

BRADLEY BEACH SCHOOL DISTRICT

Bradley Beach, New Jersey

County of Monmouth

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BRADLEY BEACH SCHOOL DISTRICT

BRADLEY BEACH, NEW JERSEY

FOR FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Bradley Beach Board of Education
Finance Department**

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INTRODUCTORY SECTION

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BOROUGH OF BRADLEY BEACH

BOARD OF EDUCATION

515 Brinley Avenue • Bradley Beach • New Jersey 07720

Dr. Stephen Wisniewski
Superintendent of Schools

David J. Tonzola
School Business Administrator /
Board Secretary

November 21, 2017

Honorable President and Members
of the Board of Education
Bradley Beach School District
County of Monmouth, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Bradley Beach School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Bradley Beach School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

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

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and vocational as well as special education for children with special needs. The School District's enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	287.00	-3.37%
2015-2016	297.00	4.95%
2014-2015	283.00	-4.07%
2013-2014	295.00	3.87%
2012-2013	284.00	4.41%
2011-2012	272.00	-6.85%
2010-2011	292.00	5.80%
2009-2010	276.00	1.10%
2008-2009	273.00	3.41%
2007-2008	264.00	1.00%

ECONOMIC CONDITION AND OUTLOOK

The Borough of Bradley Beach is close to 100% occupancy and property values continue to climb. A number of improvements along the beachfront make it a popular place to visit and business in the area is booming. Redevelopment on Main Street will result in the renovation and replacement of some commercial buildings resulting in new business openings.

The total property assessment for Bradley Beach for the last three years is as follows:

2017	\$ 1,151,140,100
2016	1,151,207,800
2015	1,131,026,920

MAJOR INITIATIVES

There are a variety of programs and initiatives, which are all outlined within our newly adopted Strategic Plan. The Bradley Beach Board of Education approved 8 different goals, which included:

- Plan for cosmetic upgrades to hallways and stairwells
- Plans for major facility upgrades including the boiler system, kitchen upgrades, and air conditioning needs
- Review the use of Workshop Method for Reading and Writing
- Review the effectiveness of the current Mathematics Program
- Review the effectiveness of the current Science and Engineering Program
- Review the effectiveness of the Gifted and Talented Program
- Review the effectiveness of the Special Education Program
- Review the effectiveness of the Character Education Program

Within each primary goal, there are secondary goals and phases which outline the timeframes and the procedural steps needed to achieve success in each specific area of need. Our major initiatives will be measureable and timely in the process of achievement. For example, we will be working with our architectural team to complete the bidding process to completely overhaul our first of three stairwells in late spring/early summer. We completed our goal of identifying, removing, and replacing broken return pipes within the current boiler system this past summer. The Director of Curriculum and Instruction has developed a professional development schedule with our current Workshop Developer to implement best conferring practices into our workshop program, while piloting Readers Workshop with our early teacher leaders. We have also begun the work of piloting three different Mathematics programs to follow our timeline of selecting a Mathematics program by the end of the school year. We have purchased materials and a program to help support out 5-8 Science Curriculum and we will look to expand this for grades K-4 next year. Administration is currently reviewing the information and data we will utilize to identify potential Gifted and Talented students for the second half of the school year. Our Special Education extended school year program was redesigned over the summer and our increased use of In-Class Resource has helped students with IEP's develop over the course of the year. Finally, our Character Education pilot program, which includes Morning Meeting, is being piloted throughout the school and our new chapter of the National Junior Honor Society has begun this year.

We are also pleased to announce that we have developed a second full day preschool program form ages 3 and 4. We were able to develop this new program with the support of the PEEA Grant, which was awarded to our school this summer. We are also proud to be one of twelve schools to receive an Arts in Education (AIE) grant. This grant will provide our school with a resident artist who will work with our language arts and art teacher to teach our students about graphic novels.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

ACCOUNTING SYSTEM AND REPORTS

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

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of

accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual

OTHER INFORMATION



INDEPENDENT AUDIT

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

ACKNOWLEDGEMENTS

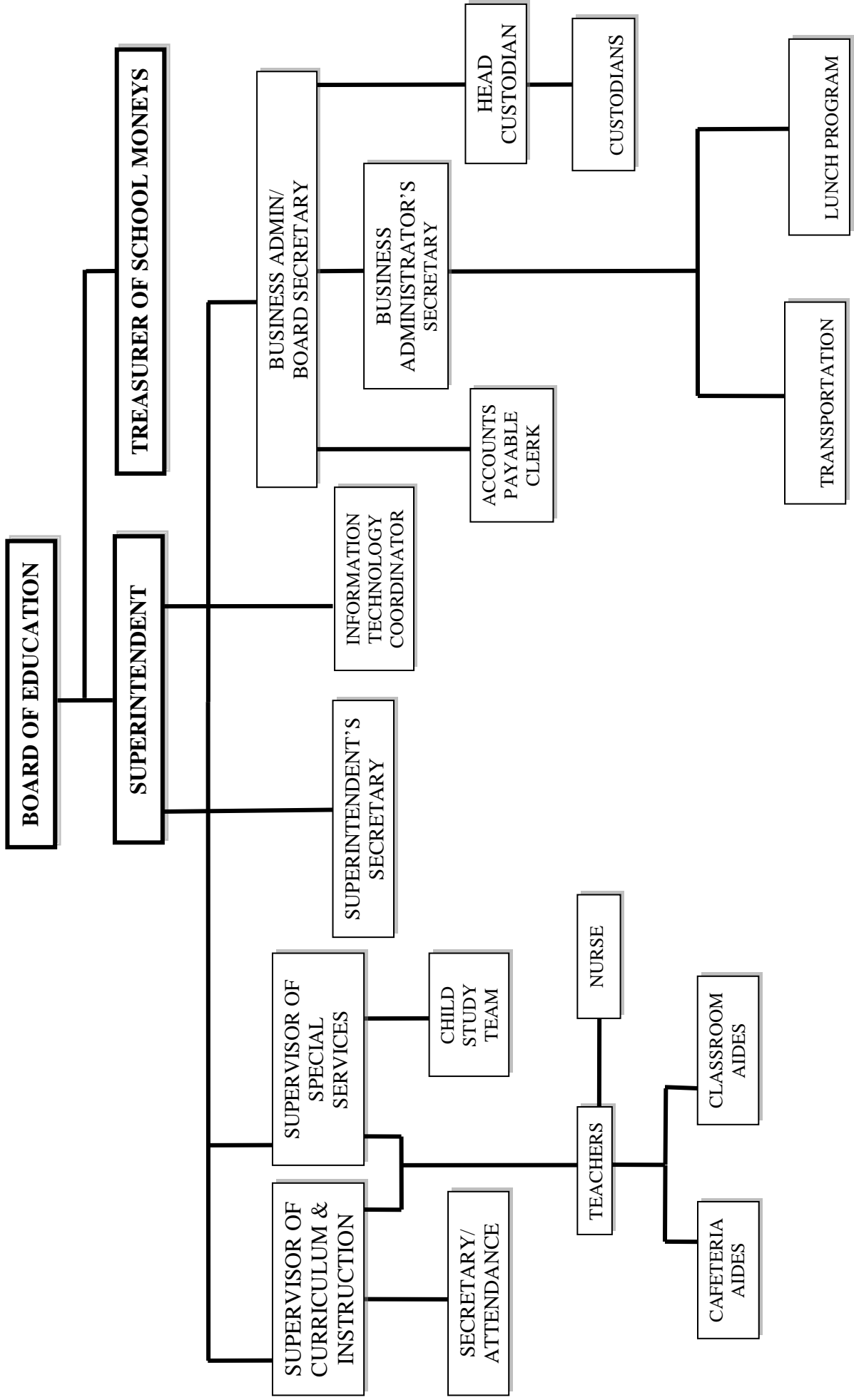
We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,


Superintendent

School Business Administrator/Board Secretary

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**BRADLEY BEACH SCHOOL DISTRICT
ORGANIZATIONAL CHART**



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**BRADLEY BEACH SCHOOL DISTRICT
BRADLEY BEACH, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2017

Members of the Board of Education	Term Expires
Dr. Susan Monroe, President	2017
Dr. Denise Rodriguez, Vice-President	2018
Thomas Bardinas	2018
Barbara Carlucci	2019
Dwight Gerdes	2018
Donald Warnet	2019
Stephen R. Lozowick	2017
Margaret Merenda	2019
John Young	2017

Other Officials

Dr. Stephen Wisniewski, Superintendent of Schools

David Tonzola, School Business Administrator/Board Secretary

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

CONSULTANTS AND ADVISORS

JUNE 30, 2017

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Jerry Rubino
DiCara Rubino Architects
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OFFICIAL DEPOSITORY

Bank of America
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Bradley Beach, New Jersey 07720

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Bradley Beach School District
County of Monmouth
Bradley Beach, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bradley Beach School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
November 21, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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

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

Overview of the Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

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

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements,

BRADLEY BEACH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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

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

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

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

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

Notes to the Basic Financial Statements

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

BRADLEY BEACH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

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

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 1,424,147.41	\$ 1,464,338.31	\$ (40,190.90)	-2.7%
Capital Assets, Net	<u>3,755,083.43</u>	<u>3,922,859.69</u>	<u>(167,776.26)</u>	-4.3%
Total Assets	<u>5,179,230.84</u>	<u>5,387,198.00</u>	<u>(207,967.16)</u>	-3.9%
Deferred Outflow of Resources	<u>696,485.00</u>	<u>257,448.00</u>	<u>439,037.00</u>	170.5%
Current and other Liabilities	421,403.35	274,497.40	146,905.95	53.5%
Noncurrent Liabilities	<u>3,049,672.46</u>	<u>2,579,175.84</u>	<u>470,496.62</u>	18.2%
Total Liabilities	<u>3,471,075.81</u>	<u>2,853,673.24</u>	<u>617,402.57</u>	21.6%
Deferred Inflow of Resources	<u>34,861.00</u>	<u>67,756.00</u>	<u>(32,895.00)</u>	-48.5%
Net Position:				
Net Investment in Capital Asset	2,830,314.00	2,864,859.69	(34,545.69)	-1.2%
Restricted	861,436.39	1,003,693.37	(142,256.98)	-14.2%
Unrestricted (Deficit)	<u>(1,321,971.36)</u>	<u>(1,145,336.30)</u>	<u>(176,635.06)</u>	15.4%
Total Net Position	<u>\$ 2,369,779.03</u>	<u>\$ 2,723,216.76</u>	<u>\$ (353,437.73)</u>	-13.0%

