

BASS RIVER TOWNSHIP SCHOOL DISTRICT

New Gretna, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BASS RIVER TOWNSHIP SCHOOL DISTRICT

NEW GRETNA, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Bass River Township School District
Business Administrator's Office**

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INTRODUCTORY SECTION

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BASS RIVER TOWNSHIP ELEMENTARY SCHOOL

October 18, 2017

Honorable President and Members
of the Board of Education
Bass River Township School District
County of Burlington, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Bass River Township School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Bass River Township School District. 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, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School 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, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Bass River Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular as well as special education for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

AVERAGE DAILY ENROLLMENT
(TEN-YEAR HISTORY)

FISCAL YEAR	ENROLLMENT
2006-07	129.0
2007-08	127.0
2008-09	107.0
2009-10	127.7
2010-11	120.3
2011-12	123.5
2012-13	126.0
2013-14	113.0
2014-15	110.1
2015-16	111.0
2016-17	102.0

ECONOMIC CONDITION AND OUTLOOK

Based on current trends, the economic condition for the area appears stable. The housing market indicates a slight increase after years of decline. A major impact on the school financial condition remains reliant on State Aid. In 2017-18 the State of New Jersey unexpectedly reduced state aid. It appears the District will face another reduction in fiscal year 2019. The District is in the process of determining potential impact to its instructional operation.

MAJOR INITIATIVES

The District will continue to focus on education for all students with particular emphasis on those at-risk. The School Board believes in the community school setting that it currently operates and will strive to maintain a student’s education experience within its walls. However, due to the size of the District and limited resources an occasion may occur that District will need to place a student in a school better equipped to handle his/her educational needs. While this situation creates an obvious disproportionate impact to Bass River, it also affects the student’s connection to their community. Therefore, the District will utilize all of its available resources to educate resident student in the Bass River Township Elementary School.

INTERNAL ACCOUNTING CONTROLS

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates 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 evaluations by the district management.

As part of the School 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.

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the 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 accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

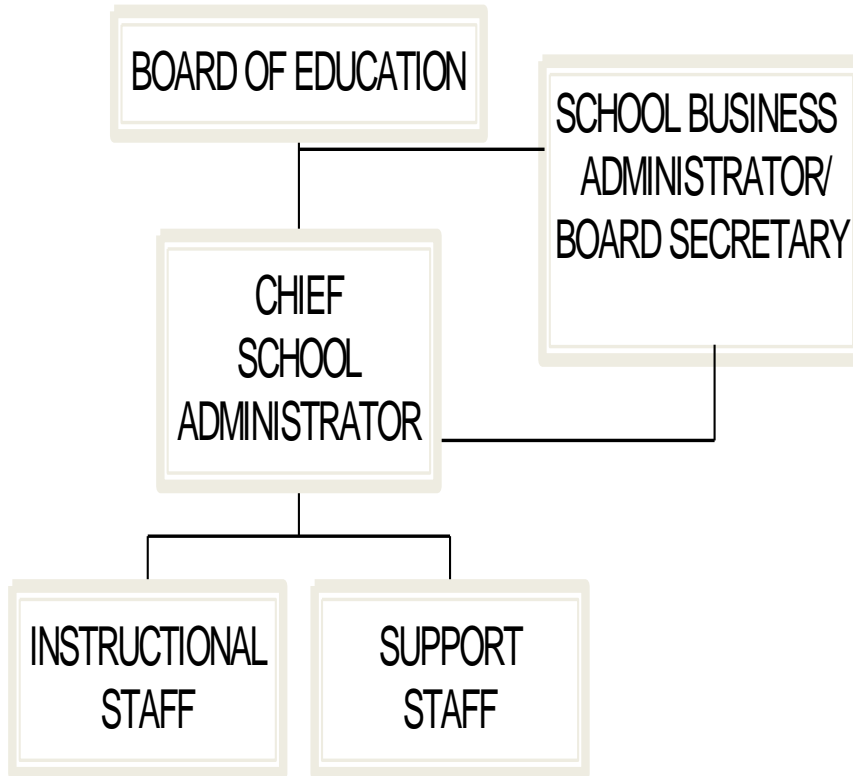


Dr. Detlef Kern, Ed.D
Superintendent



Mr. Stephen J. Brennan, MBA, CPA
School Business Administrator/Board Secretary

BASS RIVER SCHOOL DISTRICT ORGANIZATIONAL CHART



BASS RIVER TOWNSHIP SCHOOL DISTRICT
11 North Maple Avenue
New Gretna, New Jersey 08224

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Mrs. Jacqueline Heinrichs, President	2018
Mrs. Bonnie Adams	2019
Mrs. Heather Duym	2017
Ms. Anastasia McGeoch	2018
Ms. Cindy Ruffo	2019

OTHER OFFICIALS

Dr. Detlef Kern, Interim Superintendent of Schools

Mr. Stephen J. Brennan, MBA, CPA, Business Administrator/Board Secretary

Ms. Kimberly Sprague, CPA, Treasurer of School Monies

BASS RIVER TOWNSHIP SCHOOL DISTRICT
11 North Maple Avenue
New Gretna, New Jersey 08224

CONSULTANTS AND ADVISORS

ATTORNEY

Paul Kalac
Schwartz Simon Edelstein & Celso, LLC
100 South Jefferson Road
Suite 200
Whippany, New Jersey 07981

AUDIT FIRM

Rodney R. Haines, CPA, PSA
Holman Frenia Allison, P.C.
680 Hooper Avenue
Building B, Suite 201
Toms River, New Jersey 08753

OFFICIAL DEPOSITORY

Ocean First Bank
975 Hooper Avenue
Toms River, New Jersey 08753

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Bass River Township School District
County of Burlington
New Gretna, 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 Bass River Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bass River Township School District, County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bass River Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

Toms River, New Jersey
October 18, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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BASS RIVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Bass River Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund and Capital Projects Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

BASS RIVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains three individual governmental funds. The major funds are the General Fund, the Special Revenue Fund and the Capital Projects Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

BASS RIVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Financial Analysis of the School District as a Whole (continued)

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 588,209	\$ 160,033	\$ 428,176	267.6%
Capital Assets, Net	540,118	560,063	(19,945)	-3.6%
Total Assets	<u>1,128,327</u>	<u>720,096</u>	408,231	56.7%
Deferred Outflow of Resources	<u>209,345</u>	<u>104,329</u>	105,016	100.7%
Current & Other Liabilities	238,889	195,228	43,661	22.4%
Noncurrent Liabilities	1,195,739	810,709	385,030	47.5%
Total Liabilities	<u>1,434,628</u>	<u>1,005,937</u>	428,691	42.6%
Deferred Inflow of Resources	<u>94,852</u>	<u>40,014</u>	54,838	137.0%
Net Position:				
Net Investment in Capital Asset	318,704	318,673	31	0.0%
Unrestricted (Deficit)	(510,512)	(540,199)	29,687	-5.5%
Total Net Position	<u>\$ (191,808)</u>	<u>\$ (221,526)</u>	<u>\$ 29,718</u>	-13.4%

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

BASS RIVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Financial Analysis of the School District as a Whole (continued)

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Operating Grants & Contributions	\$ 423,169	\$ 708,862	\$ (285,693)	-40.3%
General Revenues:				
Property Taxes	1,455,596	1,427,055	28,541	2.0%
Federal & State Aid	869,142	852,404	16,738	2.0%
Other General Revenues	29,735	36,738	(7,003)	-19.1%
Total Revenues	<u>2,777,642</u>	<u>3,025,059</u>	<u>(247,417)</u>	-8.2%
Function/Program Expenses:				
Regular Instruction	800,406	862,319	(61,913)	-7.2%
Special Education Instruction	346,163	339,631	6,532	1.9%
Other Instruction	21,867	23,746	(1,879)	-7.9%
Tuition	45,402	2,822	42,580	1508.9%
Student & Instruction Related Services	273,761	304,051	(30,290)	-10.0%
General Administrative	146,548	145,591	957	0.7%
School Administrative Services	68,108	66,317	1,791	2.7%
Plant Operations & Maintenance	165,777	169,992	(4,215)	-2.5%
Pupil Transportation	90,283	84,454	5,829	6.9%
Unallocated Benefits	741,463	1,020,818	(279,355)	-27.4%
Interest & Other Charges	9,374	3,870	5,504	142.2%
Unallocated Depreciation	38,772	49,602	(10,830)	-21.8%
Total Expenses	<u>2,747,924</u>	<u>3,073,213</u>	<u>(325,289)</u>	-10.6%
Change In Net Position	29,718	(48,154)	77,872	-161.7%
Net Position - Beginning	<u>(221,526)</u>	<u>(173,372)</u>	<u>(48,154)</u>	27.8%
Net Position - Ending	<u>\$ (191,808)</u>	<u>\$ (221,526)</u>	<u>\$ 29,718</u>	-13.4%

Governmental Activities

During the fiscal year 2017, the net position of governmental activities increased by \$29,718 or 13.42%. The primary reason for the increase was the elimination of a Basic Skills instructor and the corresponding decreased reliance on appropriated fund balance.

BASS RIVER TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Governmental Activities (continued)

The liabilities and deferred inflows of the primary government activities exceeded assets and deferred outflows by \$191,808, with an unrestricted deficit balance of \$879,512. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District’s governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(191,808)
Add back: PERS Pension Liability		632,125
Less: Deferred Outflows related to pensions		(209,345)
Add back: Deferred Inflows related to pensions		94,852
		94,852
Unrestricted Net Position (Without GASB 68)	\$	325,824

General Fund Budgeting Highlights

Final budgeted revenues was \$2,342,295, which was equal to the original budget. Excluding nonbudgeted revenues, the School District’s actual revenues exceeded budgeted revenues by \$12,556.

Final budgeted appropriations was \$2,397,963, which was an increase of \$8,114 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year’s budget. Excluding nonbudgeted revenues, the School District’s budget appropriations exceeded actual expenditures by \$88,719.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$186,027 at June 30, 2017, an increase of \$45,607 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$466,358, an increase of \$414,229 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District’s general fund increased by \$45,229. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Elimination of a Basic Skills Instructor
- Decreased reliance on appropriated fund balance

BASS RIVER TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Governmental Funds (continued)

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District’s capital projects fund increased by \$369,000. The primary factor affecting the change in fund balance of the capital projects fund is as follows:

- Approval and issuance of a capital lease to fund the School District’s energy savings improvement plan.

