

SCHOOL DISTRICT
OF
BEACH HAVEN
OF OCEAN COUNTY

BEACH HAVEN BOARD OF EDUCATION
BEACH HAVEN, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Beach Haven School District
of Ocean County

Beach Haven, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Beach Haven School District
of Ocean County Board of Education
Finance Department

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



November 30, 2017

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Borough of Beach Haven Board of Education for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. Reporting Entity and Its Services:

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

The District provides a full range of educational services and programs, which are appropriate for grades Pre-Kindergarten through Grade Six. These services and programs include regular, as well as, special education for handicapped pupils. The district completed the 2016-17 fiscal year with an enrollment of 69 students. The following details the changes in the student enrollment of the District over the past six years.

| <u>Fiscal Year</u> | <u>Pupil Enrollment</u> | <u>Percentage Change</u> |
|--------------------|-------------------------|--------------------------|
| 2016-2017 | 69 | +6% |
| 2015-2016 | 65 | 0% |
| 2014-2015 | 65 | -8% |
| 2013-2014 | 80 | +8% |
| 2012-2013 | 64 | -1% |
| 2011-2012 | 65 | -9% |

2. Economic Conditions and Outlook:

The Beach Haven School District has a stable year-round population, although student enrollment increased in the most recent years. The primary industry is tourism which significantly increases the population during the summer.

3. Major Initiatives:

All who comprise the PK-6 Beach Haven School District continue to work to maintain high levels of academic and social achievements, value the importance of technology as educational tool vs. an educational requirement in isolation, and comply with all of the current educational rules and regulations governing schools in New Jersey.

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

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

4. Internal Accounting Controls:

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

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

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

5. Budgetary Controls:

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

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

6. Accounting System and Reports:

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

7. Debt Administration:

The District had no outstanding debt as of June 30, 2017.

8. Risk Management:

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

9. Other Information:

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

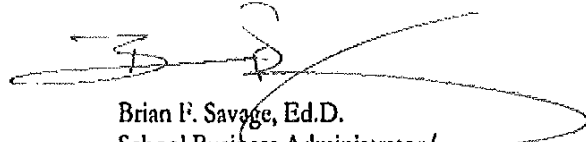
10. Acknowledgments:

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

Respectfully Submitted,



Carl Krushinski
Superintendent of School/Principal



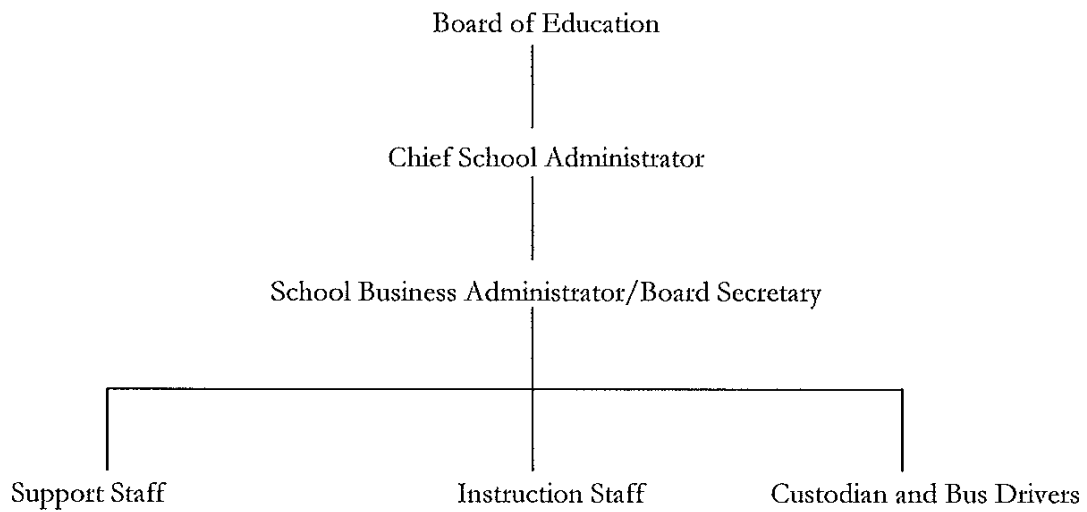
Brian F. Savage, Ed.D.
School Business Administrator/
Board Secretary

Borough of Beach Haven Board of Education

Beach Haven, New Jersey

June 30, 2017

Organization Chart



Beach Haven School District
BEACH HAVEN BOARD OF EDUCATION, New Jersey

Roster of Officials
June 30, 2017

| <u>Members of the Board of Education</u> <u>Expires</u> | <u>Term</u> |
|------------------------------------------------------------|-------------|
| Irene Hughes, President | 2019 |
| Jen Tomlinson, Vice President | 2017 |
| Jean Frazier | 2019 |
| Carol Labin | 2018 |
| Meredith O'Donnell | 2017 |

Other Officials

Carl Krushinski - Superintendent of Schools

Dr. Brian F. Savage - School Business Administrator / Board Secretary

Beach Haven School District
Consultants and Advisors

Attorney

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

Audit Firm

Kathryn Perry, CPA
Jump, Perry and Company, L.L.P.
12 Lexington Avenue
Toms River, New Jersey 08753

Official Depositories

TD Bank
13100 Long Beach Boulevard
Beach Haven, New Jersey 08008

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report of 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 Beach Haven School District in the County of Ocean, State of New Jersey, as of and for the 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the 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 of 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 School 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 School 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.

Opinion

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beach Haven School District in the County of Ocean, 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 and budgetary comparison information as presented 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 Beach Haven School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

Other Information (continued)

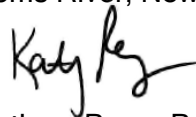
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the Beach Haven School District in the County of Ocean, State of New Jersey 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 Beach Haven School District in the County of Ocean, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted

Jump, Perry and Company L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 28, 2017

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Beach Haven School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The discussion and analysis of Beach Haven School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

Financial Highlights

Key financial highlights for June 30, 2017 are as follows:

In total, net position totaled \$3,037,406, which represents a (1.53) percent decrease from June 30, 2016.

General revenues accounted for \$2,060,163 in revenue or 95.38 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$99,844 or 4.62 percent of total revenues of \$2,160,007.

Total assets increased by \$29,778 as current assets increased by \$16,795 and capital assets increased by \$12,983.

The School Board had \$2,207,195 in expenses; only \$99,844 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,060,163 were adequate to provide for these programs.

Among major funds, the General Fund had \$2,129,911 in revenues and \$2,113,116 in expenditures and transfers. The General Fund's balance increased \$16,795 over June 30, 2016. The General Fund's balance is \$897,701.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the School Board, presenting both an aggregate view of the School Board's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the School Board's most significant funds with all other non-major funds presented in total in one column. In the case of Beach Haven School District, the General Fund is by far the most significant.

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the School Board to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2017?" The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School Board's net position and changes in those assets. This change in net position is important because reports whether the School Board's financial position has improved or diminished.

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

Governmental Activities - All of the School Board's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Funds are reported as a business activity.

Reporting the School Board's Most Significant Funds

Fund Financial Statement

The Analysis of the School Board's major funds begins on page 26. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities.

The Beach Haven School District does not have any enterprise funds.

The School Board as a Whole

The Statement of Net Position provides the financial perspective of the School Board as a whole.

Table 1 provides a summary comparison of the School Board's net position for June 30, 2017 and 2016.

Table 1

Net Position as of June 30, 2017 and June 30, 2016

| | June 30, 2017 | | | June 30, 2016 | | |
|--------------------------------------|----------------------------|-----------------------------|---------------------|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Assets: | | | | | | |
| Current and other assets | \$ 897,701 | \$ - | \$ 897,701 | \$ 880,906 | \$ - | \$ 880,906 |
| Capital assets, net | 2,474,557 | - | 2,474,557 | 2,461,574 | - | 2,461,574 |
| Total assets | 3,372,258 | - | 3,372,258 | 3,342,480 | - | 3,342,480 |
| | | | | | | |
| Deferred outflow of resources | 197,787 | - | 197,787 | 54,719 | - | 54,719 |
| | | | | | | |
| Liabilities: | | | | | | |
| Current liabilities | - | - | - | - | - | - |
| Net pension liability | 486,304 | - | 486,304 | 280,609 | - | 280,609 |
| Long-term liabilities outstanding | 46,335 | - | 46,335 | 27,484 | - | 27,484 |
| Total liabilities | 532,639 | - | 532,639 | 308,093 | - | 308,093 |
| | | | | | | |
| Deferred inflow of resources | - | - | - | 4,512 | - | 4,512 |
| | | | | | | |
| Net position: | | | | | | |
| Net investment in capital assets | 2,474,557 | - | 2,474,557 | 2,461,574 | - | 2,461,574 |
| Restricted | 667,876 | - | 667,876 | 646,916 | - | 646,916 |
| Unrestricted | (105,027) | - | (105,027) | (23,896) | - | (23,896) |
| Total Net Position | \$ 3,037,406 | \$ - | \$ 3,037,406 | \$ 3,084,594 | \$ - | \$ 3,084,594 |

The School Board's combined net position were \$3,037,406 on June 30, 2017. This is a change of (1.53)% from the previous year.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2017 and 2016.

Table 2

Changes in Net Position

| | June 30, 2017 | | | June 30, 2016 | | |
|-----------------------------------------------------------|----------------------------|-----------------------------|---------------------|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating and capital grants and contributions | 99,844 | - | 99,844 | 30,646 | - | 30,646 |
| General revenues: | | | | | | |
| Property taxes | 1,811,354 | - | 1,811,354 | 1,699,717 | - | 1,699,717 |
| Federal and state aid Not restricted to specific purposes | 227,508 | - | 227,508 | 332,910 | - | 332,910 |
| Investment earnings | - | - | - | - | - | - |
| Miscellaneous | 21,301 | - | 21,301 | 208,488 | - | 208,488 |
| Total revenues | 2,160,007 | - | 2,160,007 | 2,271,761 | - | 2,271,761 |
| Expenses | | | | | | |
| Instructional services | 743,882 | - | 743,882 | 713,638 | - | 713,638 |
| Support services | 1,463,313 | - | 1,463,313 | 1,614,853 | - | 1,614,853 |
| Interest on long-term liabilities | - | - | - | - | - | - |
| Total expenses | 2,207,195 | - | 2,207,195 | 2,328,491 | - | 2,328,491 |
| Change in net position | (47,188) | - | (47,188) | (56,730) | - | (56,730) |
| Net position - beginning | <u>3,084,594</u> | <u>-</u> | <u>3,084,594</u> | <u>3,141,324</u> | <u>-</u> | <u>3,141,324</u> |
| Net position (deficit) - ending | <u>\$ 3,037,406</u> | <u>\$ -</u> | <u>\$ 3,037,406</u> | <u>\$ 3,084,594</u> | <u>\$ -</u> | <u>\$ 3,084,594</u> |

The tax levy increase was due in general to cover increased costs in salaries and benefits, utilities and the debt service. The Federal and State aid-restricted decreased due to the decrease in grants available.

Regular instructional costs increased due to contractual increases in salary and benefits as well as program maintenance and enhancements.

Other support services decreased primarily due to a decrease in other purchased professional services from the Special Revenue Fund.

Expenses for Fiscal Year June 30, 2017

Governmental Activities

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

Table 3

Governmental Activities

| | 2017 | | 2016 | |
|-------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
| Instruction | \$ 743,882 | \$ 743,882 | \$ 744,284 | \$ 713,638 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 928,351 | 828,507 | 1,065,702 | 1,065,702 |
| General Administration, School Administration, Business Operation and Maintenance of Facilities | 501,930 | 501,930 | 498,196 | 498,196 |
| Pupil Transportation | 33,032 | 33,032 | 50,955 | 50,955 |
| Interest and Fiscal Charges | - | - | - | - |
| Total Expenses | \$ 2,207,195 | \$ 2,107,351 | \$ 2,359,137 | \$ 2,328,491 |

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

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 90% of the student population participates in extracurricular activities.

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

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

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

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

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

The School Board's Funds

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

As the School Board completed the fiscal year ended June 30, 2017, it reported a combined fund balance of \$897,701, which is a decrease of \$16,795. The Reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2017.

| <u>Revenue</u> | <u>2016-17 Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2016-17</u> | <u>Percent of Increase/ (Decrease)</u> |
|-----------------|---------------------------|-------------------------|------------------------------------------------------|------------------------------------------------|
| Local Sources | \$ 1,832,655 | 84.85 % | \$ (75,550) | (4.12)% |
| State Sources | 297,256 | 13.76 | (66,300) | (22.30) |
| Federal Sources | <u>30,096</u> | <u>1.39</u> | <u>(550)</u> | <u>(1.83)</u> |
| Total | <u>\$ 2,160,007</u> | <u>100.00 %</u> | <u>\$ (142,400)</u> | <u>(6.59)%</u> |

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017.

| <u>Expenditures</u> | <u>2016-17 Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2016-17</u> | <u>Percent of Increase/ (Decrease)</u> |
|-------------------------------|---------------------------|-------------------------|------------------------------------------------------|------------------------------------------------|
| Current Expense: | | | | |
| Instruction | \$ 743,882 | 34.71 % | \$ (402) | (0.04)% |
| Undistributed Expenditures | 1,311,074 | 61.17 | (68,625) | (5.23) |
| Capital Outlay | <u>88,256</u> | <u>4.12</u> | <u>88,180</u> | <u>99.91</u> |
| Total | <u>\$ 2,143,212</u> | <u>100.00 %</u> | <u>\$ 19,153</u> | <u>0.89 %</u> |

General Fund Budgeting Highlights

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

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

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

The General Fund finished the fiscal year approximately \$190,231 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$5,370 better than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are Capital Reserve \$512,960, Maintenance Reserve \$143,000 and Emergency Reserve \$-. These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District

The expenditures were less due to cost containment by the Board even after the salary and benefit increases. General supplies were purchased at better prices than expected due to the school board joining other schools in cooperative bidding. The district also joined a co-op for energy consumption, which was done after the budget was struck. Through efforts made in finding jointures with other local districts, and increase students on district owned vehicles the district transportation costs were lowered for special needs students.