BRADLEY BEACH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

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

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 27,450.93	\$ 86,283.29	\$ (58,832.36)	-68.2%
Operating Grants & Contributions	709,554.24	1,894,830.69	(1,185,276.45)	-62.6%
General Revenues:				
Property Taxes	5,887,771.00	5,785,993.00	101,778.00	1.8%
Federal & State Aid	1,660,775.84	1,089,404.00	571,371.84	52.4%
Other General Revenues	70,511.42	40,002.37	30,509.05	76.3%
Total Revenues	<u>8,356,063.43</u>	<u>8,896,513.35</u>	<u>(540,449.92)</u>	-6.1%
Function/Program Expenditures:				
Regular Instruction	2,332,636.83	2,174,127.09	158,509.74	7.3%
Special Education Instruction	240,218.87	231,612.90	8,605.97	3.7%
Other Special Instruction	103,466.32	147,065.97	(43,599.65)	-29.6%
Other Instruction	95,607.67	108,828.84	(13,221.17)	-12.1%
Tuition	1,657,019.35	1,563,273.69	93,745.66	6.0%
Student & Instruction Related Services	826,804.50	758,441.81	68,362.69	9.0%
General Administrative	285,680.43	274,570.06	11,110.37	4.0%
School Administrative Services	25,620.84	24,924.06	696.78	2.8%
Central Services	171,608.77	165,018.35	6,590.42	4.0%
Administrative Info. Technology	28,806.32	28,575.12	231.20	0.8%
Plant Operations & Maintenance	515,217.29	514,523.52	693.77	0.1%
Pupil Transportation	289,632.60	248,335.67	41,296.93	16.6%
Unallocated Benefits	1,718,981.44	2,344,037.98	(625,056.54)	-26.7%
On Behalf TPAF Pension and Social				
Security Contributions	149,541.00	-	149,541.00	100.0%
Transfer to Charter Schools	57,295.00	56,132.00	1,163.00	2.1%
Interest & Other Charges	60,074.50	64,639.08	(4,564.58)	-7.1%
Disposal/Adjustment of Capital Assets	12,056.26	-	12,056.26	100.0%
Food Service	139,233.17	138,882.24	350.93	0.3%
Total Expenditures	<u>8,709,501.16</u>	<u>8,842,988.38</u>	<u>(133,487.22)</u>	-1.5%
Change In Net Position	(353,437.73)	53,524.97	(406,962.70)	-760.3%
Net Position - Beginning	2,723,216.76	2,669,691.79	53,524.97	2.0%
Net Position - Ending	<u>\$ 2,369,779.03</u>	<u>\$ 2,723,216.76</u>	<u>\$ (353,437.73)</u>	-13.0%

BRADLEY BEACH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2017, the net position of governmental activities decreased by \$353,437.73 or - 13%. The primary reason for the decrease was the payment of long term debt.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$2,350,629.38, with an unrestricted deficit balance of \$(1,339,351.18). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

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

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$(1,339,351.58)
Add back: PERS Pension Liability	2,025,959.00
Less: Deferred Outflows related to pensions	(696,485.00)
Add back: Deferred Inflows related to pensions	<u>34,861.00</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ 24,983.42</u>

Business-type Activities

During the fiscal year 2017, the net position of business-type activities increased by \$1,769.43 or 10.18%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$19,149.65.

General Fund Budgeting Highlights

Final budgeted revenues was \$1,071,447.00, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$43,467.00.

Final budgeted appropriations was \$7,111,507.40, which was an increase of \$8,773.40 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$78,065.95.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$1,159,71.87 at June 30, 2017, an decrease of \$124,061.03 from the prior year.

BRADLEY BEACH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,046,739.94, a decrease of \$131,220.28 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund decreased by \$124,949.03 to \$1,055,630.90 at June 30, 2017, compared to an increase of \$39,958.60 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- The factors contributing to the reduction in fund balance are the expenditures incurred by the district in its regular program, tuition payments to other LEAs and transportation cost.

Special revenue fund – There were decrease in special revenue fund of \$6,272 cause by the last state aid payment.

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund increased by \$0.75 to \$7.32 at June 30, 2017, compared to an increase of \$1.75 in fund balance in the prior fiscal year.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$2,011.68 to \$19,149.65 at June 30, 2017, compared to an increase of \$2,023.43 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- Is the increase in the district's inventory at the end of the fiscal year.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$3,775,083.43 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$167,522.26. This decrease is primarily due to the current year depreciation of capital assets. Table 4 shows fiscal 2017 balances compared to 2016.

BRADLEY BEACH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 3,400.00	\$ 3,400.00	\$ -	0.0%
Site and Site Improvements	22,617.00	30,461.00	(7,844.00)	-25.8%
Building and Improvements	3,656,099.00	3,800,142.26	(144,043.26)	-3.8%
Machinery & Equipment	72,967.43	88,856.43	(15,889.00)	-17.9%
	<u>\$ 3,755,083.43</u>	<u>\$ 3,922,859.69</u>	<u>\$ (167,776.26)</u>	-4.3%

Depreciation expense for the year was \$6,434.00. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$923,000.00, which is a decrease of \$135,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's Future

The Bradley Beach School District is in excellent financial condition presently.

The District Board of Education practices long-term financial planning. The District is proud of its system for financial planning, budgeting and internal financial controls.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board Secretary/School Business Administrator at the Bradley Beach School District Board of Education, 515 Brinley Avenue, Bradley Beach, NJ 07720.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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BRADLEY BEACH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 812,356.10	\$ 3,137.69	\$ 815,493.79
Receivables, Net (Note 4)	130,422.72	7,125.48	137,548.20
Inventory	-	4,105.42	4,105.42
Restricted Cash & Cash Equivalents	467,000.00	-	467,000.00
Capital Assets, Net (Note 5)			
Non-depreciable	3,400.00	-	3,400.00
Depreciable	3,749,914.00	1,769.43	3,751,683.43
Total Assets	5,163,092.82	16,138.02	5,179,230.84
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	696,485.00	-	696,485.00
Total Deferred Outflow of Resources	696,485.00	-	696,485.00
LIABILITIES:			
Accounts Payable	348,151.33	7,569.57	355,720.90
Due to Other Governments	58,536.00	-	58,536.00
Unearned Revenue	2,674.45	1,631.90	4,306.35
Accrued Interest	2,840.10	-	2,840.10
Internal Balances	12,213.10	(12,213.10)	-
Noncurrent Liabilities (Note 7):			
Due within one year	157,300.00	-	157,300.00
Due in more than one year	2,892,372.46	-	2,892,372.46
Total Liabilities	3,474,087.44	(3,011.63)	3,471,075.81
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	34,861.00	-	34,861.00
Total Deferred Inflow of Resources	34,861.00	-	34,861.00
NET POSITION:			
Net Investment in Capital Assets	2,830,314.00	1,769.43	2,832,083.43
Restricted for:			
Capital Projects	125,000.00	-	125,000.00
Debt Service	8.07	-	8.07
Emergency Reserve	250,000.00	-	250,000.00
Maintenance Reserve	92,000.00	-	92,000.00
Excess Surplus	392,658.89	-	392,658.89
Unrestricted (Deficit)	(1,339,351.58)	17,380.22	(1,321,971.36)
Total Net Position	\$ 2,350,629.38	\$ 19,149.65	\$ 2,369,779.03

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

**BRADLEY BEACH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 2,332,636.83	\$ -	\$ 303,195.49	\$ (2,029,441.34)	\$ -	\$ (2,029,441.34)
Special Education Instruction	240,218.87	-	-	(240,218.87)	-	(240,218.87)
Other Special Instruction	103,466.32	-	-	(103,466.32)	-	(103,466.32)
Other Instruction	95,607.67	-	-	(95,607.67)	-	(95,607.67)
Support Services:						
Tuition	1,657,019.35	-	-	(1,657,019.35)	-	(1,657,019.35)
Student & Instruction Related Services	826,804.50	-	143,023.83	(683,780.67)	-	(683,780.67)
General Administrative	285,680.43	-	-	(285,680.43)	-	(285,680.43)
School Administrative Services	25,620.84	-	-	(25,620.84)	-	(25,620.84)
Central Services	171,608.77	-	-	(171,608.77)	-	(171,608.77)
Administrative Info. Technology	28,806.32	-	-	(28,806.32)	-	(28,806.32)
Plant Operations & Maintenance	515,217.29	-	-	(515,217.29)	-	(515,217.29)
Pupil Transportation	289,632.60	-	-	(289,632.60)	-	(289,632.60)
Employee Benefits	1,718,981.44	-	-	(1,718,981.44)	-	(1,718,981.44)
On Behalf TPAF Pension and Social Security Contributions	149,541.00	-	149,541.00	-	-	-
Transfer to Charter Schools	57,295.00	-	-	(57,295.00)	-	(57,295.00)
Interest & Other Charges	60,074.50	-	-	(60,074.50)	-	(60,074.50)
Disposal/Adjustment of Capital Assets	12,056.26	-	-	(12,056.26)	-	(12,056.26)
Total Governmental Activities	8,570,267.99	-	595,760.32	(7,974,507.67)	-	(7,974,507.67)
Business-Type Activities:						
Food Service	139,233.17	27,450.93	113,793.92	-	2,011.68	2,011.68
Total Business-Type Activities	139,233.17	27,450.93	113,793.92	-	2,011.68	2,011.68
Total Primary Government	\$ 8,709,501.16	\$ 27,450.93	\$ 709,554.24	(7,974,507.67)	2,011.68	(7,972,495.99)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				5,713,964.00	-	5,713,964.00
Property Taxes, Levied for Debt Service				173,807.00	-	173,807.00
Federal & State Aid Not Restricted				1,660,775.84	-	1,660,775.84
Tuition Charges				44,260.12	-	44,260.12
Miscellaneous				26,251.30	-	26,251.30
Total General Revenues				7,619,058.26	-	7,619,058.26
Change In Net Position				(355,449.41)	2,011.68	(353,437.73)
Net Position - Beginning				2,706,078.79	17,137.97	2,723,216.76
Net Position - Ending				\$ 2,350,629.38	\$ 19,149.65	\$ 2,369,779.03

