120-014	174	7/1/15	6/30/16				(174)		(174)				174	
Reimbursed TPAF Social Security	14-100-034-5095-002	49,672	7/1/15	6/30/16			49,672	(49,672)						49,672	
Reimbursed TPAF Social Security	15-100-034-5095-002	50,046	7/1/14	6/30/15	(4,526)			4,526							
Total General Fund					(4,526)			254,922	(250,570)	-	(174)	-	-	16,184	250,570
Total State Financial Assistance					\$ (4,526)			254,922	(250,570)	-	(174)	-	-	16,184	250,570

See accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

BEACH HAVEN SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2016****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Beach Haven School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting. This basis of accounting is described in Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

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

NOTE 3: Relationship to General Purpose Financial Statements

	<u>General Fund</u>	<u>Total</u>
<u>State Assistance</u>		
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 250,570	250,570
On Behalf payments Recognized for GAAP Statements but Not Included in the Schedule Of expenditures of State Financial Assistance	112,917	112,917
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>69</u>	<u>69</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 363,556</u>	<u>363,556</u>

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

	<u>Special Revenue Fund</u>	<u>Total</u>
<u>Federal Assistance</u>		
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 30,646	30,646
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 30,646</u>	<u>30,646</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2016.

BEACH HAVEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I - Summary of Auditor's Results

Financial Statement Section

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

Description

Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

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

_____ Yes x None Reported

Noncompliance material to basic financial statements noted?

_____ Yes x No

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

BEACH HAVEN SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

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

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

There are none.

BEACH HAVEN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*Part III - Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs*

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

Current Year Federal Awards

Not Applicable

Current Year State Awards

Not Applicable

BEACH HAVEN SCHOOL DISTRICT**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Status of Prior Year Findings

There were none.