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$540,118 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District’s investment in capital assets for the current fiscal year in the amount of \$19,945. This decrease is primarily due to the current year depreciation expense. Table 3 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Assest (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land Improvements	\$ 43,651	\$ 48,362	\$ (4,711)	-9.7%
Building and Improvements	473,586	501,993	(28,407)	-5.7%
Equipment	22,881	9,708	13,173	135.7%
	<u>\$ 540,118</u>	<u>\$ 560,063</u>	<u>\$ (19,945)</u>	<u>-3.6%</u>

Depreciation expense for the year was \$38,772. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total capital leases outstanding of \$590,414, which is an increase of \$349,024 from the prior year.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

BASS RIVER TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Factors on the School District's Future

A significant reliance on State Aid funding drives education in the Bass River Township School District. Unexpected decrease in state aid for fiscal year 2018 and another decrease anticipated for fiscal year 2019 will tax the District's already strained resources. Due to the limited resources of a small school district, out of district placements present another difficult challenge.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Stephen Brennan, Business Administrator/Board Secretary at the Bass River Township School District, 520 Nugentown Road, P.O. Box 248, Little Egg Harbor, NJ 08087-0248. Readers can also visit the School District's website at www.bassriverschools.org.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017**

	TOTAL	
ASSETS	GOVERNMENTAL ACTIVITIES	JUNE 30, 2017
Cash & Cash Equivalents	\$ 197,884	\$ 197,884
Cash on Hand with Fiscal Agent	369,000	369,000
Receivables, Net (Note 3)	21,325	21,325
Capital Assets, Net (Note 4):		
Depreciable	540,118	540,118
Total Assets	1,128,327	1,128,327
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to Pensions (Note 7)	209,345	209,345
Total Deferred Outflow of Resources	209,345	209,345
Total Assets and Deferred Outflow of Resources	1,337,672	1,337,672
LIABILITIES		
Accounts Payable	98,851	98,851
Accrued Interest Payable	6,729	6,729
Payable to Other Governments	20,000	20,000
Unearned Revenue	23,000	23,000
Noncurrent Liabilities (Note 6):		
Due Within One Year	90,309	90,309
Due Beyond One Year	1,195,739	1,195,739
Total Liabilities	1,434,628	2,440,565
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows Related to Pensions (Note 7)	94,852	94,852
Total Deferred Inflow of Resources	94,852	94,852
Total Liabilities and Deferred Inflows of Resources	1,529,480	1,529,480
NET POSITION		
Net Investment in Capital Assets	318,704	318,704
Unrestricted	(510,512)	(510,512)
Total Net Position	\$ (191,808)	\$ (191,808)

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION	
		CHARGES	OPERATING	GOVERNMENTAL	TOTAL
		FOR	GRANTS &		ACTIVITIES
		SERVICES	CONTRIBUTIONS		2017
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 800,406	\$ -	\$ -	\$ (800,406)	\$ (800,406)
Special Education Instruction	306,383	-	104,799	(201,584)	(201,584)
Other Special Instruction	39,780	-	-	(39,780)	(39,780)
Other Instruction	21,867	-	-	(21,867)	(21,867)
Support Services & Undistributed Costs:					
Tuition Charges	45,402	-	-	(45,402)	(45,402)
Student & Instruction Related Services	273,761	-	13,376	(260,385)	(260,385)
School Administrative Services	68,108	-	-	(68,108)	(68,108)
General Administrative Services	146,548	-	-	(146,548)	(146,548)
Plant Operations & Maintenance	165,777	-	-	(165,777)	(165,777)
Pupil Transportation	90,283	-	-	(90,283)	(90,283)
Unallocated Employee Benefits	741,463	-	304,994	(436,469)	(436,469)
Interest & Other Charges	9,374	-	-	(9,374)	(9,374)
Unallocated Depreciation	38,772	-	-	(38,772)	(38,772)
Total Governmental Activities	2,747,924	-	423,169	(2,324,755)	(2,324,755)
Total Primary Government	\$ 2,747,924	\$ -	\$ 423,169	(2,324,755)	(2,324,755)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net				1,455,596	1,455,596
Federal & State Aid Not Restricted				869,142	869,142
Miscellaneous Income				29,735	29,735
Total General Revenues				2,354,473	2,354,473
Change In Net Position				29,718	29,718
Net Position, Beginning				(221,526)	(221,526)
Net Position - Ending				\$ (191,808)	\$ (191,808)

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

B. Fund Financial Statements

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Governmental Funds

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL JUNE 30, 2017
Cash & Cash Equivalents	\$ 199,983	\$ -	\$ -	\$ 199,983
Cash on Hand with Fiscal Agent	-	-	369,000	369,000
Intergovernmental Receivable:				
State	13,191	-	-	13,191
Other	-	2,099	-	2,099
Interfunds Receivable	6,035	-	-	6,035
Total Assets	\$ 219,209	\$ 2,099	\$ 369,000	\$ 590,308
LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Deficit	\$ -	\$ 2,099	\$ -	\$ 2,099
Accounts Payable	98,851	-	-	98,851
Unearned Revenue	23,000	-	-	23,000
Total Liabilities	121,851	2,099	-	123,950
Fund Balances:				
Restricted for:				
Capital Projects	-	-	369,000	369,000
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures	57,734	-	-	57,734
Other Purposes	18,240	-	-	18,240
Unassigned Fund Balance	21,384	-	-	21,384
Total Fund Balances	97,358	-	369,000	466,358
Total Liabilities & Fund Balances	\$ 219,209	\$ 2,099	\$ 369,000	

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 \$1,784,293 and the accumulated depreciation is \$1,244,175.	540,118
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	114,493
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(6,729)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(20,000)
Long-term liabilities, including net pension liability, compensated absences payable and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,286,048)
Net position of Governmental Activities	\$ (191,808)

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL JUNE 30, 2017
Revenues:				
Local Sources:				
Local Tax Levy	\$ 1,455,596	\$ -	\$ -	\$ 1,455,596
Miscellaneous	6,334	23,401	-	29,735
Total Local Sources	1,461,930	23,401	-	1,485,331
State Sources	1,197,537	-	-	1,197,537
Federal Sources	-	94,774	-	94,774
Total Revenues	2,659,467	118,175	-	2,777,642
Expenditures:				
Current Expense:				
Regular Instruction	800,406	-	-	800,406
Special Education Instruction	201,584	104,799	-	306,383
Other Special Instruction	39,780	-	-	39,780
Other Instruction	21,867	-	-	21,867
Support Services:				
Tuition	45,402	-	-	45,402
Student & Instruction Related Services	260,385	13,376	-	273,761
School Administrative Services	68,108	-	-	68,108
General Administrative	146,548	-	-	146,548
Plant Operations & Maintenance	211,093	-	-	211,093
Pupil Transportation	90,283	-	-	90,283
Employee Benefits	728,782	-	-	728,782
Capital Outlay	80,000	-	-	80,000
Total Expenditures	2,694,238	118,175	-	2,812,413
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(34,771)	-	-	(34,771)
Other Financing Sources/(Uses):				
Capital Leases Proceeds	80,000	-	369,000	449,000
Total Other Financing Sources/(Uses)	80,000	-	369,000	449,000
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	45,229	-	369,000	414,229
Fund Balances, July 1	52,129	-	-	52,129
Fund Balances June 30	\$ 97,358	\$ -	\$ 369,000	\$ 466,358

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	414,229
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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	(38,772)	
Non-Capitalizable Items Included with Lease Expenditures	(61,173)	
Capital Outlays	80,000	(19,945)

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

District Pension Contributions	18,961	
Pension Expense	(43,943)	(24,982)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an reduction in the reconciliation (-). (2,861)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position:

Capital Lease Proceeds		(449,000)
------------------------	--	-----------

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 99,976

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Prior Year	75,810	
Current Year	(63,509)	12,301

Change in Net Position of Governmental Activities	\$	29,718
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Proprietary Fund

Not Applicable

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Fiduciary Fund

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL
	UNEMPLOYMENT TRUST	STUDENT ACTIVITY	PAYROLL		JUNE 30, 2017
Cash & Cash Equivalents	\$ 26,099	\$ 6,908	\$ 6,035		\$ 39,042
Total Assets	26,099	6,908	6,035		39,042
LIABILITIES					
Interfund Payable Payable to Student Groups	-	-	6,035		6,035
	-	6,908	-		6,908
Total Liabilities	-	6,908	6,035		12,943
NET POSITION					
Held in Trust for Unemployment & Other Purposes	26,099	-	-		26,099
Total Net Position	\$ 26,099	\$ -	\$ -		\$ 26,099

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

ADDITIONS	PRIVATE PURPOSE UNEMPLOYMENT FUND	JUNE 30, 2017
Contributions:		
Plan Member	\$ -	\$ -
	<hr/>	<hr/>
Total Contributions	-	-
	<hr/>	<hr/>
Investment Earnings:		
Interest	34	34
	<hr/>	<hr/>
Net Investment Earnings	34	34
	<hr/>	<hr/>
Total Additions	34	34
	<hr/>	<hr/>
DEDUCTIONS		
Claims Paid	99	99
	<hr/>	<hr/>
Total Deductions	99	99
	<hr/>	<hr/>
Change in Net Position	(65)	(65)
Net Position - Beginning of the Year	26,164	26,164
	<hr/>	<hr/>
Net Position - End of the Year	\$ 26,099	\$ 26,099
	<hr/> <hr/>	<hr/> <hr/>

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

BASS RIVER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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BASS RIVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Bass River Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Bass River School School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year terms. These terms are staggered so that selected members’ terms expire each year. The purpose of the School District is to educate students in grades pre-kindergarten through sixth at its one school. The School District has an approximate enrollment at June 30, 2017 of 102 students.

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

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

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

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

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

B. Governmental Fund Financial Statements (continued)

cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

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

B. Governmental Fund Financial Statements (continued)

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

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

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

C. Fiduciary Fund Financial Statements

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

The School District reports the following fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust fund:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

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

C. Fiduciary Fund Financial Statements (continued)

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

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

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

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 assigned 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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

Compensated Absences

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

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Deferred Inflows of Resources

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

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

Pensions

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

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District’s financial statements.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Adopted Accounting Pronouncements (continued)

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

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

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

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

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Adopted Accounting Pronouncements (continued)

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

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$250,440 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	250,440
Uninsured and Uncollateralized		<u>-</u>
	\$	<u><u>250,440</u></u>

Investments

The School District had no investments at June 30, 2017.