B. Fund Financial Statements

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Governmental Funds

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BRADLEY BEACH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 852,621.02	\$ -	\$ 8.07	\$ 852,629.09
Intergovernmental Accounts Receivable:				
Federal	-	76,722.11	-	76,722.11
State	53,700.61	-	-	53,700.61
Restricted Cash	467,000.00	-	-	467,000.00
Total Assets	\$ 1,373,321.63	\$ 76,722.11	\$ 8.07	\$ 1,450,051.81
LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Deficit	\$ -	\$ 40,272.99	\$ -	\$ 40,272.99
Accounts Payable	305,413.62	42,724.67	-	348,138.29
Interfunds Payable	12,226.14	-	-	12,226.14
Unearned Revenue	-	2,674.45	-	2,674.45
Total Liabilities	317,639.76	85,672.11	-	403,311.87
Fund Balances:				
Restricted:				
Reserved Excess Surplus:				
Designated for Subsequent Year's Expenditures	255,823.50	-	-	255,823.50
Reserve for Excess Surplus	136,835.39	-	-	136,835.39
Debt Service	-	-	8.07	8.07
Capital Reserve	125,000.00	-	-	125,000.00
Maintenance Reserve	92,000.00	-	-	92,000.00
Emergency Reserve	250,000.00	-	-	250,000.00
Assigned:				
Other Purposes	6,584.48	-	-	6,584.48
Designated for Subsequent Year's Expenditures	0.50	-	-	0.50
Unassigned:				
General Fund	189,438.00	-	-	189,438.00
Special Revenue Fund	-	(8,950.00)	-	(8,950.00)
Total Fund Balances	1,055,681.87	(8,950.00)	8.07	1,046,739.94
Total Liabilities and Fund Balances	\$ 1,373,321.63	\$ 76,722.11	\$ 8.07	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,730,489.00 and the accumulated depreciation is \$2,977,175.00.	3,753,314.00
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	696,485.00
Deferred Inflows related to pensions	(34,861.00)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(2,840.10)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(58,536.00)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,049,672.46)
Net Position of Governmental Activities	2,350,629.38

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

**BRADLEY BEACH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Local Sources:				
Local Tax Levy	\$ 5,713,964.00	\$ -	\$ 173,807.00	\$ 5,887,771.00
Tuition from Other LEA's	5,906.12	-	-	5,906.12
Tuition from Individuals	38,354.00	-	-	38,354.00
Miscellaneous	26,251.30	17,718.21	-	43,969.51
Total - Local Sources	5,784,475.42	17,718.21	173,807.00	5,976,000.63
State Sources	1,810,316.84	83,228.00	-	1,893,544.84
Federal Sources	-	345,273.11	-	345,273.11
Total Revenues	7,594,792.26	446,219.32	173,807.00	8,214,818.58
Expenditures:				
Current:				
Regular Instruction	1,950,158.91	303,195.49	-	2,253,354.40
Special Education Instruction	224,822.18	-	-	224,822.18
Other Special Instruction	92,327.60	-	-	92,327.60
Other Instruction	95,607.67	-	-	95,607.67
Support Services and Undistributed Costs:				
Tuition	1,657,019.35	-	-	1,657,019.35
Student and Instruction Related Services	657,659.73	149,295.83	-	806,955.56
General Administration	275,885.48	-	-	275,885.48
School Administrative Services	22,933.30	-	-	22,933.30
Central Services	165,828.94	-	-	165,828.94
Administrative Information Technology	27,430.17	-	-	27,430.17
Plant Operations and Maintenance	498,622.54	-	-	498,622.54
Pupil Transportation	289,632.60	-	-	289,632.60
Employee Benefits	1,676,421.82	-	-	1,676,421.82
Transfer To Charter Schools	57,295.00	-	-	57,295.00
Debt Service:				
Interest and Other Charges	21,662.00	-	38,806.25	60,468.25
Principal	-	-	135,000.00	135,000.00
Capital Outlay	6,434.00	-	-	6,434.00
Total Expenditures	7,719,741.29	452,491.32	173,806.25	8,346,038.86
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(124,949.03)	(6,272.00)	0.75	(131,220.28)
Net Change in Fund Balances	(124,949.03)	(6,272.00)	0.75	(131,220.28)
Fund Balance/(Deficit) - July 1	1,180,630.90	(2,678.00)	7.32	1,177,960.22
Fund Balance/(Deficit) - June 30	\$ 1,055,681.87	\$ (8,950.00)	\$ 8.07	\$ 1,046,739.94

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

**BRADLEY BEACH 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 Changes in Fund Balances - Governmental Funds (B-2) (131,220.28)

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

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

	(161,900.00)	
Depreciation Expense	(12,056.26)	
Capital Asset Disposals/Adjustment	6,434.00	
Capital Outlays	6,434.00	
		(167,522.26)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (149,541.00)

Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 135,000.00

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). 393.75

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (42,559.62)

Change in Net Position of Governmental Activities (355,449.41)

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Proprietary Funds

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**BRADLEY BEACH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds
	Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,137.69
Accounts Receivable:	
State	125.90
Federal	6,999.58
Inventories	4,105.42
Interfund Receivable	12,213.10
Total Current Assets	26,581.69
Noncurrent Assets:	
Furniture, Machinery and Equipment	43,202.43
Less:	
Accumulated Depreciation	(41,433.00)
Total Noncurrent Assets	1,769.43
Total Assets	28,351.12
LIABILITIES	
Current Liabilities:	
Accounts Payable	7,569.57
Unearned Revenue	1,631.90
Total Current Liabilities	9,201.47
NET POSITION	
Net Investment in Capital Assets	1,769.43
Unrestricted	17,380.22
Total Net Position	\$ 19,149.65

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

BRADLEY BEACH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AS OF JUNE 30, 2017

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 20,996.80
Daily Sales - Non-Reimbursable Programs	6,326.00
Miscellaneous Revenue	<u>128.13</u>
Total Operating Revenues	<u>27,450.93</u>
Operating Expenses:	
Cost of Sales-Reimbursable	55,675.33
Cost of Sales-Non reimbursable	2,776.12
Other Purchased Services	80,527.72
Depreciation	<u>254.00</u>
Total Operating Expenses	<u>139,233.17</u>
Operating Income/(Loss)	<u>(111,782.24)</u>
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	1,769.71
Federal Sources:	
National School Lunch Program	91,219.76
National School Breakfast Program	8,884.94
Food Distribution Program	<u>11,919.51</u>
Total Nonoperating Revenues/(Expenses)	<u>113,793.92</u>
Change in Net Position	2,011.68
Total Net Position - Beginning	<u>17,137.97</u>
Total Net Position - Ending	<u><u>\$ 19,149.65</u></u>

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

**BRADLEY BEACH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 AS OF JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 15,479.42
Payments To Suppliers	<u>(129,966.98)</u>
Net Cash Provided By/(Used For) Operating Activities	<u>(114,487.56)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	1,773.89
Federal Sources	<u>100,083.24</u>
Net Cash Provided By Noncapital Financing Activities	<u>101,857.13</u>
Net Decrease in Cash and Cash Equivalents	(12,630.43)
Balance - Beginning of Year	<u>15,768.12</u>
Balance - End of Year	<u>\$ 3,137.69</u>
Reconciliation of Operating Loss To Net Cash Used for Operating Activities:	
Operating Loss Used for Operating Activities:	\$ (111,782.24)
Depreciation	254.00
Food Distribution Program	11,919.51
(Increase)/Decrease in Interfund Receivable	(12,213.10)
(Increase)/Decrease in Inventories	(2,163.65)
Increase/(Decrease) in Unearned Revenue	241.59
Increase/(Decrease) in Accounts Payable	<u>(743.67)</u>
Total Adjustments	<u>(2,705.32)</u>
Net Cash Used for Operating Activities	<u>\$ (114,487.56)</u>

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

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Fiduciary Fund

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**BRADLEY BEACH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Unemployment Compensation Trust	Agency Funds	Totals
ASSETS			
Cash and Cash Equivalents	\$ 11,141.67	\$ 231,792.80	\$ 242,934.47
Interfund Receivable	2,407.31	13.04	2,420.35
	<hr/>		
Total Assets	\$ 13,548.98	\$ 231,805.84	\$ 245,354.82
	<hr/> <hr/>		
LIABILITIES			
Accounts Payable	\$ 211.78	\$ -	\$ 211.78
Accrued Liabilities	-	173,246.14	173,246.14
Payable To Student Groups	-	18,053.19	18,053.19
Payroll Deductions and Withholdings	-	38,099.20	38,099.20
Interfund Payable	-	2,407.31	2,407.31
	<hr/>		
Total Liabilities	211.78	231,805.84	232,017.62
	<hr/> <hr/>		
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	13,337.20	-	13,337.20
	<hr/>		
Total Net Position	13,337.20	-	13,337.20
	<hr/> <hr/>		
Total Liabilities and Net Position	\$ 13,548.98	\$ 231,805.84	\$ 245,354.82
	<hr/> <hr/>		

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

**BRADLEY BEACH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan Member	<u>\$ 6,751.82</u>
Total Contributions	<u>6,751.82</u>
DEDUCTIONS	
Payment of Claims	<u>1,392.72</u>
Total Deductions	<u>1,392.72</u>
Change in Net Position	5,359.10
Net Position - Beginning of Year	<u>7,978.10</u>
Net Position - End of Year	<u><u>\$ 13,337.20</u></u>

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

BRADLEY BEACH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The Bradley Beach School District is a Type II School District located in the County of Monmouth, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the School District is to educate students in grades PreK through 8. The School District has an approximate enrollment at June 30, 2017 of 287 students.