The revenue situation arose primarily because of tuition received from out of district students.

The excesses will be carried forward into the beginning fund balance from the 2016-2017 fiscal year and will be used to reduce the local tax levy for the 2018-2019 fiscal year.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2017, the School Board had \$2,474,557 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2017 and June 30, 2016

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|-------------------------|---------------------|--------------------------|-------------|---------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 99,516 | \$ 99,516 | \$ - | \$ - | \$ 99,516 | \$ 99,516 |
| Construction in Progress | - | - | - | - | - | - |
| Building and Improvements | 2,319,477 | 2,362,058 | - | - | 2,319,477 | 2,362,058 |
| Machinery and Equipment | 55,564 | - | - | - | 55,564 | - |
| Total | \$ 2,474,557 | \$ 2,461,574 | \$ - | \$ - | \$ 2,474,557 | \$ 2,461,574 |

During the current fiscal year, \$88,180 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

Debt Administration. The District's long-term liabilities are as follows for the governmental activities at June 30, 2017 and June 30, 2016.

| | June 30, 2017 | June 30, 2016 |
|------------------------------------|--------------------------|--------------------------|
| Pension Liability-PERS | \$ 486,304 | \$ 280,609 |
| Compensated Absences payable | <u>46,335</u> | <u>27,484</u> |
| Total long-term liabilities | <u>\$ 532,639</u> | <u>\$ 308,093</u> |

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

Economic Factors and Next Year's Budget

For the 2016-2017 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 15.15% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 84.85% of total revenue is from local sources.

The \$(105,027) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

The 2016-2017 budget was adopted in March 2016 based in part on the state education aid the School Board anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Borough of Beach Haven for increased aid.

The School Board anticipates a slight increase in enrollment for the 2017-2018 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the School School Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Beach Haven School District, 700 N. Beach Ave, Beach Haven, NJ, 08008.

BASIC FINANCIAL STATEMENTS

BEACH HAVEN SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 879,094 | \$ - | \$ 879,094 |
| Restricted cash-capital reserve | 18,607 | - | 18,607 |
| Receivables - state | - | - | - |
| Receivables - federal | - | - | - |
| Capital assets, non-depreciable | 99,516 | - | 99,516 |
| Capital assets, depreciable, net: | 2,375,041 | - | 2,375,041 |
| Total assets | <u>3,372,258</u> | <u>-</u> | <u>3,372,258</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - PERS | 197,787 | - | 197,787 |
| Total deferred outflows of resources | <u>197,787</u> | <u>-</u> | <u>197,787</u> |
| LIABILITIES | | | |
| Accounts payable | - | - | - |
| Unearned revenue | - | - | - |
| Noncurrent liabilities: | | | |
| Due within one year | - | - | - |
| Due beyond one year | 532,639 | - | 532,639 |
| Total liabilities | <u>532,639</u> | <u>-</u> | <u>532,639</u> |
| NET POSITION | | | |
| Net investment in capital assets | 2,474,557 | - | 2,474,557 |
| Restricted for: | | | |
| Capital projects | 512,960 | - | 512,960 |
| Other purposes | 154,916 | - | 154,916 |
| Unrestricted | (105,027) | - | (105,027) |
| Total net position | <u>\$ 3,037,406</u> | <u>\$ -</u> | <u>\$ 3,037,406</u> |

BEACH HAVEN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|-------------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| Current: | | | | | | | |
| Regular instruction | \$ 649,788 | \$ - | \$ - | \$ - | \$ (649,788) | \$ - | \$ (649,788) |
| Special schools instruction | 78,382 | - | - | - | (78,382) | - | (78,382) |
| Other special instruction | 15,712 | - | - | - | (15,712) | - | (15,712) |
| Support services and undistributed costs: | | | | | | | |
| Attendance | 35,455 | - | - | - | (35,455) | - | (35,455) |
| Health services | 33,248 | - | - | - | (33,248) | - | (33,248) |
| Other support services | 237,250 | - | - | - | (237,250) | - | (237,250) |
| Instruction staff training | 19,850 | - | - | - | (19,850) | - | (19,850) |
| General administrative services | 74,935 | - | - | - | (74,935) | - | (74,935) |
| School administrative services | 9,900 | - | - | - | (9,900) | - | (9,900) |
| Central services | 33,419 | - | - | - | (33,419) | - | (33,419) |
| Allowed maintenance for school facilities | 163,036 | - | - | - | (163,036) | - | (163,036) |
| Other operation & maintenance of plant | 218,414 | - | - | - | (218,414) | - | (218,414) |
| Security | 3,000 | - | - | - | (3,000) | - | (3,000) |
| Student transportation services | 33,032 | - | - | - | (33,032) | - | (33,032) |
| Unallocated employee benefits | 501,930 | - | - | - | (501,930) | - | (501,930) |
| Non-budgeted expenditures | 99,844 | - | 99,844 | - | - | - | - |
| Total governmental activities | <u>2,207,195</u> | <u>-</u> | <u>99,844</u> | <u>-</u> | <u>(2,107,351)</u> | <u>-</u> | <u>(2,107,351)</u> |
| Business-type activities: | | | | | | | |
| Food service | - | - | - | - | - | - | - |
| Total business-type activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 2,207,195</u> | <u>\$ -</u> | <u>\$ 99,844</u> | <u>\$ -</u> | <u>\$ (2,107,351)</u> | <u>\$ -</u> | <u>\$ (2,107,351)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes levied for general purpose | | | | | 1,811,354 | - | 1,811,354 |
| Federal and state aid - not restricted | | | | | 197,412 | - | 197,412 |
| Federal and state aid -restricted | | | | | 30,096 | - | 30,096 |
| Miscellaneous income | | | | | 21,301 | - | 21,301 |
| Total general revenues | | | | | <u>2,060,163</u> | <u>-</u> | <u>2,060,163</u> |
| Change in net position | | | | | <u>(47,188)</u> | <u>-</u> | <u>(47,188)</u> |
| Net position—beginning | | | | | <u>3,084,594</u> | <u>-</u> | <u>3,084,594</u> |
| Net position—ending | | | | | <u>\$ 3,037,406</u> | <u>-</u> | <u>\$ 3,037,406</u> |

**BEACH HAVEN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|-----------------------------------------------------------------|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|-----------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 879,094 | \$ - | \$ - | \$ - | \$ 879,094 |
| Capital reserve | 18,607 | - | - | - | 18,607 |
| Receivables - State | - | - | - | - | - |
| Receivables - Federal | - | - | - | - | - |
| Total assets | <u>\$ 897,701</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 897,701</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deferred revenue | - | - | - | - | - |
| Due to grantor | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Capital reserve account | 512,960 | - | - | - | 512,960 |
| Maintenance reserve account | 143,000 | - | - | - | 143,000 |
| Emergency reserve account | - | - | - | - | - |
| Excess surplus | - | - | - | - | - |
| Excess surplus -- designated for subsequent year's expenditures | 11,742 | - | - | - | 11,742 |
| Committed to: | | | | | |
| Other purposes | - | - | - | - | - |
| Assigned to: | | | | | |
| Designated by the BOE for subsequent year's expenditures | 174 | - | - | - | 174 |
| Other purposes | - | - | - | - | - |
| Unassigned to: | | | | | |
| General fund | 229,825 | - | - | - | 229,825 |
| Special revenue fund | - | - | - | - | - |
| Total Fund balances | <u>897,701</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>897,701</u> |
| Total liabilities and fund balances | <u>\$ 897,701</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$3,585,238 and the accumulated depreciation is \$1,110,681.

2,474,557

Deferred outflows related to the PERS pension plan

197,787

Deferred inflows related to the PERS pension plan

-

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(532,639)

Net position of governmental activities

\$ 3,037,406

BEACH HAVEN SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

| | General Fund | Special Revenue Fund | GAAP Total Governmental Funds |
|------------------------------------------------------|-----------------|----------------------------|----------------------------------------|
| REVENUES | | | |
| Local sources: | | | |
| Local tax levy | \$ 1,811,354 | \$ - | \$ 1,811,354 |
| Other Local Revenue | 21,301 | - | 21,301 |
| Total - Local Sources | 1,832,655 | - | 1,832,655 |
| State sources | 297,256 | - | 297,256 |
| Federal sources | - | 30,096 | 30,096 |
| Total revenues | \$ 2,129,911 | \$ 30,096 | \$ 2,160,007 |
| EXPENDITURES | | | |
| Current: | | | |
| Regular instruction | \$ 626,598 | \$ 23,190 | \$ 649,788 |
| Special education instruction | 78,382 | - | 78,382 |
| Other special instruction | 15,712 | - | 15,712 |
| Undistributed - current: | | | |
| Attendance | 35,455 | - | 35,455 |
| Health services | 33,248 | - | 33,248 |
| Other support services | 230,344 | 6,906 | 237,250 |
| Instruction staff training | 19,850 | - | 19,850 |
| General administrative services | 74,935 | - | 74,935 |
| School administrative services | 9,900 | - | 9,900 |
| Allowed maintenance for school facilities | 163,036 | - | 163,036 |
| Other operation & maintenance of plant | 143,141 | - | 143,141 |
| Security | 3,000 | - | 3,000 |
| Student transportation services | 33,032 | - | 33,032 |
| Central services | 33,419 | - | 33,419 |
| Unallocated employee benefits | 424,964 | - | 424,964 |
| Non-budgeted expenditures | 99,844 | - | 99,844 |
| Capital outlay | 88,256 | - | 88,256 |
| Total expenditures | 2,113,116 | 30,096 | 2,143,212 |
| Excess (Deficiency) of revenues over expenditures | 16,795 | - | 16,795 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources and uses | - | - | - |
| Net change in fund balances | 16,795 | - | 16,795 |
| Fund balance—July 1 | 880,906 | - | 880,906 |
| Fund balance—June 30 | \$ 897,701 | \$ - | \$ 897,701 |

BEACH HAVEN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|
| Total net change in fund balances - governmental funds (from B-2) | \$ | 16,795 |
| <p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p> | | |
| | Depreciation expense | (75,197) |
| | Capital outlays | <u>88,180</u> |
| | | 12,983 |
| <p>In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey</p> | | |
| | | (58,115) |
| <p>In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. This year, sick leave was increased by \$0.</p> | | |
| | | <u>(18,851)</u> |
| Change in net position of governmental activities | \$ | <u>(47,188)</u> |

BEACH HAVEN SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2017

| | <u>Unemployment Compensation Trust</u> | <u>Agency Funds</u> | <u>Total</u> |
|-------------------------------------------------------------|--------------------------------------------|-------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 75,000 | \$ 30,604 | \$ 105,604 |
| Intergovernmental accounts receivable | - | - | - |
| Interfund receivable | - | - | - |
| Total assets | <u>\$ 75,000</u> | <u>\$ 30,604</u> | <u>\$ 105,604</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Payroll deductions and withholdings | - | 28,400 | 28,400 |
| Payable to student groups | - | 2,204 | 2,204 |
| Interfund payable | - | - | - |
| Other current liabilities | - | - | - |
| Total liabilities | <u>-</u> | <u>30,604</u> | <u>30,604</u> |
| NET POSITION | | | |
| Held in trust for unemployment claims and other purposes | 75,000 | - | 75,000 |
| Reserved for scholarships | - | - | - |
| Total net position | <u>75,000</u> | <u>-</u> | <u>75,000</u> |
| Total liabilities and net position | <u>\$ 75,000</u> | <u>\$ 30,604</u> | <u>\$ 105,604</u> |

BEACH HAVEN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

| | Unemployment Compensation Trust |
|---------------------------------------------------------|--------------------------------------------|
| ADDITIONS | |
| Contributions: | |
| Plan members | \$ - |
| Other | - |
| Total contributions | - |
| Investment earnings: | |
| Net increase (decrease) in fair value of investments | - |
| Interest | - |
| Dividends | - |
| Less investment expense | - |
| Net investment earnings | - |
| Total additions | - |
| DEDUCTIONS | |
| Quarterly contribution reports | - |
| Unemployment claims | - |
| Scholarships awarded | - |
| Refunds of contributions | - |
| Administrative expenses | - |
| Total deductions | - |
| Change in net position | - |
| Net position—beginning of the year | 75,000 |
| Net position—end of the year | \$ 75,000 |

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Government-Wide Financial Statements

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

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Fund Financial Statements

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

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

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

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

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

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

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

D. Fund Accounting

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

Fiduciary Fund Types

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

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

D. Fund Accounting (Cont'd)

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

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)l . All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2017 were insignificant.