Note 3. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District’s governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Federal Awards	\$ -	\$ 2,099	\$ 2,099
State Awards	13,191	-	13,191
Other	6,035	-	6,035
Total	\$ 19,226	\$ 2,099	\$ 21,325

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital Assets being depreciated:				
Land Improvements	\$ 97,111	\$ -	\$ -	\$ 97,111
Buildings and Improvements	1,508,445	-	-	1,508,445
Equipment	179,546	18,827	(19,636)	178,737
Total Capital Assets being depreciated	<u>1,785,102</u>	<u>18,827</u>	<u>(19,636)</u>	<u>1,784,293</u>
Less: Accumulated Depreciation:				
Land Improvements	(48,749)	(4,711)	-	(53,460)
Buildings and Improvements	(1,006,452)	(28,407)	-	(1,034,859)
Equipment	(169,838)	(5,654)	19,636	(155,856)
Total Accumulated Depreciation	<u>(1,225,039)</u>	<u>(38,772)</u>	<u>19,636</u>	<u>(1,244,175)</u>
Total Capital Assets being depreciated, net	<u>560,063</u>	<u>(19,945)</u>	<u>-</u>	<u>540,118</u>
Total Governmental Activities Capital Assets, net	<u>\$ 560,063</u>	<u>\$ (19,945)</u>	<u>\$ -</u>	<u>\$ 540,118</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 5. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 6,035	\$ -
Payroll Fund	<u>-</u>	<u>6,035</u>
	<u>\$ 6,035</u>	<u>\$ 6,035</u>

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

The School District had no interfund transfers for the year ended June 30, 2017.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 6. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
Capital Leases	\$ 241,390	\$ 449,000	\$ 99,976	\$ 590,414	\$ 90,309
Compensated Absences	75,810	46,197	58,499	63,508	-
Net Pension Liability	576,963	55,162	-	632,125	-
	<u>\$ 894,163</u>	<u>\$ 550,359</u>	<u>\$ 158,475</u>	<u>\$ 1,286,047</u>	<u>\$ 90,309</u>

For governmental activities, the compensated absences, capital leases and net pension liability are liquidated by the general fund.

Capital Lease Payable

On August 15, 2013, the School District entered into a lease purchase agreement in the amount of \$80,000 for the purchase of equipment. The lease obligation was issued at an interest rate of 2.700% and matures on September 15, 2017.

On July 2, 2014, the School District entered into a lease purchase agreement in the amount of \$100,000 for the purchase of equipment and textbooks. The lease obligation was issued at an interest rate of 2.395% and matures on July 15, 2018.

On June 15, 2015, the School District entered into a lease purchase agreement in the amount of \$100,000 for the construction of a security vestibule. The lease obligation was issued at an interest rate of 2.230% and matures on October 15, 2019.

On June 18, 2015, the School District entered into a lease purchase agreement in the amount of \$80,000 for the purchase of equipment. The lease obligation was issued at an interest rate of 2.190% and matures on February 1, 2020.

On August 1, 2016, the School District entered into a lease purchase agreement in the amount of \$80,000 for the purchase of equipment. The lease obligation was issued at an interest rate of 3.907% and matures on November 15, 2020.

On April 4, 2017, the School District entered into a lease purchase agreement in the amount of \$369,000 for improvements in accordance with an energy savings improvement plan. The lease obligation was issued at an interest rate of 3.220% and matures on September 1, 2032.

The future minimum lease payments for these leases is as follows:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 6. Long-Term Obligations (continued)

Capital Lease Payable (continued)

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 107,193
2019	101,203
2020	85,148
2021	47,849
2022	31,058
2023-2027	152,906
2028-2032	167,670
2033	<u>17,985</u>
Total Minimum Lease Payments	711,012
Less: Amount Representing Interest	<u>(120,598)</u>
Present Value of Minimum Lease Payments	<u>\$ 590,414</u>

Amortization of the leased equipment and improvements under capital assets is included with depreciation expense.

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

Note 7. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for PERS:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$632,125 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0025702201%, which was a decrease of 0.0004358994% from its proportion measured as of June 30, 2015.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$43,943 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School 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>
Differences between Expected and Actual Experience	\$ 11,756	\$ -
Changes of Assumptions	130,942	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	24,103	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	22,544	94,852
School District contributions subsequent to measurement date	20,000	-
	<u>\$ 209,345</u>	<u>\$ 94,852</u>

\$20,000 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

Year Ending		
<u>June 30,</u>		
2018	\$	23,474
2019		23,473
2020		30,141
2021		24,054
2022		<u>(6,649)</u>
	\$	<u>94,493</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
School District's Proportionate Share of the Net Pension Liability	\$ 774,595	\$ 632,125	\$ 514,503

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>06/30/17</u>	<u>06/30/16</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.00213%	 0.00257%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$9,073,138. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0115336943%, which was an increase of 0.0015051465% from its proportion measured as of June 30, 2015.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

For the fiscal year ended June 30, 2017, the School District recognized \$681,720 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Pension Plans (continued)

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

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 10,835,354	\$ 9,073,138	\$ 7,634,061

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

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 7. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$1,321, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$650.

Note 8. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

Note 9. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$124,245, \$103,525 and \$365, respectively.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 10. Risk Management

The School 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.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 34	\$ 99	\$ 26,099
2015-2016	34	149	26,164
2014-2015	34	58	26,279

Property and Liability Insurance – The School 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.

Joint Insurance Pool – The School District also participates in the New Jersey Schools Insurance Group and public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds Environmental Impairment Liability School Board Legal Liability Employers Liability	General & Automobile Liability Workers’ Compensation Excess Liability Comprehensive Crime Coverage
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Note 11. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 11. Contingencies (continued)

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Economic Dependency – The School 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, could have an effect on the School District’s programs and activities.

Note 12. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
Northwestern Mutual
Valic Investments
Wells Fargo

Note 13. Compensated Absences

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

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District 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 School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$63,509.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 14. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 15. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$18,240.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. 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. The School District had no excess fund balance at June 30, 2017.

Note 17. Fund Balances

General Fund – Of the \$97,358 General Fund fund balance at June 30, 2017, \$18,240 has been assigned to other purposes; \$57,734 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$21,384 has been unassigned.

Capital Projects Fund – Of the \$369,000 Capital Projects Fund fund balance at June 30, 2017, \$369,000 is restricted for future capital projects approved by the School District.

BASS RIVER TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$510,512 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 19. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2017 through the date of October 18, 2017, which is the date the financial statements were available to be issued. The District noted the following:

On July 14, 2017 the School District received a revised state aid notice from that State of New Jersey for its budget for the year ended June 30, 2018. This revised notice included a decrease in the School District’s state aid of \$17,734. The New Jersey Department of Education authorized school districts that received a decrease in state aid to transfer additional unassigned general fund surplus into the budget for the year ended June 30, 2018. The School District approved a resolution dated July 25, 2017 to transfer additional unassigned general fund surplus in the amount of \$17,734 into the budget to compensate for the decrease in state aid.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 1,455,596	\$ -	\$ 1,455,596	\$ 1,455,596	\$ -
Miscellaneous	10-1990	-	-	-	6,334	6,334
Total Local Sources		1,455,596	-	1,455,596	1,461,930	6,334
State Sources:						
Categorical Transportation Aid	10-3121	25,972	-	25,972	25,972	-
Categorical Special Education Aid	10-3132	67,203	-	67,203	67,203	-
Equalization Aid	10-3176	638,484	-	638,484	638,484	-
Categorical Security Aid	10-3177	22,124	-	22,124	22,124	-
Adjustment Aid	10-3178	129,586	-	129,586	129,586	-
PARCC Readiness Aid	10-3181	1,150	-	1,150	1,150	-
Per Pupil Growth Aid	10-3182	1,150	-	1,150	1,150	-
Professional Learning Community Aid	10-3183	1,030	-	1,030	1,030	-
Extraordinary Aid	10-3131	-	-	-	6,048	6,048
Non-Public Transportation Aid	10-3121	-	-	-	174	174
On-Behalf TPAF Pension Contribution (Nonbudgeted):						
Normal Cost	10-3901	-	-	-	124,245	124,245
Post-Retirement Medical	10-3901	-	-	-	103,525	103,525
Long-Term Disability Insurance	10-3901	-	-	-	365	365
Reimbursed TPAF Social Security (Nonbudgeted)	10-3902	-	-	-	76,859	76,859
Total State Sources		886,699	-	886,699	1,197,915	311,216
Total Revenues		2,342,295	-	2,342,295	2,659,845	317,550
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Preschool - Salaries of Teachers	11-105-100-101	35,261	(4,002)	31,259	31,259	-
Kindergarten - Salaries of Teachers	11-110-100-101	66,504	586	67,090	67,089	1
Grades 1-5 - Salaries of Teachers	11-120-100-101	471,859	(32,217)	439,642	439,641	1
Grades 6-8 - Salaries of Teachers	11-130-100-101	67,186	3,269	70,455	70,455	-
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	1,500	(1,500)	-	-	-
Undistributed - Regular Programs:						
Other Salaries for Instruction	11-190-100-106	80,991	1,831	82,822	82,821	1
Purchased Technical Services	11-190-100-320	500	-	500	-	500
Other Purchased Services - (400-500 Series)	11-190-100-500	89,300	(244)	89,056	86,218	2,838
General Supplies	11-190-100-610	26,499	(56)	26,443	22,117	4,326
Textbooks	11-190-100-640	500	-	500	266	234
Other Objects	11-190-100-800	2,847	-	2,847	540	2,307
Total Regular Programs		842,947	(32,333)	810,614	800,406	10,208