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

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

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

Component Units

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

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

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

BRADLEY BEACH SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

The School District reports the following major governmental funds:

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

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

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

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

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Budgets/Budgetary Control

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

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

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

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Encumbrances

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

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash, Cash Equivalents and Investments

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

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

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

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

Tuition Receivable/Payable

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

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

Capital Assets

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

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

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

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Pensions

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

Fund Balance

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Net Position

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

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

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

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

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

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

Recently Issued Accounting Pronouncements

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

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

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*,

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

as amended. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

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

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

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

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

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

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

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District’s financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$1,592,156.41 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 1,327,588.44
Uninsured and Uncollateralized	<u>264,567.97</u>
	<u><u>\$ 1,592,156.41</u></u>

Investments

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

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the 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 School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital 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. A School 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 3. Reserve Accounts (continued)

Beginning Balance, July 1, 2016	\$	115,000.00
Increased by:		
Interest Earnings		1,000.00
Deposits approved by Board		9,000.00
Ending Balance, June 30, 2017	\$	125,000.00

Maintenance Reserve

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District’s approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. 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 activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	90,000.00
Increased by:		
Deposits approved by Board		2,000.00
Ending Balance, June 30, 2017	\$	92,000.00

Emergency Reserve

An emergency reserve account was established for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30.

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 3. Reserve Accounts (continued)

Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 250,000.00
Ending Balance, June 30, 2017	\$ 250,000.00

Note 4. Accounts Receivable

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

<u>Description</u>	Governmental Funds			Proprietary Funds	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ 76,722.11	\$ 76,722.11	\$ 6,999.58	\$ 6,999.58
State Awards	53,700.61	-	53,700.61	125.90	125.90
Total	\$ 53,700.61	\$ 76,722.11	\$ 130,422.72	\$ 7,125.48	\$ 7,125.48

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 5. Capital Assets

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

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,400.00	\$ -	\$ -	\$ 3,400.00
Total Capital Assets not being depreciated	<u>3,400.00</u>	<u>-</u>	<u>-</u>	<u>3,400.00</u>
Capital Assets being depreciated:				
Site and Site Improvements	248,179.00	-	-	248,179.00
Buildings and Improvements	6,058,120.00	-	-	6,058,120.00
Machinery & Equipment	439,071.00	6,434.00	(24,715.00)	420,790.00
Total Capital Assets being depreciated	<u>6,745,370.00</u>	<u>6,434.00</u>	<u>(24,715.00)</u>	<u>6,727,089.00</u>
Less: Accumulated Depreciation:				
Site and Site Improvements	(217,718.00)	(7,844.00)	-	(225,562.00)
Buildings and Improvements	(2,257,977.74)	(144,054.00)	-	(2,402,031.74)
Equipment	(352,238.00)	(10,002.00)	12,658.74	(349,581.26)
Total Accumulated Depreciation	<u>(2,827,933.74)</u>	<u>(161,900.00)</u>	<u>12,658.74</u>	<u>(2,977,175.00)</u>
Total Capital Assets being depreciated, net	<u>3,917,436.26</u>	<u>(155,466.00)</u>	<u>(12,056.26)</u>	<u>3,749,914.00</u>
Total Governmental Activities Capital Assets, net	<u>\$ 3,920,836.26</u>	<u>\$ (155,466.00)</u>	<u>\$ (12,056.26)</u>	<u>\$ 3,753,314.00</u>

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 5. Capital Assets (continued)

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2017</u>
Business-Type Activities:				
Machinery & Equipment	\$ 43,202.43	\$ -	\$ -	\$ 43,202.43
	<u>43,202.43</u>	<u>-</u>	<u>-</u>	<u>43,202.43</u>
Less: Accumulated Depreciation:				
Machinery & Equipment	(41,179.00)	(254.00)	-	(41,433.00)
	<u>(41,179.00)</u>	<u>(254.00)</u>	<u>-</u>	<u>(41,433.00)</u>
Total Business-Type Activities Capital				
Assets, net	\$ 2,023.43	\$ (254.00)	\$ -	\$ 1,769.43
	<u><u>2,023.43</u></u>	<u><u>(254.00)</u></u>	<u><u>-</u></u>	<u><u>1,769.43</u></u>

Depreciation expense was charged to functions/programs of the School District as follows:

Governmental Activities:	
Regular Instruction	\$ 79,282.43
Special Education Instruction	15,396.69
Other Special Instruction	11,138.72
Student and Instruction Related Services	19,848.94
General Administration	9,794.95
School Administration Services	2,687.54
Central Services	5,779.83
Administrative Information Technology	1,376.15
Plant Operations and Maintenance	<u>16,594.75</u>
Total Depreciation Expense	<u><u>\$ 161,900.00</u></u>

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 6. Interfund Receivables, Payables and Transfers

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 12,226.14
Food Service Fund	12,213.10	-
Payroll Fund	13.04	2,407.31
Unemployment Fund	<u>2,407.31</u>	<u>-</u>
	<u>\$ 14,633.45</u>	<u>\$ 14,633.45</u>

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

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Payroll Fund	\$ 6,511.59	\$ 6,511.59
Unemployment Fund	<u>6,751.82</u>	<u>6,751.82</u>
	<u>\$ 13,263.41</u>	<u>\$ 13,263.41</u>

The purpose of the interfund transfers were for liquidations of prior year interfund receivables and payables.

Note 7. Long-Term Obligations

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

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 1,058,000.00	\$ -	\$ 135,000.00	\$ 923,000.00	\$ 140,000.00
Compensated Absences	58,153.84	51,559.62	9,000.00	100,713.46	17,300.00
Net Pension Liability	<u>1,463,022.00</u>	<u>562,937.00</u>	<u>-</u>	<u>2,025,959.00</u>	<u>-</u>
	<u>\$ 2,579,175.84</u>	<u>\$ 614,496.62</u>	<u>\$ 144,000.00</u>	<u>\$ 3,049,672.46</u>	<u>\$ 157,300.00</u>

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Long-Term Obligations (continued)

For governmental activities, the bonds payable are liquidated from the School District’s debt service fund. Compensated absences, bonds payable and net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On June 1, 2003, the School District issued \$2,418,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.25% to 3.75% and mature in 2023.

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

Fiscal Year Ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2018	\$	140,000.00	\$	34,081.25	\$	174,081.25
2019		145,000.00		29,181.25		174,181.25
2020		150,000.00		23,925.00		173,925.00
2021		160,000.00		18,300.00		178,300.00
2022		160,000.00		12,300.00		172,300.00
2023		168,000.00		6,300.00		174,300.00
		\$ 923,000.00		\$ 124,087.50		\$ 1,047,087.50

Bonds Authorized but not Issued

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

Note 8. Pension Plans

A. Public Employees’ Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

BRADLEY BEACH SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

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

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

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

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$60,700.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0068405%, which was an increase of .000323116% from its proportion measured as of June 30, 2015.

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$210,309.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 37,677.00	\$ -
Changes of Assumptions	419,671.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	77,252.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	103,349.00	34,861.00
School District contributions subsequent to measurement date	58,536.00	-
	<u>\$ 696,485.00</u>	<u>\$ 34,861.00</u>

\$58,536.00 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

Year Ending	
<u>June 30,</u>	
2018	\$ 135,476.00
2019	135,478.00
2020	154,434.00
2021	127,396.00
2022	<u>50,304.00</u>
	<u>\$ 603,088.00</u>

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

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

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

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

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

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%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 2,482,576.00	\$ 2,025,959.00	\$ 1,648,982.00

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

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785.00	\$ 2,946,265,815.00
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604.00
Collective Net Pension Liability	\$ 29,617,131,759.00	\$22,447,996,119.00
School District's portion	0.00684%	0.00652%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

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

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was 20,176,623.00. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .025648%, which was an increase of .00001389% from its proportion measured as of June 30, 2015.

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$1,515,922.00 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
 Investment Rate of Return	 7.65%

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

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

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

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

	At 1% Decrease	At Current Discount Rate	At 1% Increase
	<u>(2.22%)</u>	<u>(3.22%)</u>	<u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>\$ 24,095,397.00</u>	<u>\$ 20,176,623.00</u>	<u>\$ 16,976,438.00</u>

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

C. Defined Contribution Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

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

BRADLEY BEACH SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

week for State employees, or 32 hours per week for local government or local education employees

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

For the year ended June 30, 2017, employee contributions totaled \$6,451.76, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$3,417.54.

Note 9. State Post-Retirement Medical Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

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

BRADLEY BEACH SCHOOL DISTRICT

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

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$267,289.00, \$222,712.00 and \$1,026.00, respectively.

Note 11. Risk Management

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 6,751.82	\$ -	\$ 1,392.72	\$ 13,337.20
2015-2016	16,170.43	-	17,358.84	7,978.10
2014-2015	5,764.69	-	13,260.00	9,166.51

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

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

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 12. Contingencies

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

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

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

Note 13. Deferred Compensation

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

Siracusa
Greater American Life Insurance
AXA Equitable
Tax Deferred Services

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$100,713.46 .

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 15. Tax Abatements

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

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

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$136,835.39.

Note 17. Fund Balances

General Fund – Of the \$1,055,681.87 General Fund fund balance at June 30, 2017, \$125,000.00 has been restricted for the Capital Reserve Account; \$92,000.00 has been restricted for the Maintenance Reserve Account; \$250,000.00 has been restricted for the Emergency Reserve Account; \$136,835.39 has been restricted for current year excess surplus; \$255,823.50 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$6,584.48 has been assigned to other purposes; \$0.50 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$189,438.00 has been unassigned.