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

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

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

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

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.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies (Cont'd)

F. Encumbrances

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

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

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

G. Short-Term Interfund Receivables/Payables

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

H. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

I. Capital Assets and Depreciation

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

The District contracted with an outside service company during the 2012 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased with a historical cost of \$2,000 or more. Accumulated fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided, and have been updated annually through 2016-2017. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies (Cont'd)

I. Capital Assets and Depreciation (Cont'd)

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|----------------------------|---------|
| Buildings and Improvements | 20 - 50 |
| Equipment and Vehicles | 5 - 20 |
| Furniture and Fixtures | 5 - 20 |

J. Compensated Absences

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

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

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2017. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

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

2. Cash, Cash Equivalents and Investments

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

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

2. **Cash, Cash Equivalents and Investments (Cont'd)**

Deposits

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

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

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

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

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

Investments

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

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

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

| | |
|------------------------------------------------------------|--------------------------------------|
| | Cash and Cash Equivalents |
| Checking, Money Market Accounts and Certificate of Deposit | \$1,003,305 |

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

2. Cash, Cash Equivalents and Investments (Cont'd)

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2017, was \$1,003,305 and the bank balance was \$1,210,965. Of the bank balance, \$250,000 was covered by federal depository insurance and \$66,201 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

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

| | |
|-------|-----------|
| FDIC | \$250,000 |
| GUPDA | \$66,201 |

As of June 30, 2017, the District did not hold any long-term investments.

Custodial Credit Risk - Deposits

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

The District had no uninsured deposits.

3. Capital Reserve Account

A Capital Reserve Account was established by the Beach Haven School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to Capital Projects in the District's approved Long Range Facilities Plan (LRFP) and updated in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department, a District may deposit funds into the capital reserve at any time upon Board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C 6A:23A-14.1(g), the balance in the account cannot exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

Beach Haven School District

Notes to Financial Statements (continued)

3. Capital Reserve Account (cont'd)

The activity of the Capital Reserve for the June 30, 2016 to June 30, 2017 fiscal year is as follows:

| | | |
|-----------------------------------|----|-----------------------|
| Balance, June 30, 2016 | \$ | 18,607 |
| Add: | | |
| Approved at June 2017 Meeting | | 358,000 |
| Transfer from Maintenance reserve | | <u>136,353</u> |
| Balance, June 30, 2017 | \$ | <u><u>512,960</u></u> |

4. Maintenance Reserve Account

A Maintenance Reserve Account was established by the Beach Haven School District for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Maintenance Reserve Account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2017.

The activity of the Maintenance Reserve for the June 30, 2016 to June 30, 2017 fiscal year is as follows:

| | | |
|-------------------------------|----|-----------------------|
| Balance, June 30, 2016 | \$ | 441,710 |
| Add: | | |
| Approved at June 2017 Meeting | | - |
| Less: | | |
| Transfer to Capital Reserve | | (136,353) |
| Used in budget | | <u>(162,357)</u> |
| Balance, June 30, 2017 | \$ | <u><u>143,000</u></u> |

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

5. Fixed Assets

Capital Assets consisted of the following at June 30, 2017:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|----------------------------------------------------------------------------|------------------------------|------------------|--------------------|---------------------------|
| GOVERNMENTAL ACTIVITIES: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Site and Site Improvements | \$ 99,516 | \$ - | \$ - | \$ 99,516 |
| Construction in Progress | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Capital Assets Not Being Depreciated | <u>99,516</u> | <u>-</u> | <u>-</u> | <u>99,516</u> |
| | | | | |
| Building and Building Improvements | 3,164,908 | 88,180 | - | 3,253,088 |
| Machinery and Equipment | <u>232,634</u> | <u>-</u> | <u>-</u> | <u>232,634</u> |
| Total Capital Assets Being Depreciated | <u>3,397,542</u> | <u>88,180</u> | <u>-</u> | <u>3,485,722</u> |
| Less Accumulated Depreciation for: | | | | |
| Building and Building Improvements | (867,720) | (65,891) | - | (933,611) |
| Machinery and Equipment | <u>(167,764)</u> | <u>(9,306)</u> | <u>-</u> | <u>(177,070)</u> |
| Total Accumulated Depreciation | <u>(1,035,484)</u> | <u>(75,197)</u> | <u>-</u> | <u>(1,110,681)</u> |
| Total Capital Assets Being Depreciated, Net of Accumulated Depreciation | <u>2,362,058</u> | <u>12,983</u> | <u>-</u> | <u>2,375,041</u> |
| Government Activity Capital Assets, Net | <u>\$ 2,461,574</u> | <u>12,983</u> | <u>-</u> | <u>\$ 2,474,557</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|---------------|
| Operations and Maintenance | June 30, 2017 |
| Total depreciation expense | \$75,197 |

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2017

6. General Long-Term Debt

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

| | Balance June 30, 2016 | Additions | Deletions | Balance June 30, 2017 | Long-Term Portion |
|---------------------------------|--------------------------|-------------------|-------------|--------------------------|----------------------|
| Pension Liability | \$ 280,609 | \$ 205,695 | \$ - | \$ 486,304 | \$ - |
| Compensated Absences Payable | <u>27,484</u> | <u>18,851</u> | <u>-</u> | <u>46,335</u> | <u>-</u> |
| Total | <u>\$ 308,093</u> | <u>\$ 224,546</u> | <u>\$ -</u> | <u>\$ 532,639</u> | <u>\$ -</u> |

7. Pension Plans

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS"), the Teachers' Pension and Annuity Fund ("TPAF") or the Defined Contribution Retirement Program (DCRP) which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund ("TPAF")

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

For the year ended June 30, 2017, the District recognized pension expense of \$62,252 and revenue of \$62,252 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

7. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund ("TPAF") (Cont'd)

At June 30, 2017, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is .0064376759% of the total plan. The information on the following page was provided from the State of New Jersey June 30, 2016 audit of the TPAF fund and has been adjusted to the District's proportionate share.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 17,765 | \$ 8,621 |
| Changes of assumptions | 1,006,255 | - |
| Net difference between projected and actual earnings on pension plan investments | 91,939 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 6,772 | 3,934 |
| District contributions subsequent to the measurement date | <u>-</u> | <u>-</u> |
| Total | <u>\$ 1,122,731</u> | <u>\$ 12,555</u> |

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$5,064,286.

The District's proportionate share of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the State of New Jersey as follows:

| Year ended June 30: | |
|---------------------|---------------------|
| 2017 | \$ 163,423 |
| 2018 | 163,423 |
| 2019 | 191,446 |
| 2020 | 179,045 |
| 2021 | 151,243 |
| Thereafter | <u>263,861</u> |
| Total | <u>\$ 1,112,441</u> |

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

7. Pension Plans (Cont'd)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|-----------------------------------------------|
| Cash | 5.00 % | 0.39 % |
| US Government Bonds | 1.50 % | 1.28 % |
| US Credit Bondst | 13.00 % | 2.76 % |
| US Mortgages | 2.00 % | 2.38 % |
| US Inflation-Indexed Bonds | 1.50 % | 1.41 % |
| US High Yield Bonds | 2.00 % | 4.70 % |
| US Equity Market | 26.00 % | 5.14 % |
| Foreign-Developed Equity | 13.25 % | 5.91 % |
| Emerging Market Equity | 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. This single blended discount rate was based on the 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 Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

7. Pension Plans (Cont'd)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (2.22 %) | Current Discount Rate (3.22 %) | 1% Increase (4.22 %) |
|-------------------------------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| District's proportionate share of the net pension liability | 6,075,761 | 5,087,625 | 4,280,684 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Public Employees' Retirement System (PERS)

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

For the year ended June 30, 2017, the District recognized pension expense of \$14,697. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.0016419670% of the total plan. The information on the following page was provided from the State of New Jersey June 30, 2016 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

7. Pension Plans (Cont'd)

Public Employees' Retirement System (PERS) (Cont'd)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 9,044 | \$ - |
| Changes of assumptions | 100,736 | - |
| Net difference between projected and actual earnings on pension plan investments | 18,543 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 69,464 | - |
| District contributions subsequent to the measurement date | 15,718 | - |
| Total | <u>\$ 213,505</u> | <u>\$ -</u> |

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$486,304 and has been recorded on the district-wide financials.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-------------------|
| 2017 | \$ 28,891 |
| 2018 | 28,891 |
| 2019 | 33,471 |
| 2020 | 28,120 |
| 2021 | 8,950 |
| Thereafter | - |
| Total | <u>\$ 128,323</u> |

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2017

7. Pension Plans (Cont'd)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|-----------------------------------------------|
| Cash | 5.00 % | 0.87 % |
| U.S. Treasuries | 1.50 % | 1.74 % |
| Investment Grade Credit | 8.00 % | 2.00 % |
| Mortgages | 2.00 % | 1.67 % |
| High Yield Bonds | 2.00 % | 4.56 % |
| Inflation-Indexed Bonds | 1.50 % | 3.44 % |
| Broad US 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 US | 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. This single blended discount rate was based on the 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 Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

7. Pension Plans (Cont'd)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (2.98 %) | Current Discount Rate (3.98 %) | 1% Increase (4.98 %) |
|-------------------------------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| District's proportionate share of the net pension liability | 595,908 | 486,304 | 395,815 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by the N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years or service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

7. Pension Plans (Cont'd)

Contribution Requirements

Three-Year Trend Information for PERS

| Year Funding | Annual Pension Cost (ACP) | Percentage of ACP Contributed | Net Pension Obligation |
|-----------------|------------------------------|-------------------------------------|------------------------------|
| 6/30/17 | \$ 14,697 | 100 | 0 |
| 6/30/16 | 10,747 | 100 | 0 |
| 6/30/15 | 10,078 | 100 | 0 |

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

| Year Funding | Annual Pension Cost (ACP) | Percentage of ACP Contributed | Net Pension Obligation |
|-----------------|------------------------------|-------------------------------------|------------------------------|
| 06/30/17 | \$ 114,122 | 100 | 0 |
| 06/30/16 | 112,917 | 100 | 0 |
| 06/30/15 | 110,562 | 100 | 0 |

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

There was a current year contribution to the TPAF post-retirement medical benefits made by the State of New Jersey on behalf of the Board in the amount of \$114,122. The State did not make any normal contributions on behalf of the Board. Also, in accordance with N.J.S.A. 18A:6666 the State of New Jersey reimbursed the District \$47,974 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with Governmental Accounting Standards.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

7. Pension Plans (Cont'd)

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential not later than the fifth business day after the date on which the employee is paid for that pay period.

The District's contributions to the DCRP for June 30, 2017 were \$-. There was no liability for unpaid contributions at June 30, 2017.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the School District.

8. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2017

9. Compensated Absences

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

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

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

10. Risk Management

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

| District Financial Year | Employee Contributions | District Contributions | Disbursed | Balance |
|-------------------------|------------------------|------------------------|-----------|-----------|
| 2016-2017 | \$ - | - | - | \$ 75,000 |
| 2015-2016 | - | 73,000 | - | 75,000 |
| 2014-2015 | \$ - | - | - | \$ 2,000 |

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Economic Dependency

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

12. Contingent Liabilities

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

13. Fund Balance Appropriated

General Fund

Of the \$897,701 General Fund fund balance at June 30, 2017, \$512,960 is restricted for the capital reserve Account; \$143,000 is restricted for the maintenance reserve; \$- is restricted for excess surplus, \$11,742 is restricted for excess surplus designated for subsequent year's expenditures, \$174 is designated for subsequent year's expenditures and \$229,825 is unassigned.

14. Calculation of Excess Surplus

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2017

15. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2017. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2014.

16. Subsequent Events

Management has evaluated subsequent events through November 28, 2017, the date the financial statements were available to be issued.