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Education:						
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	156,530	42,500	199,030	198,765	265
Other Salaries for Instruction	11-213-100-106		-			-
Travel	11-213-100-580	1,000	2,977	3,977	-	3,977
General Supplies	11-213-100-610	2,594	267	2,861	2,819	42
Textbooks	11-213-100-640	-	-	-	-	-
Total Resource Room/Resource Center		160,124	45,744	205,868	201,584	4,284
Total Special Education		160,124	45,744	205,868	201,584	4,284
Other Instructional Programs:						
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	86,391	(48,213)	38,178	38,178	-
General Supplies	11-230-100-610	2,452	-	2,452	1,602	850
Total Basic Skills/Remedial Instruction		88,843	(48,213)	40,630	39,780	850
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-101	14,500	2,000	16,500	16,361	139
Total School Sponsored Cocurricular - Activities		14,500	2,000	16,500	16,361	139
Summer School - Instruction:						
Salaries of Teachers	11-422-100-101	7,879	(2,372)	5,507	5,506	1
Total Summer School - Instruction		7,879	(2,372)	5,507	5,506	1
Total - Instruction		1,114,293	(35,174)	1,079,119	1,063,637	15,482
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs Within the State - Special	11-000-100-562	-	45,402	45,402	45,402	-
Total Instruction		-	45,402	45,402	45,402	-
Attendance/Social Work:						
Salaries	11-000-211-100	11,095	219	11,314	11,314	-
Other Purchased Professional & Technical Services	11-000-211-390	4,185	-	4,185	4,185	-
Total Attendance/Social Work		15,280	219	15,499	15,499	-
Health Services:						
Salaries	11-000-213-100	83,487	(7,042)	76,445	76,445	-
Purchased Professional & Technical Services	11-000-213-300	5,000	-	5,000	4,400	600
Other Purchased Services (400-500 Series)	11-000-213-500	500	-	500	-	500
Supplies and Materials	11-000-213-600	2,015	-	2,015	1,897	118
Total Health Services		91,002	(7,042)	83,960	82,742	1,218

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Support Services - Students - Related Services:						
Purchased Professional & Educational Services	11-000-216-320	15,000	-	15,000	12,455	2,545
Total Other Support Services - Students - Related Services		15,000	-	15,000	12,455	2,545
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	51,030	(3,843)	47,187	47,186	1
Salaries of Secretarial & Clerical Assistants	11-000-219-105	14,685	490	15,175	15,175	-
Purchased Professional - Educational Services	11-000-219-320	9,000	12,381	21,381	21,381	-
Other Purchased Services - (400-500 Series)	11-000-219-592	-	460	460	-	460
Supplies and Materials	11-000-219-600	1,000	897	1,897	1,894	3
Total Other Support Services - Students - Special Services		75,715	10,385	86,100	85,636	464
Improvement of Instruction Services:						
Salaries of Secretarial & Clerical Assistants	11-000-221-105	36,327	(1,812)	34,515	34,515	-
Purchased Professional - Educational Services	11-000-221-320	3,500	(200)	3,300	2,625	675
Supplies & Materials	11-000-221-600	100	200	300	204	96
Total Improvement of Instruction Services		39,927	(1,812)	38,115	37,344	771
Educational Media Services/School Library:						
Purchased Professional & Technical Services	11-000-222-300	20,600	-	20,600	20,202	398
Supplies and Materials	11-000-222-600	8,000	(1,700)	6,300	6,146	154
Total Educational Media Services/School Library		28,600	(1,700)	26,900	26,348	552
Instructional Staff Training Services:						
Purchased Professional - Educational Services	11-000-223-320	2,000	(1,500)	500	361	139
Total Instructional Staff Training Services		2,000	(1,500)	500	361	139
Support Services General Administration:						
Salaries	11-000-230-100	58,993	700	59,693	59,693	-
Legal Services	11-000-230-331	8,200	(500)	7,700	2,805	4,895
Audit Fees	11-000-230-332	12,500	500	13,000	13,000	-
Other Purchased Professional Services	11-000-230-339	5,500	6,513	12,013	11,804	209
Communications/Telephone	11-000-230-530	10,000	600	10,600	10,546	54
Other Purchased Services - (400-500)	11-000-230-590	3,000	-	3,000	2,995	5
General Supplies	11-000-230-610	7,000	(880)	6,120	5,673	447
Miscellaneous	11-000-230-890	1,600	880	2,480	2,428	52
BOE Membership Dues & Fees	11-000-230-895	1,975	-	1,975	1,878	97
Total Support Services General Administration		108,768	7,813	116,581	110,822	5,759

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	58,993	-	58,993	58,993	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	7,397	418	7,815	7,815	-
Supplies and Materials	11-000-240-600	2,000	-	2,000	1,300	700
Other Objects	11-000-240-800	-	300	300	-	300
Total Support Services School Administration		68,390	718	69,108	68,108	1,000
Central Services:						
Salaries	11-000-251-100	3,060	-	3,060	3,000	60
Purchased Professional Services	11-000-251-330	29,200	2,031	31,231	31,231	-
Supplies & Materials	11-000-251-600	700	(583)	117	116	1
Other Objects	11-000-251-890	1,700	(321)	1,379	1,379	-
Total Central Services		34,660	1,127	35,787	35,726	61
Required Maintenance for School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	18,000	1,600	19,600	13,770	5,830
General Supplies	11-000-261-610	11,000	(1,600)	9,400	5,463	3,937
Subtotal Allowable Maintenance for School Facilities		29,000	-	29,000	19,233	9,767
Custodial Services:						
Salaries	11-000-262-100	86,167	5,778	91,945	91,944	1
Purchased Professional & Technical Service	11-000-262-300	1,000	551	1,551	651	900
Cleaning, Repair & Maintained Service	11-000-262-420	12,000	1,600	13,600	11,103	2,497
Other Purchased Property Service	11-000-262-490	2,000	-	2,000	-	2,000
Insurance	11-000-262-520	18,850	-	18,850	18,496	354
Travel	11-000-262-580	2,000	-	2,000	492	1,508
General Supplies	11-000-262-610	9,725	(125)	9,600	9,101	499
Energy (Natural Gas)	11-000-262-621	1,800	-	1,800	1,248	552
Energy (Electricity)	11-000-262-622	38,000	1,346	39,346	39,345	1
Energy (Oil)	11-000-262-624	30,000	(1,346)	28,654	17,007	11,647
Other Objects	11-000-262-800	275	125	400	400	-
Total Custodial Services		201,817	7,929	209,746	189,787	19,959
Care & Upkeep of Grounds:						
General Supplies	11-000-263-610	2,500	(2,120)	380	76	304
Total Care & Upkeep of Grounds		2,500	(2,120)	380	76	304
Security:						
Cleaning, Repair & Maintenance Services	11-000-266-420	1,900	-	1,900	1,899	1
General Supplies	11-000-266-610	100	-	100	98	2
Total Security		2,000	-	2,000	1,997	3
Total Operations & Maintenance of Plant		235,317	5,809	241,126	211,093	30,033

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Student Transportation Services:						
Other Purchased Professional & Technical Services	11-000-270-390	18,700	-	18,700	18,700	-
Contracted Services (Other than Between Home & School) - Vendors	11-000-270-512	5,500	(9)	5,491	5,491	-
Contracted Services (Between Home & School)-Joint Agree.	11-000-270-513	57,900	8,193	66,093	66,092	1
Total Student Transportation Services		82,100	8,184	90,284	90,283	1
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	20,300	7,050	27,350	27,348	2
Other Retirement Contributions - Regular	11-000-291-241	19,000	-	19,000	18,961	39
Workman's Compensation	11-000-291-260	18,250	615	18,865	18,865	-
Health Benefits	11-000-291-270	414,000	(38,819)	375,181	353,878	21,303
Tuition Reimbursement	11-000-291-280	4,000	5,350	9,350	-	9,350
Other Employee Benefits	11-000-291-290	3,247	1,489	4,736	4,736	-
Total Unallocated Benefits - Employee Benefits		478,797	(24,315)	454,482	423,788	30,694
Nonbudgeted:						
On-Behalf TPAF Pension Contribution:						
Normal Cost		-	-	-	124,245	(124,245)
Post-Retirement Medical		-	-	-	103,525	(103,525)
Long-Term Disability Insurance		-	-	-	365	(365)
Reimbursed TPAF Social Security Contributions		-	-	-	76,859	(76,859)
Total On-Behalf Contributions		-	-	-	304,994	(304,994)
Total Personal Services - Employee Benefits		478,797	(24,315)	454,482	728,782	(274,300)
Total Undistributed Expenditures		1,275,556	43,288	1,318,844	1,550,601	(231,757)
Total Expenditures - Current Expense		2,389,849	8,114	2,397,963	2,614,238	(216,275)
Capital Outlay:						
Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	80,000	(80,000)
Total Capital Outlay		-	-	-	80,000	(80,000)
Total Expenditures		2,389,849	8,114	2,397,963	2,694,238	(296,275)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(47,554)	(8,114)	(55,668)	(34,393)	21,275
Other Financing Sources/(Uses):						
Capital Lease Proceeds (Nonbudgeted)		-	-	-	80,000	80,000

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(47,554)	(8,114)	(55,668)	45,607	101,275
Fund Balances, July 1	140,420	-	140,420	140,420	-
Fund Balances, June 30	<u>\$ 92,866</u>	<u>\$ (8,114)</u>	<u>\$ 84,752</u>	<u>\$ 186,027</u>	<u>\$ 101,275</u>

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	<u>\$ 8,114</u>
Total Budget Transfers	<u>\$ 8,114</u>

RECAPITULATION OF FUND BALANCE

Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	\$ 40,000
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures (July 1, 2017 - August 1, 2017)	17,734
Year-End Encumbrances	18,240
Unassigned Fund Balance	<u>110,053</u>
Subtotal	186,027
Reconciliation to Governmental Funds Statements (GAAP):	
Reconciliation of State Aid Payments For GAAP to Budgetary Basis & Other Adjustments	<u>(88,669)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 97,358</u>

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources	\$ 20,000	\$ 1,398	\$ 21,398	\$ 21,398	\$ -
Federal Sources	93,564	1,210	94,774	94,774	-
Total Revenues	<u>113,564</u>	<u>2,608</u>	<u>116,172</u>	<u>116,172</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	34,187	1,210	35,397	35,397	-
Tuition	45,731	-	45,731	45,731	-
Other Purchased Services (400-500 Series)	20,000	1,050	21,050	21,050	-
General Supplies	618	-	618	618	-
Total Instruction	<u>100,536</u>	<u>2,260</u>	<u>102,796</u>	<u>102,796</u>	<u>-</u>
Support Services:					
Salaries for Other Professional Staff	3,575	-	3,575	3,575	-
Personal Services - Employee Benefits	4,940	-	4,940	4,940	-
Purchased Professional - Educational Services	4,513	-	4,513	4,513	-
Supplies & Materials	-	348	348	348	-
Total Support Services	<u>13,028</u>	<u>348</u>	<u>13,376</u>	<u>13,376</u>	<u>-</u>
Total Outflows	<u>113,564</u>	<u>2,608</u>	<u>116,172</u>	<u>116,172</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over/ Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 2,659,845	\$ 116,172
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	2,003
Current Year	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	88,291	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(88,669)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 2,659,467</u>	<u>\$ 118,175</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,694,238	\$ 116,172
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	2,003
	<hr/>	<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 2,694,238</u>	<u>\$ 118,175</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.00213%	0.00257%	0.00230%	0.00260%
District's proportionate share of the net pension liability	\$ 632,125	\$ 576,963	\$ 477,500	\$ 501,389
District's covered payroll	\$ 161,580	\$ 327,767	\$ 306,325	\$ 302,575
District's proportionate share of the net pension liability as a percentage of its covered payroll	391.21%	176.03%	155.88%	165.71%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's contractually required contribution	\$ 20,000	\$ 18,961	\$ 22,097	\$ 19,704
Contributions in relation to the contractually required contribution	<u>20,000</u>	<u>18,961</u>	<u>22,097</u>	<u>19,704</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 161,580	\$ 327,767	\$ 306,325	\$ 302,575
Contributions as a percentage of employee payroll	12.38%	5.78%	7.21%	6.51%

BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 9,073,138	\$ 6,338,470	\$ 5,275,491	\$ 4,814,168
District's covered payroll	\$ 1,070,327	\$ 1,132,248	\$ 1,706,366	\$ 1,706,965
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	TITLE I	TITLE II-A	TITLE VI	IDEA, PART B - BASIC	IDEA, PART B - PRESCHOOL
Revenues:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Source	24,558	4,513	16,397	45,731	3,575
Total Revenues	\$ 24,558	\$ 4,513	\$ 16,397	\$ 45,731	\$ 3,575
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 19,000	\$ -	\$ 16,397	\$ -	\$ -
Tuition	-	-	-	45,731	-
Other Purchased Services	-	-	-	-	-
General Supplies	618	-	-	-	-
Total Instruction	19,618	-	16,397	45,731	-
Support Services:					
Salaries of Other Professional Staff	-	-	-	-	3,575
Personal Services - Employee Benefits	4,940	-	-	-	-
Purchased Professional Services	-	4,513	-	-	-
Other Purchased Services	-	-	-	-	-
Supplies & Materials	-	-	-	-	-
Total Support Services	4,940	4,513	-	-	3,575
Total Outflows	\$ 24,558	\$ 4,513	\$ 16,397	\$ 45,731	\$ 3,575

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	SAFETY GRANT	VIKING YACHT GRANT	2017
Revenues:			
Local Sources	\$ 348	\$ 21,050	\$ 21,398
Federal Source	-	-	94,774
	<hr/>		
Total Revenues	\$ 348	\$ 21,050	\$ 116,172
<hr/>			
Expenditures:			
Instruction:			
Salaries of Teachers	\$ -	\$ -	\$ 35,397
Tuition	-	-	45,731
Other Purchased Services	-	21,050	21,050
General Supplies	-	-	618
	<hr/>		
Total Instruction	-	21,050	102,796
<hr/>			
Support Services:			
Salaries of Other Professional Staff	-	-	3,575
Personal Services - Employee Benefits	-	-	4,940
Purchased Professional Services	-	-	4,513
Other Purchased Services	-	-	-
Supplies & Materials	348	-	348
	<hr/>		
Total Support Services	348	-	13,376
<hr/>			
Total Outflows	\$ 348	\$ 21,050	\$ 116,172
<hr/>			

F. Capital Projects Fund

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUNDS
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT TITLE/ISSUE	DATE	ORIGINAL APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE 2017
			PRIOR YEARS	CURRENT YEARS	
Energy Savings Improvement Plan	4/4/2017	\$ 369,000	\$ -	\$ -	\$ 369,000
		\$ 369,000	\$ -	\$ -	\$ 369,000

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues & Other Financing Sources:	
Capital Lease Proceeds	<u>\$ 369,000</u>
Total Revenues	<u>369,000</u>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	-
Construction Services	<u>-</u>
Total Expenditures	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)	
Expenditures	369,000
Fund Balance - Beginning	<u>-</u>
Fund Balance - Ending	<u><u>\$ 369,000</u></u>

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS
ENERGY SAVINGS IMPROVEMENT PLAN
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT PERIODS	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Capital Lease Proceeds	\$ -	\$ 369,000	\$ 369,000	\$ 369,000
Total Revenues	-	369,000	369,000	369,000
Expenditures & Other Financing Uses:				
Construction Services	-	-	-	369,000
Total Expenditures	-	-	-	369,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ 369,000	\$ 369,000	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 369,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 369,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2018

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G. Proprietary Funds

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Enterprise Funds

Not Applicable

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017**

ASSETS	<u>PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST</u>	AGENCY FUNDS	2017
Cash & Cash Equivalents	\$ 26,099	\$ 12,943	\$ 39,042
Total Assets	<u>26,099</u>	<u>12,943</u>	<u>39,042</u>
LIABILITIES			
Interfund Payable Due to Student Groups	-	6,035	6,035
	-	6,908	6,908
Total Liabilities	<u>-</u>	<u>12,943</u>	<u>12,943</u>
NET POSITION			
Reserved for: Unemployment Claims & Other Purposes	<u>26,099</u>	-	26,099
Total Net Position	<u>\$ 26,099</u>	<u>\$ -</u>	<u>\$ 26,099</u>

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ADDITIONS	<u>PRIVATE PURPOSE UNEMPLOYMENT FUND</u>	2017
Contributions:		
Plan Member	\$ -	\$ -
	<hr/>	<hr/>
Total Contributions	-	-
	<hr/>	<hr/>
Investment Earnings:		
Interest - Checking	34	34
	<hr/>	<hr/>
Net Investment Earnings	34	34
	<hr/>	<hr/>
Total Additions	34	34
	<hr/>	<hr/>
DEDUCTIONS		
Claims Paid	99	99
	<hr/>	<hr/>
Total Deductions	99	99
	<hr/>	<hr/>
Change in Net Position	(65)	(65)
Net Position - Beginning of the Year	26,164	26,164
	<hr/>	<hr/>
Net Position - End of the Year	\$ 26,099	\$ 26,099
	<hr/> <hr/>	<hr/> <hr/>

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF CHANGES OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 7,759	\$ 4,643	\$ 5,494	\$ 6,908
Total Assets	<u>\$ 7,759</u>	<u>\$ 4,643</u>	<u>\$ 5,494</u>	<u>\$ 6,908</u>
LIABILITIES				
Due To Student Groups	\$ 7,759	\$ 4,643	\$ 5,494	\$ 6,908
Total Liabilities	<u>\$ 7,759</u>	<u>\$ 4,643</u>	<u>\$ 5,494</u>	<u>\$ 6,908</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 2,989	\$ 1,524,160	\$ 1,521,114	\$ 6,035
Total Assets	<u>\$ 2,989</u>	<u>\$ 1,524,160</u>	<u>\$ 1,521,114</u>	<u>\$ 6,035</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ -	\$ 1,518,125	\$ 1,518,125	\$ -
Interfund Payable	2,989	6,035	2,989	6,035
Total Liabilities	<u>\$ 2,989</u>	<u>\$ 1,524,160</u>	<u>\$ 1,521,114</u>	<u>\$ 6,035</u>

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I. Long-Term Debt

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SERIES	DATE OF ISSUANCE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2016	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2017
Miscellaneous Equipment, Technology Equipment and Textbooks	8/15/2011	\$ 80,000	\$ 17,000	\$ -	\$ 17,000	\$ -
Facility Equipment	8/15/2013	80,000	32,483	-	16,024	16,459
Equipment & Textbooks	7/2/2014	100,000	48,024	-	15,631	32,393
Security Vestibule	6/15/2015	100,000	79,706	-	19,272	60,434
Equipment	6/18/2015	80,000	64,177	-	15,527	48,650
Equipment	8/1/2016	80,000	-	80,000	16,522	63,478
Energy Savings Improvement Plan	4/4/2017	369,000	-	369,000	-	369,000
Total			\$ 241,390	\$ 449,000	\$ 99,976	\$ 590,414

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STATISTICAL SECTION (Unaudited)

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Financial Trend Information

Financial trend information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial trends.

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BASS RIVER TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

FISCAL YEAR ENDING JUNE 30,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 318,704	\$ 318,673	\$ 146,507	\$ 374,984	\$ 444,108	\$ 604,002	\$ 590,459	\$ 627,486	\$ 652,568	\$ 655,500
Restricted	-	-	10,000	25,689	99,039	389,561	319,247	97,712	105,548	90,419
Unrestricted	(510,512)	(536,329)	(329,879)	67,006	109,939	101,743	167,376	80,289	72,363	170,569
Total Governmental Activities Net Position	\$ (191,808)	\$ (217,656)	\$ (173,372)	\$ 467,679	\$ 653,086	\$ 1,095,306	\$ 1,077,082	\$ 805,487	\$ 830,479	\$ 916,488
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 659
Unrestricted	-	-	-	-	-	-	-	-	3,896	3,749
Total Business-Type Activities Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,896	\$ 4,408
Government-Wide:										
Invested in Capital Assets, Net of Related Debt	\$ 318,704	\$ 318,673	\$ 146,507	\$ 374,984	\$ 444,108	\$ 604,002	\$ 590,459	\$ 627,486	\$ 652,568	\$ 656,159
Restricted	-	-	10,000	25,689	99,039	389,561	319,247	97,712	105,548	90,419
Unrestricted	(510,512)	(536,329)	(329,879)	67,006	109,939	101,743	167,376	80,289	76,259	174,318
Total Government-Wide Net Position	\$ (191,808)	\$ (217,656)	\$ (173,372)	\$ 467,679	\$ 653,086	\$ 1,095,306	\$ 1,077,082	\$ 805,487	\$ 834,375	\$ 920,896