Debt Service Fund – Of the \$8.07 Debt Service Fund fund balance at June 30, 2017, \$8.07 is restricted for future debt service payments.

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 18. Deficit Fund Balances

The School District has a deficit fund balance of \$(8,950.00) in the Special Revenue Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$8,950.00 is equal to the last state aid payment.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$1 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,713,964.00	\$ -	\$ 5,713,964.00	\$ 5,713,964.00	-
Tuition from Other LEA's	-	-	-	5,906.12	5,906.12
Tuition from Individuals	12,200.00	-	12,200.00	38,354.00	26,154.00
Interest Earned on Capital Reserve Funds	1,000.00	-	1,000.00	-	(1,000.00)
Unrestricted Miscellaneous Revenues	16,800.00	-	16,800.00	26,251.30	9,451.30
Total Local Sources	5,743,964.00	-	5,743,964.00	5,784,475.42	40,511.42
State Sources:					
Categorical Special Education Aid	210,689.00	-	210,689.00	210,689.00	-
Categorical Security Aid	93,889.00	-	93,889.00	93,889.00	-
Adjustment Aid	674,206.00	-	674,206.00	674,206.00	-
Categorical Transportation Aid	81,273.00	-	81,273.00	81,273.00	-
PARCC Readiness Aid	3,800.00	-	3,800.00	3,800.00	-
Per Pupil Growth Aid	3,800.00	-	3,800.00	3,800.00	-
Professional Learning Community Aid	3,790.00	-	3,790.00	3,790.00	-
Extraordinary Aid	-	-	-	42,653.00	42,653.00
Nonpublic Transportation Aid	-	-	-	814.00	814.00
TPAF Contributions (On-Behalf - Non-Budgeted)	-	-	-	267,289.00	267,289.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	222,712.00	222,712.00
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	-	-	-	1,026.00	1,026.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	205,263.84	205,263.84
Total State Sources	1,071,447.00	-	1,071,447.00	1,811,204.84	739,757.84
Total Revenues	6,815,411.00	-	6,815,411.00	7,595,680.26	780,269.26

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	23,461.00	11,454.00	34,915.00	34,126.50	788.50
Kindergarten	121,810.00	7,436.00	129,246.00	129,170.45	75.55
Grades 1-5	922,359.00	26,773.00	949,132.00	949,131.47	0.53
Grades 6-8	694,244.00	(9,489.00)	684,755.00	684,754.41	0.59
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000.00	(821.00)	179.00	-	179.00
Regular Programs - Undistributed Instruction:					
Other Purchased Services	8,000.00	10,826.00	18,826.00	18,780.26	45.74
General Supplies	91,700.00	(6,426.00)	85,274.00	84,779.19	494.81
Textbooks	2,000.00	100.00	2,100.00	2,097.62	2.38
Other Objects	45,600.00	1,720.00	47,320.00	47,319.01	0.99
Total Regular Programs - Instruction	1,910,174.00	41,573.00	1,951,747.00	1,950,158.91	1,588.09
Sp. Educ. - Instruction - Multiple Disabilities:					
Salaries of Teachers	-	17,545.00	17,545.00	17,544.38	0.62
Total Sp. Educ. - Instruction - Multiple Disabilities	-	17,545.00	17,545.00	17,544.38	0.62
Sp. Educ. - Instruction - Resource Room/Resource Center:					
Salaries of Teachers	184,258.00	23,589.00	207,847.00	205,973.45	1,873.55
General Supplies	1,250.00	55.00	1,305.00	1,304.35	0.65
Total Sp. Educ. - Instruction - Resource Room/Resource Center	185,508.00	23,644.00	209,152.00	207,277.80	1,874.20

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Sp. Educ. - Instruction - Home Instruction: Salaries of Teachers	1,000.00	-	1,000.00	-	1,000.00
Total Sp. Educ. - Instruction - Home Instruction	1,000.00	-	1,000.00	-	1,000.00
Total Special Education - Instruction	186,508.00	41,189.00	227,697.00	224,822.18	2,874.82
Basic Skills/Remedial-Instruction: Supplies	-	773.00	773.00	771.96	1.04
Total Basic Skills/Remedial. - Instruction	-	773.00	773.00	771.96	1.04
Bilingual Education - Instruction: Salaries of Teachers	175,163.00	(84,242.00)	90,921.00	90,920.24	0.76
Supplies and Materials	1,500.00	-	1,500.00	1,407.36	92.64
Total Bilingual Education - Instruction	176,663.00	(84,242.00)	92,421.00	92,327.60	93.40
School Sponsored Co/Extra-Curricular Activities - Instruction: Salaries	33,231.00	-	33,231.00	26,872.69	6,358.31
Supplies and Materials	250.00	-	250.00	79.00	171.00
Other Objects	7,827.00	-	7,827.00	7,669.50	157.50
Total School Spon. Co/Extra-Curricular Activities - Instruction	41,308.00	-	41,308.00	34,621.19	6,686.81
School Sponsored Athletics - Instruction: Salaries	22,411.00	-	22,411.00	20,087.00	2,324.00
Purchased Services	14,000.00	300.00	14,300.00	14,251.00	49.00
Supplies and Materials	3,000.00	(200.00)	2,800.00	1,829.02	970.98
Total School Sponsored Athletics - Instruction	39,411.00	100.00	39,511.00	36,167.02	3,343.98

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Before/After School Programs - Instruction					
Salaries of Teachers	10,800.00	(7,295.00)	3,505.00	3,505.00	-
Total Before/After School Programs	10,800.00	(7,295.00)	3,505.00	3,505.00	-
Summer School					
Salaries of Teachers	23,700.00	-	23,700.00	20,542.50	3,157.50
Total Before/After School Programs	23,700.00	-	23,700.00	20,542.50	3,157.50
Total - Instruction	2,388,564.00	(7,902.00)	2,380,662.00	2,362,916.36	17,745.64
Undist. Expend. - Instruction:					
Tuition To Other LEAs Within the State - Regular	914,728.00	(49,618.00)	865,110.00	856,290.00	8,820.00
Tuition To Other LEAs Within the State - Special	362,754.00	(37,658.00)	325,096.00	313,297.73	11,798.27
Tuition To County Voc. School District - Regular	37,440.00	14,160.00	51,600.00	51,600.00	-
Tuition To County Voc. School District - Special	16,200.00	14,850.00	31,050.00	31,050.00	-
Tuition To Priv. Sch for the Disabled Within State	422,306.00	(17,384.00)	404,922.00	404,781.62	140.38
Total Undist. Expend. - Instruction	1,753,428.00	(75,650.00)	1,677,778.00	1,657,019.35	20,758.65
Undist. Expend. - Attendance and Social Work:					
Salaries	66,266.00	-	66,266.00	64,730.88	1,535.12
Supplies and Materials	250.00	-	250.00	188.56	61.44
Total Undist. Expend. - Attendance and Social Work	66,516.00	-	66,516.00	64,919.44	1,596.56

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Health Services:					
Salaries	92,092.00	(29,209.00)	62,883.00	61,919.73	963.27
Purchased Professional and Technical Services	3,500.00	(890.00)	2,610.00	2,364.00	246.00
Supplies and Materials	2,100.00	600.00	2,700.00	2,699.36	0.64
Other Objects	150.00	-	150.00	110.00	40.00
Total Undist. Expend. - Health Services	97,842.00	(29,499.00)	68,343.00	67,093.09	1,249.91
Undist. Expend. - Speech, OT, PT & Related Svc:					
Salaries	35,994.00	183.00	36,177.00	36,177.00	-
Purchased Professional - Educational Services	-	1,900.00	1,900.00	1,900.00	-
Supplies and Materials	600.00	-	600.00	-	600.00
Total Undist. Expend. - Speech, OT, PT & Related Svc.	36,594.00	2,083.00	38,677.00	38,077.00	600.00
Undist. Expend. - Other Supp. Serv. Students Extra:					
Salaries	42,067.00	49,923.00	91,990.00	91,045.42	944.58
Total Undist. Expend. - Other Supp. Serv. Students Extra	42,067.00	49,923.00	91,990.00	91,045.42	944.58
Undist. Expend. - Child Study:					
Salaries of Other Professional Staff	231,901.00	1,087.00	232,988.00	232,986.52	1.48
Salaries of Secretarial and Clerical Assistants	24,013.00	(20.00)	23,993.00	23,443.10	549.90
Purchased Professional - Educational Services	-	9,873.00	9,873.00	9,872.50	0.50
Supplies and Materials	4,000.00	279.00	4,279.00	4,248.59	30.41
Other Objects	500.00	6,435.00	6,935.00	6,934.17	0.83
Total Undist. Expend. - Child Study	260,414.00	17,654.00	278,068.00	277,484.88	583.12

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	76,129.00	-	76,129.00	76,128.96	0.04
Salaries of Other Professional Staff	4,000.00	(920.00)	3,080.00	2,800.00	280.00
Salaries of Secretarial and Clerical Assistants	26,292.00	-	26,292.00	26,125.92	166.08
Supplies and Materials	2,000.00	300.00	2,300.00	2,285.30	14.70
Other Objects	50.00	250.00	300.00	300.00	-
Total Undist. Expend. - Improvement of Instructional Services	108,471.00	(370.00)	108,101.00	107,640.18	460.82
Undist. Expend. - Educational Media/School Library:					
Salaries	11,530.00	-	11,530.00	11,399.72	130.28
Supplies and Materials	1,000.00	(1,000.00)	-	-	-
Total Undist. Expend. - Educational Media/School Library	12,530.00	(1,000.00)	11,530.00	11,399.72	130.28
Undist. Expend. - Support Services - General Administration:					
Salaries	164,205.00	-	164,205.00	164,004.72	200.28
Legal Services	15,000.00	48.00	15,048.00	15,047.50	0.50
Audit Fees	20,000.00	1,485.00	21,485.00	21,485.00	-
Architectural/Engineering Services	2,000.00	17,000.00	19,000.00	12,742.26	6,257.74
Other Purchased Professional Services	15,930.00	9,754.00	25,684.00	25,682.25	1.75
Communications/Telephone	13,420.00	(2,300.00)	11,120.00	10,771.99	348.01
BOE Other Purchased Services	3,500.00	986.00	4,486.00	4,479.85	6.15
Other Purchased Services	2,450.00	2,595.00	5,045.00	5,043.28	1.72
General Supplies	7,000.00	(741.00)	6,259.00	6,086.26	172.74
Miscellaneous Expenditures	5,500.00	1,342.00	6,842.00	6,841.17	0.83
BOE Membership Dues and Fees	3,800.00	-	3,800.00	3,701.20	98.80
Total Undist. Expend. - Support Services - General Admin.	252,805.00	30,169.00	282,974.00	275,885.48	7,088.52