17. Tax Abatement

As defined by the Governmental Accounting Standards Board (GASB), 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.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 1,811,354 | \$ - | \$ 1,811,354 | 1,811,354 | \$ - |
| Miscellaneous | 15,931 | - | 15,931 | 21,301 | 5,370 |
| Total - local sources | <u>1,827,285</u> | <u>-</u> | <u>1,827,285</u> | <u>1,832,655</u> | <u>5,370</u> |
| State sources: | | | | | |
| Transportation aid | 619 | - | 619 | 619 | - |
| Special education aid | 31,541 | - | 31,541 | 31,541 | - |
| Professional learning community aid | 470 | - | 470 | 470 | - |
| School choice | 139,601 | - | 139,601 | 139,601 | - |
| Adjustment aid | 25,382 | - | 25,382 | 25,382 | - |
| PARCC readiness aid | 600 | - | 600 | 600 | - |
| Per pupil growth aid | 600 | - | 600 | 600 | - |
| Categorical security aid | 2,548 | - | 2,548 | 2,548 | - |
| TPAF LTDI (on-behalf - Non-budgeted) | - | - | - | - | - |
| TPAF - post retirement medical (on-behalf - Non-budgeted) | - | - | - | 51,870 | 51,870 |
| Teacher's pension and annuity fund (on-behalf - Non-budgeted) | - | - | - | 62,252 | 62,252 |
| TPAF social security (reimbursed - Non-budgeted) | - | - | - | 47,974 | 47,974 |
| Total state sources | <u>201,361</u> | <u>-</u> | <u>201,361</u> | <u>363,457</u> | <u>162,096</u> |
| Total revenues | <u>2,028,646</u> | <u>-</u> | <u>2,028,646</u> | <u>2,196,112</u> | <u>167,466</u> |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Preschool - Salaries of teachers | 80,153 | (61,955) | 18,198 | 18,155 | 43 |
| Kindergarten - Salaries of teachers | 53,040 | 55,500 | 108,540 | 108,512 | 28 |
| Grades 1-5 - Salaries of teachers | 444,534 | (60,734) | 383,800 | 383,740 | 60 |
| Grades 6-8 - Salaries of teachers | - | 50,142 | 50,142 | 50,140 | 2 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other purchased services (400-500 series) | 11,451 | 6,200 | 17,651 | 17,646 | 5 |
| General supplies | 50,000 | (18,880) | 31,120 | 31,116 | 4 |
| Textbooks | 2,110 | 15,180 | 17,290 | 17,289 | 1 |
| Other objects | - | - | - | - | - |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | <u>641,288</u> | <u>(14,547)</u> | <u>626,741</u> | <u>626,598</u> | <u>143</u> |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Resource Room/Resource Center: | | | | | |
| Salaries of teachers | 104,038 | (12,082) | 91,956 | 78,382 | 13,574 |
| General supplies | 475 | (200) | 275 | - | 275 |
| Total Resource Room/Resource Center | <u>104,513</u> | <u>(12,282)</u> | <u>92,231</u> | <u>78,382</u> | <u>13,849</u> |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | <u>104,513</u> | <u>(12,282)</u> | <u>92,231</u> | <u>78,382</u> | <u>13,849</u> |

BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---------------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of teachers | \$ - | \$ 14,035 | \$ 14,035 | \$ 11,559 | \$ 2,476 |
| General Supplies | 500 | (500) | - | - | - |
| Total Basic Skills/Remedial - Instruction | <u>500</u> | <u>13,535</u> | <u>14,035</u> | <u>11,559</u> | <u>2,476</u> |
| School-Spon. Athletics - Instruction | | | | | |
| Other Objects | 5,000 | (500) | 4,500 | 4,153 | 347 |
| Total School-Spon. Cocurricular Actvts. - Instruction | <u>5,000</u> | <u>(500)</u> | <u>4,500</u> | <u>4,153</u> | <u>347</u> |
| Total Instruction | <u>751,301</u> | <u>(13,794)</u> | <u>737,507</u> | <u>720,692</u> | <u>16,815</u> |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to CSSD & Reg Day School | 35,500 | (3,500) | 32,000 | - | 32,000 |
| Tuition to Priv. Sch. For Handic. in state | - | - | - | - | - |
| Total Undistributed Expenditures - Instruction: | <u>35,500</u> | <u>(3,500)</u> | <u>32,000</u> | <u>-</u> | <u>32,000</u> |
| Undist. Expend. - Attendance and Social Work | | | | | |
| Salaries | 24,000 | 11,500 | 35,500 | 35,455 | 45 |
| Other objects | - | - | - | - | - |
| Total Undistributed Expenditures - Attendance | <u>24,000</u> | <u>11,500</u> | <u>35,500</u> | <u>35,455</u> | <u>45</u> |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 33,529 | (7,000) | 26,529 | 26,500 | 29 |
| Purchased professional and technical services | 6,000 | (300) | 5,700 | 5,653 | 47 |
| Supplies and materials | 1,000 | 100 | 1,100 | 1,095 | 5 |
| Other objects | - | - | - | - | - |
| Total Undistributed Expenditures - Health Services | <u>40,529</u> | <u>(7,200)</u> | <u>33,329</u> | <u>33,248</u> | <u>81</u> |
| Undist. Expend. - Speech, OT,PT & Related Svcs. | | | | | |
| Salaries | 27,230 | (6,959) | 20,271 | 9,656 | 10,615 |
| Purchased professional - educational services | 25,000 | (9,963) | 15,037 | 12,615 | 2,422 |
| Supplies and materials | 500 | - | 500 | - | 500 |
| Total Undist. Expend. - Speech, OT,PT & Related | <u>52,730</u> | <u>(16,922)</u> | <u>35,808</u> | <u>22,271</u> | <u>13,537</u> |
| Undist. Expend. - Child Study Teams | | | | | |
| Salaries of other professional staff | 7,000 | - | 7,000 | 7,000 | - |
| Purchased Prof. Ed. Services | 7,500 | 32,325 | 39,825 | 39,804 | 21 |
| Supplies and materials | - | - | - | - | - |
| Total Undist. Expend. - Child Study Teams | <u>14,500</u> | <u>32,325</u> | <u>46,825</u> | <u>46,804</u> | <u>21</u> |
| Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr | | | | | |
| Salaries of supervisor of instruction | 76,000 | (2,100) | 73,900 | 73,872 | 28 |
| Other Salaries | 82,372 | 3,500 | 85,872 | 85,804 | 68 |
| Supplies and materials | 5,000 | (3,600) | 1,400 | 1,316 | 84 |
| Other objects | 500 | (200) | 300 | 277 | 23 |
| Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr | <u>163,872</u> | <u>(2,400)</u> | <u>161,472</u> | <u>161,269</u> | <u>203</u> |
| Undist. Expend. - Educational Media Services/School Library | | | | | |
| Purchased professional and technical services | 1,000 | (1,000) | - | - | - |
| Total Undist. Expend. - Educational Media Services/School Library | <u>1,000</u> | <u>(1,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Undist. Expend. - Instruction Staff Training Services | | | | | |
| Salaries of other professional staff | 17,000 | - | 17,000 | 17,000 | - |
| Purchased professional - educational services | 2,500 | 375 | 2,875 | 2,850 | 25 |
| Supplies and materials | - | - | - | - | - |
| Total Undist. Expend. - Instruction Staff Training Services | <u>19,500</u> | <u>375</u> | <u>19,875</u> | <u>19,850</u> | <u>25</u> |
| Undist. Expend. - Support Service - General Administration | | | | | |
| Salaries | 43,376 | (2,501) | 40,875 | 40,820 | 55 |
| Legal services | 7,000 | (357) | 6,643 | 6,642 | 1 |
| Audit Fees | 7,000 | - | 7,000 | 7,000 | - |
| Purchased technical services | - | 25 | 25 | 25 | - |
| Communications/Telephone | 857 | 3,215 | 4,072 | 4,054 | 18 |
| BOE Other purchased services | 4,500 | 5,100 | 9,600 | 9,589 | 11 |
| Other purchased services (400-500 series) | 2,500 | 139 | 2,639 | 2,639 | - |
| General supplies | - | 645 | 645 | 623 | 22 |
| BOE membership dues and fees | 3,000 | 556 | 3,556 | 3,543 | 13 |
| Total Undist. Expend. - Support Service - General Administration | <u>68,233</u> | <u>6,822</u> | <u>75,055</u> | <u>74,935</u> | <u>120</u> |

**BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017**

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| Undist. Expend. - Support Service - School Administration | | | | | |
| Salaries of principals/Assistant principals | \$ 9,000 | \$ 900 | \$ 9,900 | \$ 9,900 | \$ - |
| Other objects | - | - | - | - | - |
| Total Undist. Expend. - Support Service - School Administration | <u>9,000</u> | <u>900</u> | <u>9,900</u> | <u>9,900</u> | <u>-</u> |
| Undistributed Expenditures - Central Services | | | | | |
| Salaries | 30,413 | 3,041 | 33,454 | 33,419 | 35 |
| Miscellaneous expenditures | - | - | - | - | - |
| Total Undist. Expend. - Central Services | <u>30,413</u> | <u>3,041</u> | <u>33,454</u> | <u>33,419</u> | <u>35</u> |
| Undist. Expend. - Allowed Maintenance for School Facilities | | | | | |
| Salaries | 57,007 | 10,700 | 67,707 | 67,574 | 133 |
| Cleaning, repair and maintenance services | 125,000 | (14,600) | 110,400 | 93,423 | 16,977 |
| General supplies | 3,000 | - | 3,000 | 2,039 | 961 |
| Total Undist. Expend. - Allowed Maintenance for School Facilities | <u>185,007</u> | <u>(3,900)</u> | <u>181,107</u> | <u>163,036</u> | <u>18,071</u> |
| Undist. Expend. - Other Operation & Maintenance of Plant | | | | | |
| Purchased professional and technical services | 23,000 | (12,909) | 10,091 | 7,523 | 2,568 |
| Cleaning, repair and maintenance services | 40,945 | (25,762) | 15,183 | 10,845 | 4,338 |
| Insurance | 65,000 | (2,500) | 62,500 | 62,329 | 171 |
| General supplies | 5,000 | - | 5,000 | 2,830 | 2,170 |
| Energy (electricity) | 29,390 | 22,000 | 51,390 | 49,478 | 1,912 |
| Other objects | - | - | - | - | - |
| Energy (natural gas) | 26,517 | (3,400) | 23,117 | 10,136 | 12,981 |
| Total Undist Expend-Other Operation & Maint Of Plant | <u>189,852</u> | <u>(22,571)</u> | <u>167,281</u> | <u>143,141</u> | <u>24,140</u> |
| Security | | | | | |
| Salaries | 3,000 | - | 3,000 | 3,000 | - |
| Cleaning, repair and maintenance services | - | - | - | - | - |
| General supplies | - | - | - | - | - |
| Total Security | <u>3,000</u> | <u>-</u> | <u>3,000</u> | <u>3,000</u> | <u>-</u> |
| Undist. Expend. - Student Transportation Services | | | | | |
| Salaries of non-instructional aides | - | - | - | - | - |
| Salaries-pupil transport(between home & school)-Regular | 15,369 | 10,190 | 25,559 | 25,559 | - |
| Salaries-pupil transport (between home & school)-Special | - | - | - | - | - |
| Salaries-pupil transport(other than home & school)-Regular | - | - | - | - | - |
| Other purchased professional and technical services | 3,500 | (690) | 2,810 | 442 | 2,368 |
| Cleaning, repair and maintenance services | 5,000 | - | 5,000 | 4,108 | 892 |
| Contract Svc (Spl. Ed. Students) - ESCs & CTSA's | 18,000 | (14,700) | 3,300 | 2,102 | 1,198 |
| Contract Svc - Aid in Lieu Pymts - NonPub Sch | - | - | - | - | - |
| General supplies | 10,000 | - | 10,000 | 200 | 9,800 |
| Misc Purchased Serv - Transportation | - | 621 | 621 | 621 | - |
| Other objects | 621 | (621) | - | - | - |
| Total Undist. Expend. - Student Transportation Services | <u>52,490</u> | <u>(5,200)</u> | <u>47,290</u> | <u>33,032</u> | <u>14,258</u> |

BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|-----------------------|-------------------------------------|
| UNALLOCATED EMPLOYEE BENEFITS | | | | | |
| Group insurance | \$ - | \$ - | \$ - | - | \$ - |
| Social security contributions | 25,000 | (1,700) | 23,300 | 14,244 | 9,056 |
| Other retirement contributions - PERS | 15,000 | (300) | 14,700 | 14,697 | 3 |
| Other retirement contributions - Deferred PERS Pymt | 10,000 | (10,000) | - | - | - |
| Health benefits | 350,000 | 46,024 | 396,024 | 396,023 | 1 |
| Other employee benefits | - | - | - | - | - |
| TOTAL UNALLOCATED EMPLOYEE BENEFITS | <u>400,000</u> | <u>34,024</u> | <u>434,024</u> | <u>424,964</u> | <u>9,060</u> |
| On-behalf TPAF LTDI (non-budgeted) | - | - | - | - | - |
| On-behalf TPAF OPEB (post retirement med) (non-budgeted) | - | - | - | 51,870 | (51,870) |
| On-behalf TPAF Pension Contributions (non-budgeted) | - | - | - | 62,252 | (62,252) |
| Reimbursed TPAF social security contributions (non-budgeted) | - | - | - | 47,974 | (47,974) |
| TOTAL ON-BEHALF CONTRIBUTIONS | <u>-</u> | <u>-</u> | <u>-</u> | <u>162,096</u> | <u>(162,096)</u> |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS | <u>400,000</u> | <u>34,024</u> | <u>434,024</u> | <u>587,060</u> | <u>(153,036)</u> |
| TOTAL UNDISTRIBUTED EXPENDITURES | <u>1,289,626</u> | <u>26,294</u> | <u>1,315,920</u> | <u>1,366,420</u> | <u>(50,500)</u> |
| TOTAL GENERAL CURRENT EXPENSE | <u>2,040,927</u> | <u>12,500</u> | <u>2,053,427</u> | <u>2,087,112</u> | <u>(33,685)</u> |
| CAPITAL OUTLAY | | | | | |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | - | - | - | - | - |
| Construction Services | 150,000 | - | 150,000 | 88,180 | 61,820 |
| Assessment for Debt Service on SDA Funding | 76 | - | 76 | 76 | - |
| Total Facilities Acquisition and Construction Services | <u>150,076</u> | <u>-</u> | <u>150,076</u> | <u>88,256</u> | <u>61,820</u> |
| TOTAL CAPITAL OUTLAY | <u>150,076</u> | <u>-</u> | <u>150,076</u> | <u>88,256</u> | <u>61,820</u> |
| TOTAL EXPENDITURES | <u>2,191,003</u> | <u>12,500</u> | <u>2,203,503</u> | <u>2,175,368</u> | <u>28,135</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(162,357)</u> | <u>(12,500)</u> | <u>(174,857)</u> | <u>20,744</u> | <u>(195,601)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures & Other Financing Sources (Uses) | <u>(162,357)</u> | <u>(12,500)</u> | <u>(174,857)</u> | <u>20,744</u> | <u>(195,601)</u> |
| Fund Balance, July 1 | 897,090 | - | 897,090 | 897,090 | - |
| Fund Balance, June 30 | <u>\$ 734,733</u> | <u>\$ (12,500)</u> | <u>\$ 722,233</u> | <u>917,834</u> | <u>\$ (195,601)</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital reserve | | | | 512,960 | |
| Maintenance reserve | | | | 143,000 | |
| Emergency reserve | | | | - | |
| Excess surplus-current year | | | | - | |
| Excess surplus - designated for subsequent year's expenditures | | | | 11,742 | |
| Committed Fund Balance: | | | | | |
| Other purposes | | | | - | |
| Year-end encumbrances | | | | - | |
| Assigned Fund Balance: | | | | | |
| Designated for subsequent year's expenditures | | | | 174 | |
| Unrestricted/undesignated fund balance | | | | <u>249,958</u> | |
| Reconciliation to governmental funds statements (GAAP) | | | | | |
| Fund balance per governmental funds (Budgetary) | | | | 917,834 | |
| Last state aid payment not recognized on GAAP basis | | | | (20,133) | |
| Fund balance per governmental funds (GAAP) - B-1 | | | | <u>897,701</u> | |
| Restricted fund balances | | | | 667,876 | |
| Unrestricted fund balances | | | | 229,825 | |
| Fund balance per governmental funds (GAAP) - B-1 | | | | <u><u>897,701</u></u> | |

BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|----------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------|-------------------------------------|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| Federal sources | 30,646 | (550) | 30,096 | 30,096 | - |
| Total Revenues | <u>30,646</u> | <u>(550)</u> | <u>30,096</u> | <u>30,096</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 30,646 | (7,456) | 23,190 | 23,190 | - |
| Other salaries for instruction | - | - | - | - | - |
| Purchased professional services | - | - | - | - | - |
| Textbooks | - | - | - | - | - |
| Miscellaneous expense | - | - | - | - | - |
| General supplies | - | - | - | - | - |
| Tuition | - | - | - | - | - |
| Total instruction | <u>30,646</u> | <u>(7,456)</u> | <u>23,190</u> | <u>23,190</u> | <u>-</u> |
| Support services: | | | | | |
| Other professional staff salaries | - | - | - | - | - |
| Secretarial/clerical salaries | - | - | - | - | - |
| Personal services - employee benefits | - | 3,533 | 3,533 | 3,533 | - |
| Purchased professional - educational services | - | - | - | - | - |
| Other purchased professional services | - | - | - | - | - |
| Purchased technical services | - | 3,173 | 3,173 | 3,173 | - |
| Travel | - | - | - | - | - |
| Miscellaneous purchased services (400-500 series) | - | - | - | - | - |
| Miscellaneous expenditures | - | 200 | 200 | 200 | - |
| Supplies & materials | - | - | - | - | - |
| Total support services | <u>-</u> | <u>6,906</u> | <u>6,906</u> | <u>6,906</u> | <u>-</u> |
| EXPENDITURES (CONT'D): | | | | | |
| Facilities acquisition and const. serv.: | | | | | |
| Instructional equipment | - | - | - | - | - |
| Total facilities acquisition and const. serv. | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>30,646</u> | <u>(550)</u> | <u>30,096</u> | <u>30,096</u> | <u>-</u> |
| Other financing sources (uses) | | | | | |
| Transfer in from general fund | - | - | - | - | - |
| Contribution to whole school reform | - | - | - | - | - |
| Total outflows | <u>30,646</u> | <u>(550)</u> | <u>30,096</u> | <u>30,096</u> | <u>-</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation to governmental funds statements (GAAP) | | | | | |
| Last state aid payment not recognized on GAAP basis | | | | \$ - | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ -</u> | |

**BEACH HAVEN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year 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-1] | \$ 2,196,112 | [C-2] | \$ 30,096 |
| Difference - budget to GAAP: | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | - | | - |
| TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements. | | (62,252) | | |
| The 2015-16 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33). | | 16,184 | | - |
| The 2016-17 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33). | | (20,133) | | - |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] | \$ 2,129,911 | [B-2] | \$ 30,096 |
| Uses/outflows of resources | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | \$ 2,175,368 | [C-2] | \$ 30,096 |
| Differences - budget to GAAP: | | | | |
| TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements. | | (62,252) | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | - | | - |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] | \$ 2,113,116 | [B-2] | \$ 30,096 |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**Beach Haven School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2017**

Last 10 Fiscal Years*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|---------------|
| District's proportion of the net pension liability | 100.000% | 100.000% | 100.000% | 0.0016419670% |
| District's proportionate share of the net pension liability | \$ 229,629 | \$ 228,883 | \$ 280,609 | \$ 486,304 |
| District's covered-employee payroll | 84,130 | 86,232 | 96,292 | 122,396 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 272.95% | 265.43% | 291.41% | 397.32% |
| Plan fiduciary net position as a percentage of the total pension liability | 40.71% | 42.74% | 38.21% | 45.35% |

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

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

**Beach Haven School District
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Fiscal Year Ended June 30, 2017**

Last 10 Fiscal Years*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|----------------------------------------------------------------------|---------------|-------------|---------------|---------------|
| Contractually required contributions | \$ 11,637 | \$ - | \$ 10,078 | \$ 14,697 |
| Contributions in relation to the contractually required contribution | <u>11,637</u> | <u>-</u> | <u>10,078</u> | <u>14,697</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 84,130 | \$ 86,232 | \$ 96,292 | \$ 122,396 |
| Contributions as a percentage of covered-employee payroll | 13.83% | 0.00% | 10.47% | 0.120077454 |

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

Beach Haven School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|---------------|
| District's proportion of the net pension liability | 0.000% | 0.000% | 0.000% | 0.0064376759% |
| District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ 5,064,286 |
| District's covered-employee payroll | 728,530 | 621,113 | 569,830 | 662,776 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 764.10% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.76% | 33.64% | 28.71% | 22.33% |

The District has a special funding situation as is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

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

Beach Haven School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2017

Assumptions

The collective total pension liability for the 62,252 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to 62,252. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|--------------------------------|-------------------------------|
| Inflation Rate | 3.08 % |
| Salary increases: 2012-2021 | 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 Pre-retirement 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 rates were based on the RP-2000 Combined Healthy and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on 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 scale. 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.

OTHER SUPPLEMENTARY INFORMATION

BEACH HAVEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

| | Title I Part A 16/17 | IDEA-Part B-Basic Reg Prog 16/17 | IDEA-Part B-Preschool Reg Prog 16/17 | Total 2017 |
|----------------------------------------------------------|----------------------------|-------------------------------------------|-----------------------------------------------|------------------|
| Revenues: | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 12,973 | 16,594 | 529 | 30,096 |
| Total revenues | <u>12,973</u> | <u>16,594</u> | <u>529</u> | <u>30,096</u> |
| Expenditures: | | | | |
| Instruction: | | | | |
| Salaries of teachers | 9,600 | 13,170 | 420 | 23,190 |
| Other salaries/instruction | - | - | - | - |
| Purchased professional services | - | - | - | - |
| General supplies | - | - | - | - |
| Tuition | - | - | - | - |
| Textbooks | - | - | - | - |
| Miscellaneous expenses | - | - | - | - |
| Total instruction | <u>9,600</u> | <u>13,170</u> | <u>420</u> | <u>23,190</u> |
| Support services: | | | | |
| Other support services - students - special: | | | | |
| Other professional staff salaries | - | - | - | - |
| Secretarial/Clerical salaries | - | - | - | - |
| Purchased professional services | 3,173 | - | - | 3,173 |
| Other purchased professional services | - | - | - | - |
| Purchased technical services | - | - | - | - |
| Employee benefits | - | 3,424 | 109 | 3,533 |
| Travel | - | - | - | - |
| Miscellaneous purchased services | - | - | - | - |
| General supplies | 200 | - | - | 200 |
| Miscellaneous expenses | - | - | - | - |
| Total other support services - students - special | <u>3,373</u> | <u>3,424</u> | <u>109</u> | <u>6,906</u> |
| Total support services | <u>3,373</u> | <u>3,424</u> | <u>109</u> | <u>6,906</u> |
| Equipment: | | | | |
| Regular programs instruction | - | - | - | - |
| Non-instructional equipment | - | - | - | - |
| Total equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>\$ 12,973</u> | <u>\$ 16,594</u> | <u>\$ 529</u> | <u>\$ 30,096</u> |

BEACH HAVEN SCHOOL DISTRICT
Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2017

| | Unemployment Compensation Trust | Agency | | Total |
|-------------------------------------------------------------|------------------------------------|-----------------------|-------------------|-------------------|
| | | Student Activities | Payroll Agency | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 75,000 | \$ 2,204 | \$ 28,400 | \$ 105,604 |
| Intergovernmental Accounts Receivable | - | - | - | - |
| Interfund receivable | - | - | - | - |
| Total assets | <u>75,000</u> | <u>2,204</u> | <u>28,400</u> | <u>105,604</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll deductions and withholdings | - | - | 28,400 | 28,400 |
| Payable to student groups | - | 2,204 | - | 2,204 |
| Interfund payable | - | - | - | - |
| Other current liabilities | - | - | - | - |
| Total liabilities | <u>-</u> | <u>2,204</u> | <u>28,400</u> | <u>30,604</u> |
| NET POSITION | | | | |
| Held in trust for unemployment claims and other purposes | 75,000 | - | - | 75,000 |
| Reserved for scholarships | - | - | - | - |
| Total net position | <u>75,000</u> | <u>-</u> | <u>-</u> | <u>75,000</u> |
| Total liabilities and net position | <u>\$ 75,000</u> | <u>\$ 2,204</u> | <u>\$ 28,400</u> | <u>\$ 105,604</u> |

BEACH HAVEN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

| | Unemployment Compensation Trust |
|---------------------------------------------------------|--------------------------------------------|
| ADDITIONS | |
| Contributions: | |
| Plan member | \$ - |
| Other | - |
| Total Contributions | - |
| Investment earnings: | |
| Net increase (decrease) in fair value of investments | - |
| Interest | - |
| Dividends | - |
| Less investment expense | - |
| Net investment earnings | - |
| Total additions | - |
| DEDUCTIONS | |
| Quarterly contribution reports | - |
| Unemployment claims | - |
| Scholarships awarded | - |
| Refunds of contributions | - |
| Administrative expenses | - |
| Total deductions | - |
| Change in net position | - |
| Net position—beginning of the year | 75,000 |
| Net position—end of the year | \$ 75,000 |

**BEACH HAVEN SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2017**

| | <u>Balance July 1, 2016</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance June 30, 2017</u> |
|-------------------------|---------------------------------|-----------------|----------------------|----------------------------------|
| Student Activities Fund | \$ - | \$ 6,367 | \$ 4,163 | \$ 2,204 |
| | - | - | - | - |
| Student Activities Fund | <u>\$ -</u> | <u>\$ 6,367</u> | <u>\$ 4,163</u> | <u>\$ 2,204</u> |

BEACH HAVEN SCHOOL DISTRICT
Payroll Agency Fund
Schedule of receipts and disbursements
For the Fiscal Year ended June 30, 2017

| | <u>Balance July 1, 2016</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2017</u> |
|-------------------------------------|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| Payroll deductions and withholdings | \$ 52 | 503,866 | 475,518 | \$ 28,400 |
| Total | <u>\$ 52</u> | <u>503,866</u> | <u>475,518</u> | <u>\$ 28,400</u> |

STATISTICAL SECTION

**Beach Haven School District
Statistical Section**

J series

Contents

Pages

Financial Trends

73-77

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

78-81

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

82-85

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

86-87

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

88-93

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

***Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.*

Beach Haven School District
Net Assets/ Position by Component
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 1,569,459 | \$ 1,568,598 | \$ 1,573,043 | \$ 1,571,207 | \$ 343,870 | \$ 329,779 | \$ 2,774,756 | \$ 2,688,750 | \$ 2,461,574 | \$ 2,474,557 |
| Restricted | 37,596 | 53,576 | 49,540 | 75,687 | 325,356 | 355,035 | 386,797 | 468,811 | 646,916 | 667,876 |
| Unrestricted | 265,200 | 265,525 | 263,182 | 349,099 | 212,587 | 216,884 | 211,272 | (16,237) | (23,896) | (105,027) |
| Total governmental activities net assets/position | <u>\$ 1,872,255</u> | <u>\$ 1,887,699</u> | <u>\$ 1,885,765</u> | <u>\$ 1,995,993</u> | <u>\$ 881,813</u> | <u>\$ 901,698</u> | <u>\$ 3,372,825</u> | <u>\$ 3,141,324</u> | <u>\$ 3,084,594</u> | <u>\$ 3,037,406</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | | | | | | | | | | \$ - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | | | | | | | | | | - |
| Total business-type activities net assets/position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District-wide | | | | | | | | | | |
| Net investment in capital assets | \$ 1,569,459 | \$ 1,568,598 | \$ 1,573,043 | \$ 1,571,207 | \$ 343,870 | \$ 329,779 | \$ 2,274,756 | \$ 2,688,750 | \$ 2,461,574 | \$ 2,474,557 |
| Restricted | 37,596 | 53,576 | 49,540 | 75,687 | 325,356 | 355,035 | 386,797 | 468,811 | 646,916 | 667,876 |
| Unrestricted | 265,200 | 265,525 | 263,182 | 349,099 | 212,587 | 216,884 | 211,272 | (16,237) | (23,896) | (105,027) |
| Total district net assets/position | <u>\$ 1,872,255</u> | <u>\$ 1,887,699</u> | <u>\$ 1,885,765</u> | <u>\$ 1,995,993</u> | <u>\$ 881,813</u> | <u>\$ 901,698</u> | <u>\$ 2,872,825</u> | <u>\$ 3,141,324</u> | <u>\$ 3,084,594</u> | <u>\$ 3,037,406</u> |