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 800,406	\$ 862,319	\$ 924,634	\$ 856,818	\$ 823,205	\$ 809,726	\$ 791,050	\$ 635,133	\$ 691,045	\$ 657,082
Special Education	306,383	295,630	247,650	274,427	235,803	140,070	136,446	160,110	127,023	146,123
Other Special Education	39,780	44,001	57,604	64,917	18,635	17,218	10,380	21,066	20,018	18,565
Other Instruction	21,867	23,746	19,664	20,404	20,282	16,772	9,241	8,924	9,511	10,621
Support Services:										
Tuition	45,402	2,822	2,681	-	37,514	-	-	136,317	105,733	21,109
Student & Instruction Related Services	273,761	304,051	329,639	327,533	328,677	296,627	247,962	270,743	331,692	327,577
School Administrative Services	68,108	66,317	64,217	63,377	62,995	60,790	58,770	58,038	25,682	23,916
General Administrative Services	146,548	145,591	135,712	134,008	138,887	127,099	129,137	122,600	116,367	176,313
Plant Operations & Maintenance	165,777	101,276	124,472	140,430	162,618	211,694	207,895	218,556	212,673	235,747
Pupil Transportation	90,283	84,454	74,716	105,620	88,854	90,318	87,340	109,106	95,473	82,081
Special Schools	-	-	-	-	-	-	-	-	8,848	2,964
Unallocated Employee Benefits	741,463	1,020,818	891,360	586,756	590,090	490,370	443,733	472,483	454,425	599,552
Interest on Long-Term Debt	9,374	3,870	-	-	-	-	-	-	-	-
Unallocated Adjustment to Fixed Assets	-	68,716	-	-	187,290	-	-	-	-	3,286
Unallocated Depreciation	38,772	49,602	49,880	59,665	56,598	86,408	25,765	49,079	111,399	41,660
Total Governmental Activities Expenses	2,747,924	3,073,213	2,922,229	2,633,955	2,751,448	2,347,092	2,147,719	2,262,155	2,309,889	2,346,596
Business-Type Activities:										
Food Service	-	-	-	-	-	-	-	70,890	74,831	70,402
Total Business-Type Activities Expense	-	-	-	-	-	-	-	70,890	74,831	70,402
Total Government-Wide Expenses	\$ 2,747,924	\$ 3,073,213	\$ 2,922,229	\$ 2,633,955	\$ 2,751,448	\$ 2,347,092	\$ 2,147,719	\$ 2,333,045	\$ 2,384,720	\$ 2,416,998
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 423,169	\$ 708,862	\$ 545,706	\$ 298,517	\$ 307,779	\$ 93,637	\$ 168,137	\$ 48,702	\$ 93,353	\$ 113,013
Total Governmental Activities Program Revenues	423,169	708,862	545,706	298,517	307,779	93,637	168,137	48,702	93,353	113,013
Business-Type Activities:										
Charges for Services:										
Food Service	-	-	-	-	-	-	-	-	20,871	22,501
Operating Grants & Contributions	-	-	-	-	-	-	-	-	17,334	20,797
Total Business Type Activities Program Revenues	-	-	-	-	-	-	-	-	38,205	43,298
Total Government-Wide Program Revenues	\$ 423,169	\$ 708,862	\$ 545,706	\$ 298,517	\$ 307,779	\$ 93,637	\$ 168,137	\$ 48,702	\$ 131,558	\$ 156,311

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,324,755)	\$ (2,364,351)	\$ (2,376,523)	\$ (2,335,438)	\$ (2,443,669)	\$ (2,253,455)	\$ (1,979,582)	\$ (2,213,453)	\$ (2,216,536)	\$ (2,233,583)
Business-Type Activities	-	-	-	-	-	-	-	(70,890)	(36,626)	(27,104)
Total Government-Wide Net Expense	\$ (2,324,755)	\$ (2,364,351)	\$ (2,376,523)	\$ (2,335,438)	\$ (2,443,669)	\$ (2,253,455)	\$ (1,979,582)	\$ (2,284,343)	\$ (2,253,162)	\$ (2,260,687)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,455,596	\$ 1,427,055	\$ 1,346,565	\$ 1,263,753	\$ 1,214,680	\$ 1,190,863	\$ 1,148,394	\$ 1,104,225	\$ 1,061,755	\$ 1,007,169
Taxes Levied for Debt Service	-	-	-	-	-	-	-	-	25,138	48,897
Federal & State Aid not restricted	869,142	852,404	880,075	874,003	1,037,238	1,046,523	1,013,929	1,048,020	1,181,703	1,154,764
Tuition Received	-	-	-	-	17,300	-	19,000	-	-	-
Investment Earnings	-	329	285	463	312	441	2,153	-	6,133	9,012
Miscellaneous Income	29,735	36,409	9,936	11,812	2,149	13,350	5,345	10,440	-	357
Transfers/Cancellations	-	-	-	-	-	-	-	(32,158)	(30,241)	(30,253)
Total Governmental Activities	2,354,473	2,316,197	2,236,861	2,150,031	2,271,679	2,251,177	2,188,821	2,130,527	2,244,488	2,189,946
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	-	15	67	227
Transfers	-	-	-	-	-	-	(3,896)	32,158	30,241	30,253
Total Business-Type Activities	-	-	-	-	-	-	(3,896)	32,173	30,308	30,480
Total Government-Wide	\$ 2,354,473	\$ 2,316,197	\$ 2,236,861	\$ 2,150,031	\$ 2,271,679	\$ 2,251,177	\$ 2,184,925	\$ 2,162,700	\$ 2,274,796	\$ 2,220,426
Change in Net Position:										
Governmental Activities	\$ 29,718	\$ (48,154)	\$ (139,662)	\$ (185,407)	\$ (171,990)	\$ (2,278)	\$ 209,239	\$ (82,926)	\$ 27,952	\$ (43,637)
Business-Type Activities	-	-	-	-	-	-	(3,896)	(38,717)	(6,318)	3,376
Total Government-Wide	\$ 29,718	\$ (48,154)	\$ (139,662)	\$ (185,407)	\$ (171,990)	\$ (2,278)	\$ 205,343	\$ (121,643)	\$ 21,634	\$ (40,261)

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389,561	\$ 319,247	\$ 97,712	\$ 105,548	\$ 90,419
Restricted	-	-	10,000	25,689	99,039	-	-	-	-	-
Assigned	75,974	55,668	53,518	51,040	21,270	-	-	-	-	-
Unreserved/Unassigned	21,384	(3,539)	11,215	88,911	166,520	164,584	219,381	163,764	163,490	207,078
Total General Fund	\$ 97,358	\$ 52,129	\$ 74,733	\$ 165,640	\$ 286,829	\$ 554,145	\$ 538,628	\$ 261,476	\$ 269,038	\$ 297,497
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,106)	\$ (406)
Capital Projects Fund	369,000	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 369,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (406)	\$ (406)

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$ 1,455,596	\$ 1,427,055	\$ 1,346,565	\$ 1,263,753	\$ 1,238,974	\$ 1,214,680	\$ 1,190,863	\$ 1,148,394	\$ 1,104,225	\$ 1,086,893
Tuition Charges	-	-	-	-	-	-	-	19,000	-	-
Miscellaneous	29,735	36,738	10,221	12,275	8,830	22,159	13,791	7,498	10,440	6,133
State Sources	1,197,537	1,171,885	1,101,688	1,074,666	1,083,372	1,037,238	1,048,921	907,000	1,048,020	1,203,121
Federal Sources	94,774	94,704	94,440	97,854	91,068	91,239	165,739	155,631	93,353	91,595
Total Revenue	2,777,642	2,730,382	2,552,914	2,448,548	2,422,244	2,365,316	2,419,314	2,237,523	2,256,038	2,387,742
Expenditures:										
Instruction:										
Regular Instruction	800,406	862,319	844,634	776,818	743,205	809,726	791,050	635,133	691,045	657,082
Special Education Instruction	306,383	316,680	247,650	274,427	235,803	140,070	136,446	160,110	127,023	146,123
Other Special Education Instruction	39,780	44,001	57,604	64,917	18,635	17,218	10,380	21,066	20,018	18,565
Other Instruction	21,867	23,746	19,664	20,404	20,282	16,772	9,241	8,924	9,511	10,621
Support Services:										
Tuition	45,402	2,822	2,681	-	37,514	-	-	136,317	105,733	21,109
Student & Instruction Related Services	273,761	283,001	329,639	327,533	328,677	311,226	247,962	270,743	331,692	327,577
School Administrative Services	68,108	66,317	64,217	63,377	62,995	60,790	58,770	58,038	25,682	23,916
General Administration Services	146,548	145,591	135,712	134,008	138,887	127,099	129,137	122,600	116,367	176,313
Plant Operations & Maintenance	211,093	201,760	205,875	204,159	208,628	211,694	207,895	218,556	212,673	235,747
Pupil Transportation	90,283	84,454	74,716	105,620	88,854	90,318	87,340	109,106	95,473	82,081
Employee Benefits	728,782	712,295	661,429	591,662	575,080	490,370	443,733	472,843	454,425	599,552
Capital Schools	-	-	-	-	-	-	-	-	8,848	2,964
Capital Outlay	80,000	190,000	80,000	86,812	311,000	74,516	20,208	31,649	52,743	43,083
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	53,000
Interest & Other Charges	-	-	-	-	-	-	-	-	-	3,286
Total Expenditures	2,812,413	2,932,986	2,723,821	2,649,737	2,769,560	2,349,799	2,142,162	2,245,085	2,251,233	2,401,019
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(34,771)	(202,604)	(170,907)	(201,189)	(347,316)	15,517	277,152	(7,562)	4,805	(13,277)
Other Financing Sources/(Uses):										
Capital Lease Proceeds	449,000	180,000	80,000	80,000	80,000	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	(32,518)	(30,241)
Total Other Financing Sources/(Uses)	449,000	180,000	80,000	80,000	80,000	-	-	(32,518)	(30,241)	(30,253)
Net Change in Fund Balances	\$ 414,229	\$ (22,604)	\$ (121,189)	\$ (267,316)	\$ 15,517	\$ 277,152	\$ (7,562)	\$ (27,713)	\$ (43,518)	\$ (100,376)
Debt Service as a Percentage of Noncapital Expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0%	2.4%

Source: District records

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

FISCAL YEAR ENDING JUNE 30,	TUITION	INTEREST	MISCELLANEOUS	TOTAL
2017	\$ -	\$ 299	\$ 6,035	\$ 6,334
2016	-	329	3,129	3,458
2015	-	285	8,201	8,486
2014	-	463	3,413	3,876
2013	-	-	8,830	8,830
2012	17,300	312	2,149	19,761
2011	-	441	13,350	13,791
2010	-	2,153	3,794	5,947
2009	-	8,580	1,860	10,440
2008	-	6,133	-	6,133