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Support Services - School Admin.:					
Salaries of Principals/Assistant Principals	21,473.00	1.00	21,474.00	21,473.04	0.96
Supplies and Materials	200.00	(1.00)	199.00	196.26	2.74
Other Objects	1,300.00	-	1,300.00	1,264.00	36.00
Total Undist. Expend. - Support Services - School Admin.	22,973.00	-	22,973.00	22,933.30	39.70
Undist. Expend. - Support Services - Central Services:					
Salaries	146,842.00	739.00	147,581.00	147,580.56	0.44
Purchased Professional Services	300.00	(5.00)	295.00	295.00	-
Purchased Technical Services	12,500.00	(639.00)	11,861.00	10,954.00	907.00
Supplies and Materials	4,500.00	(935.60)	3,564.40	3,109.75	454.65
Miscellaneous Expenditures	4,000.00	700.00	4,700.00	3,889.63	810.37
Total Undist. Expend. - Support Services - Central Services	168,142.00	(140.60)	168,001.40	165,828.94	2,172.46
Undist. Expend. - Admin Info Technology:					
Salaries	22,660.00	-	22,660.00	22,659.84	0.16
Supplies and Materials	4,500.00	500.00	5,000.00	4,770.33	229.67
Total Undist. Expend. - Admin Info Technology	27,160.00	500.00	27,660.00	27,430.17	229.83
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	14,035.00	-	14,035.00	13,745.04	289.96
Cleaning, Repair and Maintenance Services	144,000.00	(12,758.00)	131,242.00	130,426.53	815.47
General Supplies	28,000.00	(14,269.00)	13,731.00	13,543.60	187.40
Other Objects	5,300.00	350.00	5,650.00	5,558.23	91.77
Total Undist. Expend. - Required Maintenance for School Facilities	191,335.00	(26,677.00)	164,658.00	163,273.40	1,384.60

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Custodial Services:					
Salaries	143,806.00	12,483.00	156,289.00	154,811.63	1,477.37
Salaries of Non-Instructional Aides	28,362.00	(7,635.00)	20,727.00	20,726.86	0.14
Purchased Professional and Technical Services	2,500.00	5,000.00	7,500.00	5,354.13	2,145.87
Other Purchased Property Services	4,000.00	2,550.00	6,550.00	5,985.38	564.62
Insurance	45,932.00	2,780.00	48,712.00	48,708.99	3.01
General Supplies	15,000.00	3,000.00	18,000.00	17,793.17	206.83
Energy (Natural Gas)	36,000.00	(1,967.00)	34,033.00	33,604.25	428.75
Energy (Electricity)	48,000.00	(3,363.00)	44,637.00	44,637.00	-
Total Undist. Expend. - Other Oper. & Maint. of Plant	323,600.00	12,848.00	336,448.00	331,621.41	4,826.59
Undist. Expend. - Security:					
Cleaning, Repair and Maintenance Services	3,000.00	728.00	3,728.00	3,727.73	0.27
Total Undist. Expend. - Security	3,000.00	728.00	3,728.00	3,727.73	0.27
Total Undist. Expend. - Oper. & Maint. of Plant	517,935.00	(13,101.00)	504,834.00	498,622.54	6,211.46
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transp. (Bet. Home & School) - Regular	23,148.00	-	23,148.00	23,002.32	145.68
Contracted Services - Aid in Lieu of Payments - NonPublic Sch	4,420.00	(4,420.00)	-	-	-
Contracted Services (Other Than Bet. Home & School) - Vendors	100.00	-	100.00	-	100.00
Contracted Services (Bet. Home & School) - Joint Agreements	55,000.00	4,808.00	59,808.00	59,807.36	0.64
Contracted Services - (Reg. Students) - ESCs and CTSAAs	12,000.00	21,558.00	33,558.00	31,674.09	1,883.91
Contracted Services - (Spec. Ed. Students) - ESCs and CTSAAs	105,000.00	74,770.00	179,770.00	175,148.83	4,621.17
Total Undist. Expend. - Student Transportation Services	199,668.00	96,716.00	296,384.00	289,632.60	6,751.40

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Regular Programs - Instruction - Employee Benefits:					
Workmen's Compensation	8,960.00	-	8,960.00	8,960.00	-
Health Benefits	446,083.00	(26,114.00)	419,969.00	418,745.46	1,223.54
Total Regular Programs - Instruction - Employee Benefits	455,043.00	(26,114.00)	428,929.00	427,705.46	1,223.54
Special Programs - Instruction - Employee Benefits:					
Health Benefits	65,448.00	8,103.00	73,551.00	72,082.77	1,468.23
Total Special Programs - Instruction - Employee Benefits	65,448.00	8,103.00	73,551.00	72,082.77	1,468.23
Attendance and Social Work Services - Employee Benefits:					
Social Security Contributions	5,070.00	-	5,070.00	5,070.00	-
Health Benefits	31,500.00	821.00	32,321.00	31,400.16	920.84
Total Attendance and Social Work Services - Employee Benefits	36,570.00	821.00	37,391.00	36,470.16	920.84
Multiple Disabilities - Employee Benefits:					
Health Benefits	-	693.00	693.00	-	693.00
Health Services - Employee Benefits:					
Social Security Contributions	333.00	-	333.00	333.00	-
Health Benefits	7,664.00	(6,559.00)	1,105.00	801.44	303.56
Total Health Services - Employee Benefits	7,997.00	(6,559.00)	1,438.00	1,134.44	303.56
Other Support Serv. - Speech/OT/PT & Related Svc - Employee Benefits:					
Health Benefits	31,254.00	(7,713.00)	23,541.00	23,213.23	327.77
Total Other Support Serv. - Speech/OT/PT & Related Svc - Employee Benefits:	31,254.00	(7,713.00)	23,541.00	23,213.23	327.77

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Other Support Serv. - Extraordinary Serv. - Employee Benefits: Health Benefits	81,214.00	(18,468.00)	62,746.00	60,401.43	2,344.57
Total Other Supp Serv - Students- Extraordinary Serv. Benefits	81,214.00	(18,468.00)	62,746.00	60,401.43	2,344.57
Other Support Serv. - Stud. - Child Study Teams - Employee Benefits: Health Benefits	57,509.00	(24,372.00)	33,137.00	33,136.76	0.24
Total Other Support Serv. - Stud. -Child Study Teams - Emp. Benefits	57,509.00	(24,372.00)	33,137.00	33,136.76	0.24
Improvement of Instructional Services - Employee Benefits: Social Security Contributions	2,060.00	920.00	2,980.00	2,979.72	0.28
Total Improvement of Instructional Services - Employee Benefits	2,060.00	920.00	2,980.00	2,979.72	0.28
Educational Media Services - School Library - Employee Benefits Health Benefits	5,487.00	49.00	5,536.00	5,471.87	64.13
Total Educational Media Services - School Library - Employee Benefits	5,487.00	49.00	5,536.00	5,471.87	64.13
Operation and Maintenance of Plant Services - Employee Benefits: Social Security Contributions	13,019.00	-	13,019.00	13,019.00	-
Workmen's Compensation	24,067.00	3,550.00	27,617.00	27,612.72	4.28
Health Benefits	63,476.00	8,600.00	72,076.00	71,004.56	1,071.44
Total Oper. & Maint. of Plant Services - Employee Benefits	100,562.00	12,150.00	112,712.00	111,636.28	1,075.72
Total Allocated Benefits	843,144.00	(60,490.00)	782,654.00	774,232.12	8,421.88

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	33,595.00	4,507.00	38,102.00	38,101.08	0.92
Other Retirement Contributions - PERS	62,622.00	2,864.00	65,486.00	64,724.54	761.46
Unemployment Compensation	5,000.00	(5,000.00)	-	-	-
Workmen's Compensation	5,843.00	-	5,843.00	5,843.00	-
Health Benefits	89,464.00	76.00	89,540.00	88,230.24	1,309.76
Other Employee Benefits	18,000.00	(9,000.00)	9,000.00	9,000.00	-
Total Unallocated Benefits - Employee Benefits	214,524.00	(6,553.00)	207,971.00	205,898.86	2,072.14
TPAF Contributions (On-Behalf - Non-Budgeted)	-	-	-	267,289.00	(267,289.00)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	222,712.00	(222,712.00)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	-	-	-	1,026.00	(1,026.00)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	205,263.84	(205,263.84)
Total On-Behalf Contributions	-	-	-	696,290.84	(696,290.84)
Total Personal Services - Employee Benefits	1,057,668.00	(67,043.00)	990,625.00	1,676,421.82	(685,796.82)
Total Undistributed Expenditures	4,624,213.00	10,241.40	4,634,454.40	5,271,433.93	(636,979.53)
Total Expenditures - Current Expense	7,012,777.00	2,339.40	7,015,116.40	7,634,350.29	(619,233.89)
CAPITAL OUTLAY	1,000.00	-	1,000.00	-	1,000.00
Interest Deposit To Capital Reserve	1,000.00	-	1,000.00	-	1,000.00
Total Capital Reserve	1,000.00	-	1,000.00	-	1,000.00
Equipment:					
Undist. Expend. - Admin Info Technology	-	6,434.00	6,434.00	6,434.00	-
Total Equipment	-	6,434.00	6,434.00	6,434.00	-