Beech Haven School District
Changes in Net Assets/Position
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

Fiscal Year Ending June 30,

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 607,268 | \$ 669,660 | \$ 702,688 | \$ 703,165 | \$ 734,490 | \$ 734,375 | \$ 661,334 | \$ 624,017 | \$ 628,975 | \$ 649,788 |
| Special education | 21,840 | 24,445 | 13,565 | 9,595 | 35,792 | 45,591 | 39,977 | 68,065 | 111,349 | 78,382 |
| Other special education | 11,717 | 9,188 | 5,329 | 6,664 | 11,139 | 5,206 | 10,325 | 8,299 | 3,960 | 15,712 |
| Support Services: | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Tuition | | | | | 12,513 | | | | | |
| Student & Instruction Related Services | 150,295 | 138,600 | 157,815 | 132,976 | 152,520 | 159,571 | 207,694 | 153,473 | 312,100 | 325,803 |
| School administrative services | 100,795 | 34,384 | 34,494 | 26,260 | 80,273 | 110,272 | 146,830 | 233,382 | 186,961 | 9,900 |
| General and Business Administrative Service | 3,186 | 57,706 | 59,507 | 64,271 | | | | | | 108,354 |
| Plant operations and maintenance | 202,120 | 207,090 | 190,762 | 180,903 | 127,790 | 180,334 | 191,069 | 299,979 | 339,389 | 309,253 |
| Pupil transportation | 44,946 | 53,262 | 53,334 | 33,808 | 35,605 | 41,914 | 47,203 | 34,831 | 50,955 | 33,032 |
| Unallocated Depreciation | 9,934 | 10,247 | 11,331 | 12,120 | 14,091 | 14,091 | 101,604 | 86,006 | 227,176 | 75,197 |
| Unallocated employee benefits | | | | | | | | | | 501,930 |
| Non-budgeted expenditures | | | | | | | | | | 99,844 |
| Total governmental activities expenses | 1,152,101 | 1,204,582 | 1,228,825 | 1,169,762 | 1,204,213 | 1,291,354 | 1,406,036 | 1,508,052 | 1,860,865 | 2,207,195 |
| Business-type activities: | | | | | | | | | | |
| Food service | | | | | | | | | | |
| School store | | | | | | | | | | |
| Total business-type activities expense | | | | | | | | | | |
| Total district expenses | \$ 1,152,101 | \$ 1,204,582 | \$ 1,228,825 | \$ 1,169,762 | \$ 1,204,213 | \$ 1,291,354 | \$ 1,406,036 | \$ 1,508,052 | \$ 1,860,865 | \$ 2,207,195 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction (tuition) | | | | | | | | | | |
| Pupil transportation | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating grants and contributions | 12,882 | 13,700 | 30,164 | 13,213 | 18,744 | 16,258 | 52,357 | 18,702 | 30,646 | 99,844 |
| Total governmental activities program revenues | 12,882 | 13,700 | 30,164 | 13,213 | 18,744 | 16,258 | 52,357 | 18,702 | 30,646 | 99,844 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | | | | | | | | | | |
| Operating grants and contributions | | | | | | | | | | |
| Total business-type activities program revenues | | | | | | | | | | |
| Total district program revenues | \$ 12,882 | \$ 13,700 | \$ 30,164 | \$ 13,213 | \$ 18,744 | \$ 16,258 | \$ 52,357 | \$ 18,702 | \$ 30,646 | \$ 99,844 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Business-type activities | \$ (1,493,087) | \$ (1,516,134) | \$ (1,507,332) | \$ (1,467,904) | \$ (1,512,911) | \$ (1,704,472) | \$ (1,771,474) | \$ (1,951,420) | \$ (2,328,491) | \$ (2,107,351) |
| Total district-wide net expense | \$ (1,493,087) | \$ (1,516,134) | \$ (1,507,332) | \$ (1,467,904) | \$ (1,512,911) | \$ (1,704,472) | \$ (1,771,474) | \$ (1,951,420) | \$ (2,328,491) | \$ (2,107,351) |
| General Revenues and Other Changes in Net Assets/Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | | | | | | | | | | |
| Grants and contributions | \$ 1,246,466 | \$ 1,296,324 | \$ 1,348,177 | \$ 1,402,104 | \$ 1,430,146 | \$ 1,458,748 | \$ 1,487,923 | \$ 1,666,389 | \$ 1,699,717 | \$ 1,811,354 |
| Restricted federal and state aid | 239,427 | 175,376 | 154,388 | 113,394 | 159,333 | 192,291 | 223,555 | 315,922 | 363,556 | 197,412 |
| Interest Earned on Capital Reserve Account | - | - | 145 | 147 | - | - | - | - | - | 30,096 |
| Miscellaneous income | 27 | 26 | 145 | 147 | | | | | | |
| Transfers | 9,685 | 59,850 | 14,909 | 61,616 | 14,421 | 34,026 | 320,953 | 14,944 | 208,488 | 21,301 |
| Prior period adjustment | | | (2,740) | | (14,136) | | | (48,559) | | |
| Total governmental activities | 1,495,605 | 1,531,576 | 1,514,879 | 1,577,261 | 1,589,764 | 1,685,065 | 2,032,431 | 1,948,696 | 2,271,761 | 2,060,163 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | | | | | | | | | | |
| Transfers | | | | | | | | | | |
| Total business-type activities | | | | | | | | | | |
| Total district-wide | \$ 1,495,605 | \$ 1,531,576 | \$ 1,514,879 | \$ 1,577,261 | \$ 1,589,764 | \$ 1,685,065 | \$ 2,032,431 | \$ 1,948,696 | \$ 2,271,761 | \$ 2,060,163 |
| Change in Net Assets/Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Business-type activities | \$ 2,517 | \$ 15,443 | \$ 7,548 | \$ 109,357 | \$ 76,853 | \$ (19,407) | \$ 260,957 | \$ (2,724) | \$ (56,730) | \$ (47,188) |
| Total district | \$ 2,517 | \$ 15,443 | \$ 7,548 | \$ 109,357 | \$ 76,853 | \$ (19,407) | \$ 260,957 | \$ (2,724) | \$ (56,730) | \$ (47,188) |

Beach Haven School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 37,596 | \$ 53,576 | \$ 49,540 | \$ 152,538 | \$ 325,356 | \$ 315,743 | \$ 386,979 | \$ 468,811 | \$ 656,916 | \$ 667,876 |
| Unreserved | 287,414 | 287,739 | 285,396 | 294,461 | 250,532 | 216,884 | 211,272 | 233,747 | 233,990 | 229,825 |
| Total general fund | <u>\$ 325,010</u> | <u>\$ 341,315</u> | <u>\$ 334,936</u> | <u>\$ 446,999</u> | <u>\$ 575,888</u> | <u>\$ 532,627</u> | <u>\$ 598,251</u> | <u>\$ 702,558</u> | <u>\$ 890,906</u> | <u>\$ 897,701</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | - | - | - | - | - | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - | 39,292 | - | - | - | - |
| Debt service fund | - | - | - | - | - | - | - | - | - | - |
| Permanent fund | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 39,292</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Beach Haven School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenues | | | | | | | | | | |
| Tax levy | \$ 1,246,466 | \$ 1,296,324 | \$ 1,348,177 | \$ 1,402,104 | \$ 1,430,146 | \$ 1,458,748 | \$ 1,487,923 | \$ 1,666,389 | \$ 1,699,717 | \$ 1,811,354 |
| Other local revenue | 9,712 | 59,876 | 15,055 | 61,763 | 14,421 | 1,293,439 | 320,953 | 14,944 | 208,488 | 21,301 |
| State sources | 239,427 | 175,376 | 152,897 | 113,394 | 159,333 | 192,291 | 223,555 | 315,922 | 363,556 | 297,256 |
| Federal sources | 12,882 | 13,700 | 30,164 | 13,213 | 18,744 | 16,258 | 52,357 | 18,702 | 30,646 | 30,096 |
| Total revenue | 1,508,487 | 1,545,276 | 1,546,293 | 1,590,474 | 1,622,644 | 2,960,736 | 2,084,788 | 2,015,957 | 2,302,407 | 2,160,007 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 607,268 | 669,660 | 702,688 | 703,165 | 697,165 | 739,472 | 661,334 | 624,017 | 628,975 | 649,788 |
| Special education instruction | 21,840 | 24,445 | 13,565 | 9,595 | 36,646 | 45,591 | 39,977 | 68,065 | 111,349 | 78,382 |
| Other special instruction | 11,717 | 9,188 | 5,329 | 6,664 | - | 5,206 | 10,325 | 8,299 | 3,960 | 15,712 |
| Support Services: | | | | | | | | | | |
| Tuition | - | - | - | - | 12,513 | - | - | - | - | - |
| Attendance & Health Services | 56,348 | 57,488 | 55,808 | 39,278 | 36,831 | 34,325 | 36,220 | - | - | - |
| Support Service - Students | 67,747 | 63,495 | 76,914 | 80,414 | 106,365 | 108,229 | 138,296 | 153,473 | 312,100 | 325,803 |
| Support Service - Instructional Staff | 26,198 | 17,616 | 25,092 | 13,283 | 9,324 | 17,017 | 33,178 | - | - | - |
| General administration | 66,411 | 57,706 | 34,494 | 61,721 | 50,604 | 100,765 | 130,624 | - | - | 74,935 |
| School administrative services | 37,570 | 34,384 | 59,507 | 28,810 | 29,669 | 9,507 | 16,206 | 233,382 | 186,961 | 9,900 |
| Central services | | | | | | | | | | 33,419 |
| Plant operations and maintenance | 202,120 | 228,090 | 190,762 | 206,903 | 127,790 | 180,334 | 191,069 | 299,979 | 339,389 | 306,177 |
| Pupil transportation | 44,946 | 53,262 | 53,334 | 33,808 | 35,605 | 41,914 | 47,203 | 34,831 | 50,955 | 33,032 |
| Security | | | | | | | | | | 3,000 |
| Employee benefits | 192,715 | 225,380 | 203,877 | 205,951 | 200,969 | 269,839 | 286,624 | 470,781 | 490,294 | 424,964 |
| On-behalf TPAF contribution | 107,003 | 44,876 | 48,306 | 51,276 | 72,088 | 98,251 | 72,726 | - | - | 51,870 |
| Reimbursed TPAF social security contr. | 54,146 | 54,991 | 56,483 | 54,127 | 54,385 | 61,286 | 58,445 | - | - | 47,974 |
| Capital outlay | 18,548 | 9,386 | 15,776 | 10,285 | 10,285 | 1,259,413 | 296,937 | 76 | 76 | 88,256 |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - | - | - | - | - |
| Education jobs | - | - | - | - | 2,416 | - | - | - | - | - |
| Total expenditures | 1,514,577 | 1,549,967 | 1,541,935 | 1,505,280 | 1,482,655 | 2,971,149 | 2,019,164 | 1,892,903 | 2,124,059 | 2,143,212 |
| Excess (Deficiency) of revenues over (under) expenditures | (6,090) | (4,691) | 4,358 | 85,194 | 139,989 | (10,413) | 65,624 | 123,054 | 178,348 | 16,795 |
| Other Financing sources (uses) | | | | | | | | | | |
| Prior period adjustments | - | - | (2,740) | - | (14,136) | - | - | (48,559) | - | - |
| Total other financing sources (uses) | (6,090) | (4,691) | 1,618 | 85,194 | 125,853 | (10,413) | 65,624 | 74,495 | 178,348 | - |
| Net change in fund balances | \$ - | \$ - | \$ 5,976 | \$ - | \$ 14,136 | \$ - | \$ - | \$ 48,559 | \$ - | \$ 16,795 |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services