Source: District records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL FARM	REGULAR Q FARM	COMMERCIAL INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED COUNTY EQUALIZED VALUE
2017	\$ 8,476,600	\$ 116,194,500	\$ 6,027,700	\$ 39,084,100	\$ -	\$ 170,483,000	\$ 1,322,600	\$ 171,805,600	0.867	\$ 190,269,922
2016	8,666,300	117,283,100	5,093,100	27,354,100	-	159,103,780	1,041,300	160,145,080	0.883	177,090,274
2015	9,048,200	117,471,700	5,136,700	27,354,100	-	159,713,300	1,046,301	160,759,601	0.838	146,998,579
2014 (r)	11,631,100	142,805,600	5,791,500	27,120,500	-	188,060,300	1,079,636	189,139,936	0.669	201,074,666
2013	11,631,000	145,382,700	5,898,200	29,550,500	-	193,170,100	1,081,011	194,251,111	0.621	200,214,620
2012	11,565,700	146,447,200	6,148,600	29,554,500	-	194,278,700	1,109,485	195,388,185	0.637	201,671,353
2011	12,014,800	145,419,700	5,992,300	29,554,500	-	193,534,300	1,255,077	194,789,377	0.611	202,641,353
2010	11,725,900	147,096,800	6,195,400	32,054,500	-	197,625,600	1,327,381	198,952,981	0.577	187,362,785
2009	12,596,000	149,795,300	5,915,600	32,893,200	-	201,725,400	1,222,269	202,947,669	0.545	196,172,249
2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.471	N/A

(r) - Reassessment

Source: County Abstract of Ratables & Municipal Tax Assessor

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
BASS RIVER TOWNSHIP
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	Bass River Township School District Direct GENERAL			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF BASS RIVER	BURLINGTON COUNTY	PINELANDS REGIONAL SCHOOL DISTRICT		
2017	\$0.867	\$0.000	\$0.867	\$0.156	\$0.470	\$0.693	\$2.186	
2016	0.883	0.000	0.883	0.156	0.461	0.703	2.203	
2015	0.838	0.000	0.838	0.131	0.419	0.648	2.036	
2014 (r)	0.669	0.000	0.669	0.107	0.357	0.513	1.646	
2013	0.637	0.000	0.637	0.056	0.372	0.494	1.559	
2012	0.621	0.000	0.621	0.041	0.376	0.474	1.512	
2011	0.611	0.000	0.611	0.042	0.394	0.479	1.526	
2010	0.577	0.000	0.577	0.012	0.353	0.433	1.375	
2009	0.545	0.000	0.545	0.011	0.377	0.404	1.337	
2008	1.401	0.070	1.471	0.000	1.003	0.996	3.470	

(r) Reassessment

Source: Municipal Tax Collector

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2017			2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
NOT AVAILABLE						
Total	<u>\$0</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>

Source: Municipal Tax Assessor

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 1,455,596.00	\$ 1,455,596.00	100.00%	-
2016	1,427,055.00	1,427,055.00	100.00%	-
2015	1,346,565.00	1,346,565.00	100.00%	-
2014	1,263,753.00	1,263,753.00	100.00%	-
2013	1,238,974.00	1,135,726.00	91.67%	N/A
2012	1,214,680.00	1,214,680.00	100.00%	-
2011	2,954,269.00	2,805,337.00	94.96%	N/A
2010	2,985,799.00	2,811,748.00	94.17%	N/A
2009	2,735,750.00	2,535,476.00	92.68%	N/A
2008	2,716,927.00	2,449,045.00	90.14%	N/A

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

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the school District's outstanding debt and its debt capacity.

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>GOVERNMENTAL ACTIVITIES</u>						
FISCAL YEAR ENDED JUNE, 30	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA PERSONAL INCOME	
2017	\$ -	\$ 590,414	\$ 590,414	N/A	N/A	
2016	-	241,390	241,390	N/A	N/A	
2015	-	341,874	341,874	619.03%	\$ 55,227	
2014	-	163,277	163,277	303.79%	53,747	
2013	-	294,012	294,012	567.76%	51,785	
2012	-	-	-	N/A	51,390	
2011	-	-	-	N/A	49,955	
2010	-	-	-	N/A	48,047	
2009	-	-	-	N/A	47,649	
2008	-	-	-	N/A	47,816	

* = The Per Capital Income information presented is for the entire County of Burlington.

Source: District CAFR Schedules I-1, I-2

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	-	-	-	0.00%	N/A
2016	-	-	-	0.00%	N/A
2015	-	-	-	0.00%	\$ 55,227
2014	-	-	-	0.00%	53,747
2013	-	-	-	0.00%	51,785
2012	-	-	-	0.00%	51,390
2011	-	-	-	0.00%	49,955
2010	-	-	-	0.00%	48,047
2009	-	-	-	0.00%	47,649
2008	-	-	-	0.07%	47,816

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Local Municipality	\$ 410,828	100.00%	\$ 410,828
Pinelands Regional School District	5,393,000	5.64%	304,165
County of Burlington	314,942,084	0.39%	<u>1,242,138</u>
Subtotal, Overlapping Debt			1,957,131
Local School District Direct Debt			<u>590,414</u>
Total Direct & Overlapping Debt			<u><u>\$ 2,547,545</u></u>

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

(Dollars in Thousands)

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 4,400,623	\$ 4,406,656	\$ 4,445,108	\$ 4,544,568	\$ 4,804,139	\$ 4,846,216	\$ 4,844,320	\$ 4,860,064	\$ 4,588,380	\$ 4,086,104
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 4,400,623	\$ 4,406,656	\$ 4,445,108	\$ 4,544,568	\$ 4,804,139	\$ 4,846,216	\$ 4,844,320	\$ 4,860,064	\$ 4,588,380	\$ 4,086,104
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2016	\$ 174,979,986
2015	176,538,001
2014	176,556,821
	<u>\$ 528,074,808</u>
Average Equalized Valuation of Taxable Property	<u>\$ 176,024,936</u>
Debt Limit (2.50% of Average Equalization Value) Net Bonded School Debt	\$ 4,400,623
Legal Debt Margin	<u>\$ 4,400,623</u>

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

Demographic and Economic Information

Demographic and economic information is intended to (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District's operates.

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION	PERSONAL		PER CAPITA	UNEMPLOYMENT RATE
		INCOME	INCOME	PERSONAL INCOME	
BASS RIVER TOWNSHIP					
2017	1,443	N/A		N/A	7.5%
2016	1,449	N/A		N/A	4.2%
2015	1,445	\$ 79,803,015	\$	55,227	6.5%
2014	1,445	77,664,415		53,747	10.5%
2013	1,444	74,777,540		51,785	12.3%
2012	1,445	74,258,550		51,390	9.2%
2011	*	72,234,930		49,955	9.0%
2010		74,040,427		48,047	9.0%
2009		73,713,003		47,649	8.7%
2008		74,162,616		47,816	5.1%

* 2010 Census

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

NOT AVAILABLE

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Operating Information

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

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**BASS RIVER TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	7.25	14.0	12.0	12.0	11.0	11.5	11.4	11.4	11.4	11.4
Special Education	3.0	3.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0
Other Special Education Instruction	4.75	3.0	3.0	2.0	2.0	0.8	0.8	0.8	0.8	0.8
Support Services:										
Student & Instruction Related Services	2.1	2.0	3.0	3.0	3.0	3.2	3.2	3.2	4.2	3.4
General Administrative Services	0.5	1.5	1.5	1.5	1.5	1.7	1.7	1.7	1.7	1.0
School Administrative Services	0.75	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations & Maintenance	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Other Support Services	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Food Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.6
Total	21.4	29.0	29.0	28.0	27.0	26.7	25.6	25.6	28.2	26.7

Source: District Personnel Records

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY SCHOOL	PUPIL/				
2017	102	\$2,732,413	26,788	3.52%	15	1:6.8	102.0	96.6	-6.85%	94.67%	
2016	106	2,742,986	25,877	7.67%	17	1:7.5	109.5	102.7	-0.54%	93.79%	
2015	110	2,643,821	24,035	5.97%	19	1:08	110.1	109.3	1.10%	94.47%	
2014	113	2,562,925	22,681	16.24%	19	1:06	108.9	102.9	-11.82%	94.49%	
2013	126	2,458,560	19,512	16.63%	18	1:07	123.5	117.8	10.29%	95.38%	
2012	136	2,275,283	16,730	-4.60%	22	1:03	131.8	126.0	-6.40%	92.45%	
2011	121	2,121,954	17,537	-0.96%	18	1:07	119.5	113.5	-18.80%	93.75%	
2010	125	2,213,436	17,707	1.49%	18	1:08	127.7	120.0	-15.74%	93.75%	
2009	126	2,198,490	17,448	5.17%	20	1:16	107.0	101.3	-1.55%	91.34%	
2008	127	2,106,985	16,590	7.37%	20	1:16	127.0	116.0	3.70%	91.34%	

Sources: District records

Note: Enrollment based on annual October district count.

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

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDING	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bass River Township Elementary School	45,299	45,299	45,299	45,299	45,299	45,299	45,299	45,299	45,299	45,299
Square Feet	205	205	205	205	205	205	205	205	205	205
Capacity (Students)	106	110	113	113	126	136	121	119	126	127
Enrollment										

Number of Schools at June 30, 2017:
 Elementary School = 1
 Middle School = 0
 High School = 0
 Other = 0

Source: District Facilities Office

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

*** School Facilities**
Project Numbers

Bass River Township
Elementary School
4950-060-04-1000

2017	\$	19,233
2016		14,623
2015		8,171
2014		15,708
2013		27,149
2012		33,161
2011		21,812
2010		31,488
2009		72,044
2008		31,393

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017**

COMPANY	TYPE OF COVERAGE	DEDUCTIBLE
School Package Policy		
NJ School Board Association	\$ 350,000,000	
Property-Blanket Building & Contents	5,668,437	1,000
Commercial General Liability		
General Aggregate	16,000,000	N/A
Products & Completed Operations Aggreg	16,000,000	N/A
Personal & Advertising Injury	16,000,000	N/A
Each Occurrence	16,000,000	N/A
Fire Damage (Any on Fire)	16,000,000	N/A
Medical Expense (Any one Person)	10,000	N/A
Professional Liability		
Coverage A - Each Policy Period	16,000,000	10,000/claim
Coverage B - Each Claim	100,000	
Coverage C - Each Policy Period	300,000	10,000/claim
Comprehensive Automobile Liability		
Hired & Non Owned Only	16,000,000	N/A
Commercial Crime Policy		
Money-All risk In/Out	25,000	500
Public Employee Dishonesty	500,000	1,000
Forgery & Altercation	100,000	500
Computer Fraud	100,000	500
Computer & Scheduled Equipment		
Utica National Ins Group- Commercial Inland Marine		
Computers	185,000	1,000
Commercial Articles	Included	
Boiler & Machinery- Hartford Stm Boiler		
Boiler & Machinery	100,000,000	1,000
Business Interruption	Included	12 hours
Property-Blanket Building & Contents	5,668,437	1,000
Commercial General Liability		
Extra Expense	10,000,000	
Service Interruption	10,000,000	24 hours
Accident & Health		
Berkeley Accident & Health LLC		
Accident & Health	1,000,000	N/A
Accident & Health/Voluntary Retained Limit	500,000	N/A
Public Employee's Fidelity Bonds-		
Utica National Ins. Group		
Board Secretary	100,000	N/A
Treasurer of School Monies	180,000	N/A
Workers Compensation- NJ School Board Association		
Each Accident	2,000,000	N/A
Disease-Policy Limit	2,000,000	N/A
Disease-Each Employee	2,000,000	N/A

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SINGLE AUDIT SECTION

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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
Bass River Township School District
County of Burlington
New Gretna, 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bass River Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Bass River Township School District's basic financial statements, and have issued our report thereon dated October 18, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may

exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be a significant deficiency as finding no. 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bass River Township School District'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey as finding no. 2017-001.