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Facilities Acquisition and Construction Services: Assessment for Debt Service on SDA Funding	21,662.00	-	21,662.00	21,662.00	-
Total Facilities Acquisition and Construction Services	21,662.00	-	21,662.00	21,662.00	-
Total Capital Outlay	22,662.00	6,434.00	29,096.00	28,096.00	1,000.00
Transfer To Charter Schools	57,295.00	-	57,295.00	57,295.00	-
Total Expenditures	7,092,734.00	8,773.40	7,101,507.40	7,719,741.29	(618,233.89)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(277,323.00)	(8,773.40)	(286,096.40)	(124,061.03)	162,035.37
Other Financing Sources/(Uses): Operating Transfers In: Transfer To Cover Deficit in Enterprise Fund	(10,000.00)	-	(10,000.00)	-	10,000.00
Total Other Financing Sources/(Uses)	(10,000.00)	-	(10,000.00)	-	10,000.00

**BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Excess/(Deficiency) of Revenues and Expenditures and Other Financing Uses Fund Balances, July 1	(287,323.00) 1,283,771.90	(8,773.40) -	(296,096.40) 1,283,771.90	(124,061.03) 1,283,771.90	172,035.37 -
Fund Balances, June 30	<u>\$ 996,448.90</u>	<u>\$ (8,773.40)</u>	<u>\$ 987,675.50</u>	<u>\$ 1,159,710.87</u>	<u>\$ 172,035.37</u>
Recapitulation of Budget Transfers: Prior Year Encumbrances	<u>\$ 8,773.40</u>				
Recapitulation: Restricted:					
Reserved Excess Surplus:					
Designated for Subsequent Year's Expenditures Reserve for Excess Surplus				\$ 255,823.50 136,835.39	
Capital Reserve				125,000.00	
Maintenance Reserve				92,000.00	
Emergency Reserve				250,000.00	
Assigned:					
Year-End Encumbrances				6,584.48	
Designated for Subsequent Year's Expenditures Unassigned				0.50 <u>293,467.00</u>	
				<u>1,159,710.87</u>	
Reconciliation To Governmental Funds Statements (GAAP): Last State Aid Payment Not Recognized on GAAP Basis Fund Balance per Governmental Funds (GAAP)			<u>(104,029.00)</u>		<u>\$ 1,055,681.87</u>

**BRADLEY BEACH SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	June 30, 2017				Positive/ (Negative) Final To Actual
	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:					
Local Sources	\$ -	\$ 16,081.02	\$ 16,081.02	\$ 13,408.21	\$ (2,672.81)
State Sources	89,500.00	-	89,500.00	89,500.00	-
Federal Sources	329,537.00	36,527.97	366,064.97	345,273.11	(20,791.86)
Total Revenues	419,037.00	52,608.99	471,645.99	448,181.32	(23,464.67)
Expenditures:					
Instruction:					
Salaries	203,845.00	23,038.50	226,883.50	220,726.28	6,157.22
Other Salaries for Instruction	69,612.00	-	69,612.00	68,457.00	1,155.00
Instructional Supplies	2,030.00	14,655.02	16,685.02	14,012.21	2,672.81
Total Instruction	275,487.00	37,693.52	313,180.52	303,195.49	9,985.03
Support Services:					
Salaries	32,093.00	150.00	32,243.00	31,883.00	360.00
Personal Services - Employee Benefits	50,417.00	5,669.55	56,086.55	55,757.98	328.57
Professional & Tech. Services	31,900.00	9,580.92	41,480.92	37,760.00	3,720.92
Travel Expenditures	21,976.00	-	21,976.00	16,523.79	5,452.21
Purchased Property Services	-	1,426.00	1,426.00	1,426.00	-
Supplies and Materials	6,964.00	(1,911.00)	5,053.00	1,635.06	3,417.94
Other Objects	200.00	-	200.00	-	200.00
Total Support Services	143,550.00	14,915.47	158,465.47	144,985.83	13,479.64
Total Expenditures	419,037.00	52,608.99	471,645.99	448,181.32	23,464.67
Total Outflows	419,037.00	52,608.99	471,645.99	448,181.32	23,464.67
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BRADLEY BEACH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 7,595,680.26	\$ 448,181.32
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	103,141.00	2,678.00
Less: State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(104,029.00)</u>	<u>(8,950.00)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,594,792.26</u>	<u>\$ 441,909.32</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 7,719,741.29	\$ 448,181.32
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Add: Prior Year Encumbrances	<u>-</u>	<u>4,310.00</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,719,741.29</u>	<u>\$ 452,491.32</u>

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00684%	0.00652%	0.00680%	0.00630%
School District's proportionate share of the net pension liability \$	2,025,959	\$ 1,463,022	\$ 1,272,369	\$ 1,203,923
School District's covered payroll	\$ 439,937	\$ 451,759	\$ 642,064	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	460.51%	323.85%	198.17%	N/A
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contributor	\$ 60,770	\$ 56,032	\$ 56,024	\$ 47,464
Contributions in relation to the contractually required contribution	<u>(60,770)</u>	<u>(56,032)</u>	<u>(56,024)</u>	<u>(47,464)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 481,491	\$ 439,937	\$ 451,759	\$ 642,064
Contributions as a percentage of covered payroll	12.62%	12.74%	12.40%	7.39%

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

BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>20,176,623</u>	<u>15,332,954</u>	<u>13,228,171</u>	<u>12,766,902</u>
	<u>\$ 20,176,623</u>	<u>\$ 15,332,954</u>	<u>\$ 13,228,171</u>	<u>\$ 12,766,902</u>
School District's covered payroll	\$ 2,450,203	\$ 2,417,282	\$ 2,211,978	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

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

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

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

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**BRADLEY BEACH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	No Child Left Behind			I.D.E.A. Part B		Preschool Education Aid	Local Projects	Totals
	Title II		Title III	Basic	Preschool			
	Title I	Part A						
Revenues								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,408.21	\$ 13,408.21
State Sources	-	-	-	-	-	89,500.00	-	89,500.00
Federal Sources	136,058.90	37,623.79	16,088.88	151,648.04	3,853.50	-	-	345,273.11
Total Revenues	\$ 136,058.90	\$ 37,623.79	\$ 16,088.88	\$ 151,648.04	\$ 3,853.50	\$ 89,500.00	\$ 13,408.21	\$ 448,181.32
Expenditures								
Instruction:								
Salaries	\$ 97,948.78	\$ -	\$ 6,064.00	\$ 24,155.00	\$ 3,058.50	\$ 89,500.00	\$ -	\$ 220,726.28
Other Salaries for Instruction	-	-	-	68,457.00	-	-	-	68,457.00
Instructional Supplies	2,030.00	-	-	-	-	-	11,982.21	14,012.21
Total Instruction	99,978.78	-	6,064.00	92,612.00	3,058.50	89,500.00	11,982.21	303,195.49
Support Services:								
Salaries	-	-	7,765.00	24,118.00	-	-	-	31,883.00
Personal Services - Employee Benefits	36,080.12	-	2,036.95	16,845.91	795.00	-	-	55,757.98
Professional & Tech. Services	-	21,100.00	-	16,660.00	-	-	-	37,760.00
Travel Expenses	-	16,523.79	-	-	-	-	-	16,523.79
Purchased Property Services	-	-	-	-	-	-	1,426.00	1,426.00
Supplies and Materials	-	-	222.93	1,412.13	-	-	-	1,635.06
Total Support Services	36,080.12	37,623.79	10,024.88	59,036.04	795.00	-	1,426.00	144,985.83
Total Expenditures	\$ 136,058.90	\$ 37,623.79	\$ 16,088.88	\$ 151,648.04	\$ 3,853.50	\$ 89,500.00	\$ 13,408.21	\$ 448,181.32

**BRADLEY BEACH SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	2017 Budgeted	2017 Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 89,500.00	\$ 89,500.00	\$ -
Total Instruction	<u>89,500.00</u>	<u>89,500.00</u>	<u>-</u>
Total Expenditures	<u>\$ 89,500.00</u>	<u>\$ 89,500.00</u>	<u>\$ -</u>

SUMMARY OF LOCATION TOTALS

Total revised Preschool Education Aid Allocation	<u>\$ 89,500.00</u>
Total Preschool Education Aid Funds Available for 2016/17 Budget	89,500.00
Less:	
2016/17 Budgeted Preschool Education Aid (Including prior-year budget carryover)	<u>(89,500.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2017	-
Add:	
June 30, 2017 Unexpended Preschool Education Aid	<u>-</u>
2016/17 Carryover - Preschool Education Aid/Preschool	<u>\$ -</u>
2017/18 Preschool Education Aid Carryover Budgeted for Preschool Programs	<u>\$ -</u>

F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

(See Exhibits B-4, B-5 and B-6)

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H. Fiduciary Fund

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BRADLEY BEACH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Unemployment Compensation Trust	Agency Funds		Totals
		Student Activity	Payroll	
ASSETS				
Cash and Cash Equivalents	\$ 11,141.67	\$ 18,053.19	\$ 213,739.61	\$ 242,934.47
Interfund Receivable	2,407.31	-	13.04	2,420.35
Total Assets	\$ 13,548.98	\$ 18,053.19	\$ 213,752.65	\$ 245,354.82
LIABILITIES				
Accounts Payable	\$ 211.78	\$ -	\$ -	\$ 211.78
Accrued Liabilities	-	-	173,246.14	173,246.14
Payable To Student Groups	-	18,053.19	-	18,053.19
Payroll Deductions and Withholdings	-	-	38,099.20	38,099.20
Interfund Payable	-	-	2,407.31	2,407.31
Total Liabilities	211.78	18,053.19	213,752.65	232,017.62
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	13,337.20	-	-	13,337.20
Total Net Position	\$ 13,337.20	\$ -	\$ -	\$ 13,337.20