Beach Haven School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

| Fiscal Year Ending June 30, | <u>Interest Earned</u> | <u>Refunds of Prior Year Expense</u> | <u>Donation</u> | <u>Insurance Claim</u> | <u>Miscellaneous</u> | <u>Annual Totals</u> |
|--------------------------------|----------------------------|----------------------------------------------|-----------------|----------------------------|----------------------|--------------------------|
| 2008 | 4,334 | - | - | - | 5,378 | 9,712 |
| 2009 | 2,938 | 10,828 | - | 40,948 | 5,162 | 59,876 |
| 2010 | 3,016 | 4,062 | - | - | 7,832 | 14,910 |
| 2011 | 2,861 | 1,176 | 1,500 | 45,288 | 10,792 | 61,617 |
| 2012 | 28 | - | - | - | 14,393 | 14,421 |
| 2013 | - | - | 17,000 | 1,242,413 | 34,026 | 1,293,439 |
| 2014 | - | - | - | 296,937 | 24,016 | 320,953 |
| 2015 | - | - | - | - | 14,944 | 14,944 |
| 2016 | - | - | - | - | 208,488 | 208,488 |
| 2017 | - | - | - | - | 21,301 | 21,301 |

Source: District records

**Beach Haven School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
UNAUDITED**

| Fiscal Year Ended June 30, | Vacant Land | Residential | Commercial | Apartment | Total Assessed Value | Less: Tax- Exempt Property | Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|-------------------------------------|-------------|---------------|-------------|------------|-------------------------|-------------------------------|-------------------------------|--------------------------|-------------------------------------------------|-------------------------------------------------|
| 2008 | 49,992,200 | 1,460,757,300 | 107,327,192 | 13,888,100 | 1,631,964,792 | - | 456,866 | 1,632,421,658 | 0.079 | 2,117,278,415 |
| 2009 | 49,142,700 | 1,468,876,900 | 107,072,492 | 13,888,100 | 1,638,980,192 | - | 474,647 | 1,639,454,839 | 0.082 | 2,165,573,976 |
| 2010 | 49,278,900 | 1,473,932,200 | 107,087,692 | 13,888,100 | 1,644,186,892 | - | 474,488 | 1,644,661,380 | 0.085 | 2,105,301,306 |
| 2011 | 51,021,700 | 1,477,800,300 | 107,161,192 | 13,888,100 | 1,649,871,292 | - | 402,358 | 1,650,273,650 | 0.087 | 2,051,268,462 |
| 2012 | 49,565,400 | 1,487,564,200 | 105,254,692 | 13,936,500 | 1,656,320,792 | - | 368,685 | 1,656,689,477 | 0.089 | 2,009,537,323 |
| 2013 | 55,884,100 | 1,480,412,700 | 104,652,392 | 13,936,500 | 1,654,885,692 | - | 349,404 | 1,655,235,096 | 0.090 | 1,956,998,369 |
| 2014 | 74,759,100 | 1,468,222,600 | 104,037,792 | 11,888,900 | 1,658,908,392 | - | 240,322 | 1,659,148,714 | 0.101 | 1,974,484,882 |
| 2015 | 71,052,100 | 1,484,137,800 | 104,337,792 | 11,888,900 | 1,671,416,592 | - | 249,030 | 1,671,665,622 | 0.102 | 2,002,810,932 |
| 2016 | 72,703,300 | 1,495,079,300 | 104,519,300 | 11,888,900 | 1,684,190,800 | - | 268,641 | 1,684,459,441 | 0.108 | 2,043,884,841 |
| 2017 | 71,041,500 | 1,850,883,300 | 131,104,600 | 15,022,900 | 2,068,052,300 | - | 317,557 | 2,068,369,857 | 0.088 | 2,063,092,213 |

Source: District records and Monmouth County Board of Taxation

Beach Haven School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
UNAUDITED
(rate per \$100 of assessed value)

| Fiscal Year Ended June 30, | Borough of Beach Haven School District | Southern Regional School District | County of Ocean | Borough of Beach Haven | Total Tax Rate |
|-------------------------------|----------------------------------------------------|-----------------------------------------|--------------------|------------------------------|-------------------|
| 2008 | 0.079 | 0.265 | 0.347 | 0.331 | 1.022 |
| 2009 | 0.082 | 0.258 | 0.353 | 0.338 | 1.031 |
| 2010 | 0.085 | 0.254 | 0.364 | 0.351 | 1.054 |
| 2011 | 0.087 | 0.255 | 0.367 | 0.365 | 1.074 |
| 2012 | 0.089 | 0.257 | 0.367 | 0.371 | 1.084 |
| 2013 | 0.090 | 0.270 | 0.403 | 0.385 | 1.148 |
| 2014 | 0.101 | 0.250 | 0.409 | 0.386 | 1.146 |
| 2015 | 0.102 | 0.279 | 0.422 | 0.412 | 1.215 |
| 2016 | 0.108 | 0.301 | 0.429 | 0.488 | 1.326 |
| 2017 | 0.088 | 0.218 | 0.352 | 0.418 | 1.076 |

Source: District Records and Municipal Tax Collector

**Beach Haven School District
Principal Property Tax Payers,
Current Year and Nine Years Ago
UNAUDITED**

| Taxpayer | 2017 | | | 2002 | | |
|---------------|------------------------|-----------------|----------------------------------------|------------------------|-----------------|----------------------------------------|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| Taxpayer # 1 | \$ 6,215,800 | 0 | 0.38% | \$ 5,109,700 | 0 | 0.99% |
| Taxpayer # 2 | \$ 6,195,100 | 0 | 0.38% | \$ 4,000,000 | 0 | 0.78% |
| Taxpayer # 3 | \$ 6,008,300 | 0 | 0.36% | \$ 3,500,000 | 0 | 0.68% |
| Taxpayer # 4 | \$ 5,306,300 | 0 | 0.32% | \$ 2,500,000 | 0 | 0.49% |
| Taxpayer # 5 | \$ 4,928,400 | 0 | 0.30% | \$ 1,917,000 | 0 | 0.37% |
| Taxpayer # 6 | \$ 3,540,900 | 0 | 0.21% | \$ 1,827,100 | 0 | 0.36% |
| Taxpayer # 7 | \$ 3,446,400 | 0 | 0.21% | \$ 1,799,700 | 0 | 0.35% |
| Taxpayer # 8 | \$ 3,152,700 | 0 | 0.19% | \$ 1,772,100 | 0 | 0.34% |
| Taxpayer # 9 | \$ 2,989,000 | 0 | 0.18% | \$ 1,700,000 | 0 | 0.33% |
| Taxpayer # 10 | \$ 2,875,400 | 0 | 0.17% | \$ 1,659,700 | 0 | 0.32% |
| Total | <u>\$ 44,658,300</u> | | <u>2.70%</u> | <u>25,785,300</u> | | <u>5.01%</u> |

Source: District CAFR & Municipal Tax Assessor

**Beach Haven School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
UNAUDITED**

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|----------------------------------------|-------------------------------------------------|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2008 | 1,246,466 | 1,162,092 | 93.23% | 84,374 |
| 2009 | 1,296,324 | 1,296,324 | 100.00% | - |
| 2010 | 1,348,177 | 1,348,177 | 100.00% | - |
| 2011 | 1,402,104 | 1,402,104 | 100.00% | - |
| 2012 | 1,430,146 | 1,430,146 | 100.00% | - |
| 2013 | 1,487,923 | 1,487,923 | 100.00% | - |
| 2014 | 1,666,389 | 1,666,389 | 100.00% | - |
| 2015 | 1,699,717 | 1,699,717 | 100.00% | - |
| 2016 | 1,811,354 | 1,811,354 | 100.00% | - |
| 2017 | 1,811,354 | - | 0.00% | - |

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

**Beach Haven School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
UNAUDITED**

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business- Type Activities | Total District |
|----------------------------------------|--------------------------------|----------------------------------|-------------------|--------------------------------------|---------------------------------|----------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | |
| 2008 | - | n/a | - | n/a | n/a | - |
| 2009 | - | n/a | - | n/a | n/a | - |
| 2010 | - | n/a | - | n/a | n/a | - |
| 2011 | - | n/a | - | n/a | n/a | - |
| 2012 | - | n/a | - | n/a | n/a | - |
| 2013 | - | n/a | - | n/a | n/a | - |
| 2014 | - | n/a | - | n/a | n/a | - |
| 2015 | - | n/a | - | n/a | n/a | - |
| 2016 | - | n/a | - | n/a | n/a | - |
| 2017 | - | n/a | - | n/a | n/a | - |

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

**Beach Haven School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
 UNAUDITED**

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|-------------------------------------------|-------------------------------------------------------------------------|-------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2008 | - | - | - | 100.00% | \$ 1 |
| 2009 | - | - | - | 0.00% | \$ - |
| 2010 | - | - | - | 0.00% | \$ - |
| 2011 | - | - | - | 0.00% | \$ - |
| 2012 | - | - | - | 0.00% | \$ - |
| 2013 | - | - | - | 0.00% | \$ - |
| 2014 | - | - | - | 0.00% | \$ - |
| 2015 | - | - | - | 0.00% | \$ - |
| 2016 | - | - | - | 0.00% | \$ - |
| 2017 | - | - | - | 0.00% | \$ - |

**Beach Haven School District
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2017
 UNAUDITED**

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|------------------------------------------------------|-------------------------|-------------------------------------------------------------|------------------------------------------------|
| Debt repaid with property taxes | | | |
| Freehold Township | \$0 | 0.000% | \$0 |
| Other debt | | | |
| Water Sewer System | 0 | 0.000% | 0 |
| Freehold Regional High School | 0 | 0.000% | 0 |
| Manasquan River Regional Sewerage Authority | 0 | 0.000% | 0 |
| Monmouth County | 0 | 0.000% | 0 |
| Subtotal, overlapping debt | | | 0 |
| Freehold Township School District Direct Debt | | | 0 |
| Total direct and overlapping debt | | | <u>\$ -</u> |

Sources: Freehold Township Finance Officer, Monmouth County Finance Office and Utility Authorities

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Beach Haven School District
Legal Debt Margin Information,
Last Ten Fiscal Years
UNAUDITED**

Equalized valuation basis

| | | |
|------------|-----------|-----------------------------|
| 2017 | \$ | 2,068,052,300 |
| 2016 | | 1,684,190,800 |
| 2015 | | <u>1,671,416,592</u> |
| [A] | \$ | <u>5,423,659,692</u> |

[A/3] \$ 1,807,886,564

[B] 54,236,597 ^a

[C] -

[B-C] \$ 54,236,597

| | Fiscal Year | | | | | | | | | |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Debt limit | \$ 59,375,819 | \$ 62,876,955 | \$ 63,592,642 | \$ 62,945,546 | \$ 61,899,911 | \$ 61,661,071 | \$ 60,178,042 | \$ 49,852,107 | \$ 50,145,158 | \$ 54,236,597 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | <u>\$ 59,375,819</u> | <u>\$ 62,876,955</u> | <u>\$ 63,592,642</u> | <u>\$ 62,945,546</u> | <u>\$ 61,899,911</u> | <u>\$ 61,661,071</u> | <u>\$ 60,178,042</u> | <u>\$ 49,852,107</u> | <u>\$ 50,145,158</u> | <u>\$ 54,236,597</u> |
| Total net debt applicable to the limit as a percentage of debt limit | | | | | | | | | | |

Source: Abstract of Ratables and District Records CAFR Schedule J-7

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Beach Haven School District
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED**

| Year | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|-----------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| 2008 | 1,391 | 49,695,023.00 | 41,347.00 | 6.8% |
| 2009 | 1,403 | 51,784,148.00 | 40,612.00 | 8.8% |
| 2010 | 1,174 | 55,447,963.00 | 40,689.00 | 14.3% |
| 2011 | 1,175 | 46,422,090.00 | 42,121.00 | 14.9% |
| 2012 | 1,177 | 50,629,832.00 | 43,016.00 | 15.9% |
| 2013 | 1,177 | 50,862,878.00 | 43,214.00 | 15.6% |
| 2014 | 1,180 | No Data Avail. | No Data Avail. | 6.4% |
| 2015 | 1,048 | 57,787,768.00 | 55,141.00 | 4.7% |
| 2016 | 1,173 | - | - | 7.8% |
| 2017 | - | - | - | 0.0% |

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development.

^b Personal income not available by municipality.