The Bass River Township School District's Response to Findings

The Bass River Township School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

Toms River, New Jersey
October 18, 2017

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB
CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Bass River Township School District
County of Burlington
New Gretna, New Jersey

Report on Compliance for Each Major State Program

We have audited the Bass River Township School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2017. The Bass River Township School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Bass River Township School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit

includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major State Program

In our opinion, the Bass River Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB's Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2017-002. Our opinion on each major state program is not modified with respect to these matters.

Bass River Township School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bass River Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Controls Over Compliance

Management of the Bass River Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable

possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-002 to be a significant deficiency.

Bass River Township School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bass River Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

Toms River, New Jersey
October 18, 2017

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BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title or Cluster	Federal CFDA Number	Federal Award Identification Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016	Cash Received	Total Budgetary Expenditures	Passed Through to Subrecipients	Accounts Receivable	Balance at June 30, 2017	
											Unearned Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund: Special Education Cluster: LD.E.A. Part B, Basic LD.E.A. Part B, Preschool Total Special Education Cluster	84,027 84,173	H027A160100 H173A160114	100-034-5065-016 100-034-5065-020	\$ 45,731 3,575	7/1/2016 6/30/2017 7/1/2016 6/30/2017	\$ - -	\$ 50,000 3,575 53,575	\$ (45,731) (3,575) (49,306)	- -	\$ - -	\$ 4,269 -	\$ - -
Other Programs: Title I, Part A Title II, Part A, Supporting Effective Instruction	84,010 84,367	S010A160030 S367A160029	100-034-5064-194 100-034-5063-290	24,558 4,513	7/1/2016 6/30/2017 7/1/2016 6/30/2017	- -	24,558 4,513	(24,558) (4,513)	- -	- -	- -	- -
Title VI, Small Rural Schools Achievement Program Title VI, Small Rural Schools Achievement Program Subtotal for CFDA #84.358	84,358 84,358	S358B160030 S358B150030	Not Available Not Available	16,397 15,187	7/1/2016 6/30/2017 7/1/2015 6/30/2016	- (1,519)	16,397 1,519 17,916	(16,397) -	- -	- -	- -	- -
Total Special Revenue Fund						(1,519)	100,562	(94,774)	-	-	4,269	-
Total U.S. Department of Education						(1,519)	100,562	(94,774)	-	-	4,269	-
Total Federal Awards						<u>\$ (1,519)</u>	<u>\$ 100,562</u>	<u>\$ (94,774)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,269</u>	<u>\$ -</u>

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016	Cash Received	Budgetary Expenditures	Passed Through To Subrecipients	Balance at June 30, 2017		MEMO	
			From	To					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable
State Department of Education:												
General Fund:												
State Aid - Public:												
495-034-5120-078		\$ 638,484	7/1/2016	6/30/2017	\$ -	\$ 638,484	\$ (638,484)	-	\$ -	\$ -	\$ 63,850	\$ 638,484
Special Education Categorical Aid	495-034-5120-089	67,203	7/1/2016	6/30/2017	-	67,203	(67,203)	-	-	-	6,720	67,203
Security Aid	495-034-5120-084	22,124	7/1/2016	6/30/2017	-	22,124	(22,124)	-	-	-	2,211	22,124
Adjustment Aid	495-034-5120-085	129,586	7/1/2016	6/30/2017	-	129,586	(129,586)	-	-	-	12,958	129,586
Per Pupil Growth Aid	495-034-5120-097	1,150	7/1/2016	6/30/2017	-	1,150	(1,150)	-	-	-	115	1,150
PARCC Readiness Aid	495-034-5120-098	1,150	7/1/2016	6/30/2017	-	1,150	(1,150)	-	-	-	115	1,150
Professional Learning Community Aid	495-034-5120-101	1,030	7/1/2016	6/30/2017	-	1,030	(1,030)	-	-	-	103	1,030
Total State Aid - Public						860,727	(860,727)				86,072	860,727
Transportation Aid	495-034-5120-014	25,972	7/1/2016	6/30/2017	-	25,972	(25,972)	-	-	-	2,597	25,972
Additional Nonpublic Transportation Aid	495-034-5120-014	174	7/1/2016	6/30/2017	-	-	(174)	-	-	-	-	174
Extraordinary Aid	495-034-5120-044	6,048	7/1/2016	6/30/2017	-	-	(6,048)	-	-	-	(6,048)	6,048
Reimbursed TPAF Social Security Contributions	100-034-5094-003	76,859	7/1/2016	6/30/2017	-	69,890	(76,859)	-	-	-	(6,969)	76,859
Reimbursed TPAF Social Security Contributions	100-034-5094-003	83,901	7/1/2015	6/30/2016	(8,228)	8,228	-	-	-	-	-	83,901
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	124,245	7/1/2016	6/30/2017	-	124,245	(124,245)	-	-	-	-	124,245
TPAF - Post-Retirement Medical (Noncash Assistance)	495-034-5094-001	103,525	7/1/2016	6/30/2017	-	103,525	(103,525)	-	-	-	-	103,525
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	365	7/1/2016	6/30/2017	-	365	(365)	-	-	-	-	365
Total General Fund					(8,228)	1,192,952	(1,197,915)				88,669	1,281,816
Total State Department of Education					(8,228)	1,192,952	(1,197,915)				88,669	1,281,816
Total State Financial Assistance					(8,228)	1,192,952	(1,197,915)				88,669	1,281,816
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	124,245	7/1/2016	6/30/2017	-	-	(124,245)	-	-	-	-	-
TPAF - Post-Retirement Medical (Noncash Assistance)	495-034-5094-001	103,525	7/1/2016	6/30/2017	-	-	(103,525)	-	-	-	-	-
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	365	7/1/2016	6/30/2017	-	-	(365)	-	-	-	-	-
Total State Financial Assistance subject to Calculation for Major Program Determination											88,669	1,281,816

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Bass River Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of 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*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

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 on behalf of the School District for the year ended June 30, 2017. 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, 2017.

Note 3. Relationship to Basic Financial Statements

The basic 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.

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments 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*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$378) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,197,537	\$ 1,197,537
Special Revenue Fund	<u>94,774</u>	<u>-</u>	<u>94,774</u>
Total Awards & Financial Assistance	<u>\$ 94,774</u>	<u>\$ 1,197,537</u>	<u>\$ 1,292,311</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. Federal and State Loans Outstanding

The Bass River Township School District had no loan balances outstanding at June 30, 2017.

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? _____ yes _____ no

2) Significant deficiency(ies) identified? _____ yes _____ none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ yes _____ no

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs _____ \$750,000 _____

Auditee qualified as low-risk auditee? _____ yes _____ no

Internal control over major programs:

 1) Material weakness(es) identified? _____ yes _____ no

 2) Significant deficiency(ies) identified? _____ yes _____ no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? _____ yes _____ no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid - Public Cluster: Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

Finding 2017-001

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.12(c) states that “Receipts shall be detailed showing date, sources, purpose and amount. All receipts should be promptly deposited in the bank.”

Condition:

During our testing of receipts in the Student Activities Fund it was noted that deposits did not contain sufficient detail and were not promptly deposited.

Context:

Two out of sixteen deposits did not contain sufficient detail and all sixteen deposits were not promptly deposited.

Cause:

The advisor did not maintain sufficient evidentiary support and did not put an emphasis on depositing the receipts in a timely manner.

Effect or potential effect:

Not maintaining sufficient detail for deposits does not provide a proper audit trail. Not depositing receipts in a timely matter could cause deposits to be misplaced or improperly recorded.

Recommendation:

That deposits be made promptly upon receipt of funds and that sufficient evidentiary support be maintained for proper audit trail.

View of responsible officials and planned corrective actions:

The School District agrees with this finding and will improve controls over Student Activity Fund receipts in the fiscal year ending June 30, 2018.

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section III – Federal Awards & State Financial Assistance Findings & 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

Finding 2017-002

Information on the state program:

495-034-5120-078 – Equalization Aid; 495-034-5120-084 – Security Aid; 495-034-5120-085 – Adjustment Aid; 495-034-5120-089 – Special Education Categorical Aid; 495-034-5120-097 – Per Pupil Growth Aid; 495-034-5120-098 – PARCC Readiness Aid; 495-034-5120-101 – Professional Learning Community Aid

Criteria or specific requirement:

Chapter 78 of the Laws of 2011 sets forth requirements that employees contribute to the cost of health benefits at certain statutory rates.

Condition:

During our testing it was noted that two out of fifteen employees did not have the proper deductions withheld from their wages in accordance with the statutory calculations.

Context:

The District under-withheld a total of \$561 for the two employees for the year ended June 30, 2017.

Cause:

The District did not properly calculate the mandatory withholding.

**BASS RIVER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs
(continued)**

STATE FINANCIAL ASSISTANCE (continued)

Finding 2017-002 (continued)

Effect or potential effect:

The District did not withhold the proper amounts leading to expenses for health benefits to be overstated by \$561.

Recommendation:

That the District implement procedures to properly calculate the mandatory withholding for health benefits.

Management's response:

The School District agrees with this finding and will improve controls over health benefit deductions in the fiscal year ending June 30, 2018.

**BASS RIVERTOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.