^c Per Capita Income not available by municipality.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

**Beach Haven School District
Principal Employers
Current Year and Nine Years Ago
UNAUDITED**

| Employer | 2017 | | | 2008 | | |
|----------|-----------|--------------------|---------------------------------------------------|-----------|--------------------|---------------------------------------------------|
| | Employees | Rank (Optional) | Percentage of Total Employment ^b | Employees | Rank (Optional) | Percentage of Total Employment ^b |
| | | Data not available | | | Data not available | |
| | - | | 0.00% | - | | 0.00% |

Source: Borough of Beach Haven Official Statement

^b Total labor force provided by U.S. Department of Labor, Bureau of Labor Statistics

**Beach Haven School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
UNAUDITED**

| <u>Function/Program</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 12 | 13 |
| Special education | 3 | 3 | 3 | 3 | 2 | 3 | 2 | 2 | 2 | 2 |
| Other special education | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Support Services: | | | | | | | | | | |
| Attendance and Health | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| School administrative services | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 1 |
| Business administrative services | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Plant operations and maintenance | 2 | 2 | 2 | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Pupil transportation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Business & other support services | | | | | | | 1 | 1 | 1 | 1 |
| Special Schools | - | - | - | - | - | - | - | - | - | - |
| Food Service | - | - | - | - | - | - | - | - | - | - |
| Total | 21 | 21 0 | 21 0 | 19 | 19 | 20 | 21 | 21 | 22 | 22 |

Source: District Personnel Records

**Beach Haven School District
Operating Statistics
Last Ten Fiscal Years
UNAUDITED**

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | | | | |
| 2008 | 71 | 1,505,966 | 21,211 | | 14 | 5.1 | | - | | | |
| 2009 | 77 | 1,529,829 | 19,868 | | 14 | 5.5 | | - | | | |
| 2010 | 73 | 1,537,492 | 21,062 | | 14 | 5.2 | | - | | | |
| 2011 | 74 | 1,481,116 | 20,015 | | 14 | 5.3 | | - | | | |
| 2012 | 75 | 1,531,655 | 20,422 | | 13 | 5.8 | | - | | | |
| 2013 | 74 | 1,720,730 | 23,253 | | 14 | 5.3 | | 71.30 | 67.70 | | 94.95% |
| 2014 | 75 | 1,823,831 | 24,318 | | 14 | 5.4 | | 73.87 | 68.97 | 3.60% | 93.37% |
| 2015 | 70 | 1,970,122 | 28,145 | | 14 | 5.0 | | 68.55 | 66.57 | -7.20% | 97.11% |
| 2016 | 63 | 2,359,137 | 37,447 | | 15 | 4.2 | | 62.66 | 59.48 | -8.59% | 94.92% |
| 2017 | 69 | 2,054,956 | 29,782 | | 16 | 4.3 | | 68.28 | 64.33 | 8.97% | 94.21% |

Sources: District records and Schedules J-12, J-14

- a Operating expenditures equal total expenditures less debt service and capital outlay
- b Teaching staff includes only full-time equivalents of certificated staff.

**Beach Haven School District
School Building Information
Last Ten Fiscal Years
UNAUDITED**

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District Building^a | | | | | | | | | | |
| Elementary schools: | | | | | | | | | | |
| Beach Haven School | | | | | | | | | | |
| Square Feet | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Capacity (students) | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| Enrollment | 71 | 77 | 61 | 63 | 75 | 74 | 75 | 65 | 63 | 69 |

Number of Schools at June 30, 2017
Elementary = 1

Source: DistrictFacilities Office

^a Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count (ASSA). Only 7 years of data required to be kept.

**BEACH HAVEN SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years
UNAUDITED**

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| * School Facilities Project # (s) | 82,324 | 114,166 | 86,030 | 62,844 | 63,500 | 32,861 | 23,543 | 58,471 | 66,788 | 163,036 |
| Total School Facilities | <u>\$ 82,324</u> | <u>\$ 114,166</u> | <u>\$ 86,030</u> | <u>\$ 62,844</u> | <u>\$ 63,500</u> | <u>\$ 32,861</u> | <u>\$ 23,543</u> | <u>\$ 58,471</u> | <u>\$ 66,788</u> | <u>\$ 163,036</u> |

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

Source: District records

**BEACH HAVEN SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

| Company | Type of Coverage | Coverage | Deductible |
|-----------------------------|--------------------------------------|-----------|--------------|
| Republic Franklin (Utica) | Property | | |
| | Blanket Building & Contents | \$ - | \$ - |
| | Business Income & Extra Exp. | - | |
| | Data Processing Equipment | - | Per Building |
| | Data & Media | - | Per Building |
| | Flood | - | - |
| | Earthquake | - | - |
| | Equipment Breakdown (Blanket) | Included | |
| | Commercial Liability | | |
| | Bodily Injury & Property Damage | | |
| | Each Occurrence | - | |
| | General Aggregate | - | |
| | Products/Completed Operations | - | |
| | Damage to Premises Rented | - | |
| | Medical Payments | - | |
| | Personal & Advertising Injury | - | |
| | Crime | | |
| Employee Theft | - | - | |
| Forgery or Alteration | - | - | |
| Theft of Money & Securities | - | - | |
| School Board Legal | | | |
| Limit of Liability | - | - | |
| Graphic Arts (Utica) | Business Auto | | |
| | Combined Single Limit | - | |
| | Personal Injury Protection | Statutory | |
| | Medical Payments | - | |
| | Uninsured & Underinsured | - | |
| | Comprehensive Deductible | - | - |
| Collision Deductible | - | - | |

Source: District Records

**BEACH HAVEN SCHOOL DISTRICT
INSURANCE SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

| Company | Type of Coverage | Coverage | Deductible |
|----------------------------------|---------------------------------------------------------------------------------------|--------------------|------------|
| NJSIG | Worker's Compensation Section A Section B | Statutory | - |
| Chubb | Supplemental Worker's Compensation Maximum Benefit Period Waiting Period | 52 Weeks 7 days | |
| McCloskey | Student Accident Maximum Benefit | - | |
| Selective | Bonds Business Adm./Board Sec'y. | - | |
| Commerce & Industry Insurance | Environmental Policy Each Incident Aggregate | - - | - |
| Utica Mutual Ins. Co. | Excess Umbrella Limit of Liability Retention | - - | |
| Fund Indemnity | CAP Program Each Occurrence Aggregate | - - | |

Source: District Records

SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' 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
Beach Haven School District
County of OCEAN
BEACH HAVEN BOARD OF EDUCATION, New Jersey 07728

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Beach Haven School District in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Beach Haven School District basic financial statements, and have issued our report thereon dated November 28, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

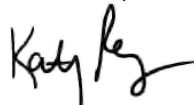
As part of obtaining reasonable assurance about whether the Beach Haven School District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted

Jump, Perry and Company, L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, NJ
November 28, 2017

**BEACH HAVEN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2017**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Balance at June 30, 2016</u> | <u>Carryover Amount</u> | <u>Cash Received</u> | <u>Budgetary Expenditures</u> | <u>Repayment of Prior years' Balances</u> | <u>Deferred Revenue at June 30, 2017</u> | <u>(Accounts Receivable) at June 30, 2017</u> | <u>Due to Grantor at June 30, 2017</u> |
|----------------------------------------------------------------------------------|------------------------------------|-------------------------|-------------------------|-------------------------------------|-----------------------------|--------------------------|-----------------------------------|---------------------------------------------------|----------------------------------------------|---------------------------------------------------|------------------------------------------------|
| U.S. Department of Education Passed-through State Department of Education: | | | | | | | | | | | |
| Title I | 84.010 | 7/1/16-6/30/17 | 12,973 | - | - | 12,973 | (12,973) | - | - | - | - |
| Title I | 84.010 | 7/1/15-6/30/16 | 13,483 | (13,483) | - | 13,483 | - | - | - | - | - |
| I.D.E.A. Part B Basic Regular | 84.027 | 7/1/16-6/30/17 | 16,594 | - | - | 16,594 | (16,594) | - | - | - | - |
| I.D.E.A. Part B Preschool | 84.173 | 7/1/16-6/30/17 | 529 | - | - | 529 | (529) | - | - | - | - |
| Total U.S. Department of Education | | | | (13,483) | - | 43,579 | (30,096) | - | - | - | - |
| Total Expenditures of Federal Awards | | | | <u>\$ (13,483)</u> | <u>\$ -</u> | <u>\$ 43,579</u> | <u>\$ (30,096)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to schedules of expenditures.

**BEACH HAVEN SCHOOL DISTRICT
Schedule of Expenditures of State Awards
for the Fiscal Year ended June 30, 2017**

| State Grantor/ Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2016 | Carryover Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Deferred Revenue at June 30, 2017 | (Accounts Receivable) at June 30, 2017 | Due to Grantor at June 30, 2017 | Budgetary Receivable | Total Expenditures |
|--------------------------------------------------------------------------|------------------------------------------|-------------------------|-------------------------|-------------------------------------|-----------------------------|--------------------------|-----------------------------------|---------------------------------------------------|----------------------------------------------|---------------------------------------------------|--------------------------------------------|---------------------------------|-------------------------------|
| State Department of Education | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| Transportation Aid | 17-495-034-5120-014 | 7/1/16-6/30/17 | 619 | - | - | 619 | (619) | - | - | - | - | - | 619 |
| Transportation Aid | 16-495-034-5120-014 | 7/1/15-6/30/16 | 481 | (38) | - | 38 | - | - | - | - | - | - | - |
| Special Education Aid | 17-495-034-5120-089 | 7/1/16-6/30/17 | 31,541 | - | - | 31,541 | (31,541) | - | - | - | - | - | 31,541 |
| Special Education Aid | 16-495-034-5120-089 | 7/1/15-6/30/16 | 31,547 | (2,544) | - | 2,544 | - | - | - | - | - | - | - |
| School Choice | 17-495-034-5120-068 | 7/1/16-6/30/17 | 139,601 | - | - | 119,468 | (139,601) | - | - | - | - | (20,133) | 139,601 |
| School Choice | 16-495-034-5120-068 | 7/1/15-6/30/16 | 164,983 | (13,302) | - | 13,302 | - | - | - | - | - | - | - |
| Security Aid | 17-495-034-5120-084 | 7/1/16-6/30/17 | 2,548 | - | - | 2,548 | (2,548) | - | - | - | - | - | 2,548 |
| Security Aid | 16-495-034-5120-084 | 7/1/15-6/30/16 | 2,513 | (202) | - | 202 | - | - | - | - | - | - | - |
| Adjustment Aid | | 7/1/16-6/30/17 | 25,382 | - | - | 25,382 | (25,382) | - | - | - | - | - | 25,382 |
| PARCC Readiness Aid | 17-495-034-5120-098 | 7/1/16-6/30/17 | 600 | - | - | 600 | (600) | - | - | - | - | - | 600 |
| PARCC Readiness Aid | 16-495-034-5120-098 | 7/1/15-6/30/16 | 600 | (49) | - | 49 | - | - | - | - | - | - | 600 |
| Per Pupil Growth Aid | 17-495-034-5120-097 | 7/1/16-6/30/17 | 600 | - | - | 600 | (600) | - | - | - | - | - | - |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 7/1/15-6/30/16 | 600 | (49) | - | 49 | - | - | - | - | - | - | - |
| Professional Learning Community Ai | 17-495-034-5120-101 | 7/1/16-6/30/17 | 470 | - | - | 470 | (470) | - | - | - | - | - | - |
| Nonpublic Transportation Aid | 16-495-034-5120-014 | 7/1/15-6/30/16 | 174 | (174) | - | 174 | - | - | - | - | - | - | - |
| On-Behalf TPAF Pension Contributi | 17-100-034-5095-002 | 7/1/16-6/30/17 | 62,252 | - | - | 62,252 | (62,252) | - | - | - | - | - | - |
| On-Behalf TPAF Post-Retirement M | 17-100-034-5095-001 | 7/1/16-6/30/17 | 51,870 | - | - | 51,870 | (51,870) | - | - | - | - | - | - |
| Reimbursed TPAF Social Security Contribution | 17-495-034-5094-003 | 7/1/16-6/30/17 | 47,974 | - | - | 47,974 | (47,974) | - | - | - | - | - | 47,974 |
| Total General Fund | | | | <u>(16,358)</u> | <u>-</u> | <u>359,682</u> | <u>(363,457)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(20,133)</u> | <u>248,865</u> |
| Total Expenditures of State Awards | | | | <u>(16,358)</u> | <u>-</u> | <u>359,682</u> | <u>(363,457)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(20,133)</u> | <u>248,865</u> |
| State Financial Assistance Not Subject to Single Audit Determination | | | | <u>-</u> | <u>-</u> | <u>(114,122)</u> | <u>114,122</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>114,122</u> |
| Total Expenditures of State Awards Subject to Single Audit Determination | | | | <u>\$ (16,358)</u> | <u>-</u> | <u>245,560</u> | <u>(249,335)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(20,133)</u> | <u>362,987</u> |

See accompanying notes to schedules of expenditures.

Beach Haven School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2017

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$66,201 for the general fund and \$- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page.

Beach Haven School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2017

3. Relationship to Basic Financial Statements (cont'd)

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|------------------------------------------|------------------|----------------|-------------------|
| General Fund | \$ - | \$ 297,256 | \$ 297,256 |
| Special Revenue Fund | <u>30,096</u> | <u>-</u> | <u>30,096</u> |
| Total awards and financial assistance | <u>\$ 30,096</u> | <u>297,256</u> | <u>\$ 327,352</u> |

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.

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2017.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

Beach Haven School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2017

Section I - Summary of Auditor's Results
Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? yes none reported

Noncompliance material to general-purpose
financial statements noted? yes no

Federal Awards Section: N/A

Internal Control over major programs:

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? yes none reported

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

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

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------|------------------------------------|
| N/A | |

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

Auditee qualified as low-risk auditee? yes no

Beach Haven School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2017

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

State Awards Section - N/A

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

Auditee qualified as low-risk auditee? yes no

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

Internal Control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiencies identified
that are not considered to be material
weaknesses? yes none reported

Any audit findings disclosed that are
required to be reported in accordance
with NJOMB Circular Letter 15-08? yes no

Identification of major programs:

| GMIS Number(s) | Name of State Program |
|----------------|-----------------------|
|----------------|-----------------------|

| | |
|-----|--|
| N/A | |
|-----|--|

Beach Haven School District
Summary of Findings and Questioned Costs

June 30, 2017

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2017.

Prior Year Audit Findings - N/A

Beach Haven School District
Summary Schedule of Prior Audit Findings

June 30, 2017

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

There were no prior year findings for the period ended June 30, 2016.