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

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan Member	\$ 6,751.82
	<hr/>
Total Contributions	6,751.82
	<hr/>
Total Additions	6,751.82
	<hr/>
DEDUCTIONS	
Unemployment Claims	1,392.72
	<hr/>
Total Deductions	1,392.72
	<hr/>
Change in Net Position	5,359.10
Net Position - Beginning of Year	7,978.10
	<hr/>
Net Position - End of Year	\$ 13,337.20
	<hr/> <hr/>

**BRADLEY BEACH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Student Council	\$ 8,711.89	\$ 6,782.99	\$ 6,873.05	\$ 8,621.83
Student Activities	13,070.24	37,796.19	41,435.07	9,431.36
	<hr/>			
Total Elementary School	\$ 21,782.13	\$ 44,579.18	\$ 48,308.12	\$ 18,053.19
	<hr/>			

**BRADLEY BEACH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash and Cash Equivalents	\$ 185,062.39	\$ 4,202,212.61	\$ 4,173,535.39	\$ 213,739.61
Interfund Receivable - General Fund	6.75	6.29	-	13.04
	<hr/>			
Total Assets	\$ 185,069.14	\$ 4,202,218.90	\$ 4,173,535.39	\$ 213,752.65
<hr/>				
LIABILITIES				
Interfund Payable	\$ 2,167.08	\$ 6,751.82	\$ 6,511.59	\$ 2,407.31
Payroll Deductions and Withholdings	31,209.46	1,761,129.28	1,754,239.54	38,099.20
Net Payroll	-	2,261,091.66	2,261,091.66	-
Accrued Salaries and Wages	151,692.60	173,246.14	151,692.60	173,246.14
	<hr/>			
Total Liabilities	\$ 185,069.14	\$ 4,202,218.90	\$ 4,173,535.39	\$ 213,752.65
<hr/>				

I. Long-Term Debt

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**BRADLEY BEACH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2017**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Retired Current Year	Balance June 30, 2017
			Date	Amount				
Construction and Repairs To The Elementary School	06/01/03	\$ 2,418,000.00	06/01/18	140,000.00	3.50%	\$ 1,058,000.00	135,000.00	\$ 923,000.00
			06/01/19	145,000.00	3.63%			
			06/01/20	150,000.00	3.75%			
			06/01/21	160,000.00	3.75%			
			06/01/22	160,000.00	3.75%			
			06/01/23	168,000.00	3.75%			
Total						\$ 1,058,000.00	\$ 135,000.00	\$ 923,000.00

**BRADLEY BEACH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive/ (Negative) Final To Actual
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 173,807.00	\$ -	\$ 173,807.00	\$ 173,807.00	\$ -
Total Revenues	173,807.00	-	173,807.00	173,807.00	-
<u>Expenditures</u>					
Regular Debt Service:					
Interest on Bonds	38,813.00	-	38,813.00	38,806.25	6.75
Redemption of Principal	135,000.00	-	135,000.00	135,000.00	-
Total Regular Debt Service	173,813.00	-	173,813.00	173,806.25	6.75
Total Expenditures	173,813.00	-	173,813.00	173,806.25	6.75
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(6.00)	-	(6.00)	0.75	6.75
Fund Balance, July 1	7.32	-	7.32	7.32	-
Fund Balance, June 30	\$ 1.32	\$ -	\$ 1.32	\$ 8.07	\$ 6.75

STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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BRADLEY BEACH SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
FISCAL YEAR ENDING JUNE 30,										
Government Activities:										
Net Investment in Capital Assets	\$ 4,479,341.35	\$ 2,745,926.73	\$ 2,746,550.61	\$ 2,558,787.80	\$ 2,523,130.79	\$ 2,495,740.09	\$ 2,821,441.69	\$ 2,799,586.00	\$ 2,862,836.26	\$ 2,830,314.00
Restricted	560,110.36	2,388,282.13	1,917,963.51	1,803,797.07	1,585,676.70	1,288,535.71	842,854.33	965,682.85	1,003,693.37	859,666.96
Unrestricted	180,426.45	78,264.82	126,566.35	152,094.64	72,859.52	109,541.03	131,653.41	(1,110,592.30)	(1,160,450.84)	(1,339,351.58)
Total Government Activities Net Position	\$ 5,219,878.16	\$ 5,212,473.68	\$ 4,791,080.47	\$ 4,514,679.51	\$ 4,181,667.01	\$ 3,893,816.83	\$ 3,795,949.43	\$ 2,654,676.55	\$ 2,706,078.79	\$ 2,350,629.38
Business-Type Activities:										
Net Investment in Capital Assets	\$ 3,851.00	\$ 2,651.00	\$ 2,051.00	\$ -	\$ -	\$ -	\$ -	\$ 2,164.43	\$ 2,023.43	\$ 1,769.43
Unrestricted	11,605.65	5,508.04	10,908.93	6,269.33	7,629.40	8,095.09	8,537.13	12,850.81	15,114.54	17,380.22
Total Business-Type Activities Net Position	\$ 15,456.65	\$ 8,159.04	\$ 12,959.93	\$ 6,269.33	\$ 7,629.40	\$ 8,095.09	\$ 8,537.13	\$ 15,015.24	\$ 17,137.97	\$ 19,149.65
District-wide:										
Net Investment in Capital Assets	\$ 4,483,192.35	\$ 2,748,577.73	\$ 2,748,601.61	\$ 2,558,787.80	\$ 2,523,130.79	\$ 2,495,740.09	\$ 2,821,441.69	\$ 2,801,750.43	\$ 2,864,859.69	\$ 2,832,083.43
Restricted	560,110.36	2,388,282.13	1,917,963.51	1,803,797.07	1,585,676.70	1,288,535.71	842,854.33	965,682.85	1,003,693.37	859,666.96
Unrestricted	192,032.10	83,772.86	137,475.28	158,363.97	80,488.92	117,636.12	140,190.54	(1,097,741.49)	(1,145,336.30)	(1,321,971.36)
Total District Net Position	\$ 5,235,334.81	\$ 5,220,632.72	\$ 4,804,040.40	\$ 4,520,948.84	\$ 4,189,296.41	\$ 3,901,911.92	\$ 3,804,486.56	\$ 2,669,691.79	\$ 2,723,216.76	\$ 2,369,779.03

**BRADLEY BEACH SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (2,679,347.71)	\$ (2,564,157.45)	\$ (2,496,079.80)	\$ (2,610,286.10)	\$ (2,596,516.95)	\$ (2,317,613.09)	\$ (2,371,481.56)	\$ (1,915,359.32)	\$ (2,174,127.09)	\$ (2,332,636.83)
Special Education	(582,534.11)	(514,728.77)	(649,794.48)	(610,003.04)	(570,931.68)	(490,545.58)	(412,763.03)	(234,503.76)	(231,612.90)	(240,218.87)
Other Special Education	(316,836.74)	(297,053.46)	(271,719.89)	(152,216.56)	(121,902.99)	(92,725.00)	(104,622.65)	(210,269.46)	(147,065.97)	(103,466.32)
Other Instruction	(91,414.61)	(58,569.46)	(60,922.11)	(64,014.90)	(72,417.98)	(69,146.65)	(80,352.00)	(83,114.26)	(108,828.84)	(95,607.67)
Support Services:										
Tuition	(1,254,115.24)	(1,408,428.91)	(1,213,573.94)	(1,242,808.46)	(1,587,076.45)	(1,701,293.89)	(1,670,170.33)	(1,616,802.28)	(1,563,273.69)	(1,657,019.35)
Student and Instruction Related Services	(615,625.91)	(720,585.52)	(727,465.52)	(779,444.59)	(794,918.16)	(786,615.18)	(828,313.88)	(712,317.34)	(758,441.81)	(826,804.50)
General Administration	(50,584.98)	(285,484.47)	(299,489.06)	(284,187.82)	(298,286.65)	(226,613.14)	(249,451.02)	(282,980.95)	(274,570.06)	(285,680.43)
School Administrative Services	(301,559.56)	(40,817.77)	(42,707.05)	(43,277.28)	(47,708.02)	(27,998.00)	(26,812.94)	(21,273.94)	(24,924.06)	(25,620.84)
Central Services	(207,591.97)	(187,164.71)	(210,502.17)	(199,262.10)	(198,578.46)	(143,914.63)	(148,177.80)	(161,710.22)	(165,018.35)	(171,608.77)
Administrative Information Technology	(13,354.03)	(19,557.78)	(20,848.91)	(33,895.83)	(34,761.17)	(26,645.71)	(26,360.84)	(27,159.84)	(28,575.12)	(28,806.32)
Plant Operations and Maintenance	(353,005.03)	(461,407.32)	(497,883.41)	(498,109.60)	(520,399.06)	(514,086.84)	(559,821.74)	(471,278.88)	(514,523.52)	(515,217.29)
Pupil Transportation	(405,643.68)	(367,762.86)	(318,437.97)	(300,475.57)	(234,438.93)	(197,693.13)	(232,782.04)	(168,381.29)	(248,335.67)	(289,632.60)
Unallocated Benefits	-	-	-	-	-	(704,403.04)	(652,252.15)	(2,088,142.35)	(2,344,037.98)	(1,868,522.44)
Transfer To Charter Schools	(118,534.00)	(212,440.00)	(190,804.00)	(160,050.00)	(148,344.00)	(68,285.00)	(61,531.00)	(67,034.00)	(56,132.00)	(57,295.00)
Interest and Other Charges on Long-Term Debt	(72,585.42)	(69,335.42)	(66,071.47)	(62,659.38)	(59,233.33)	(55,620.92)	(51,581.16)	(69,028.67)	(64,639.08)	(60,074.50)
Unallocated Depreciation and Amortization	(1,855.92)	(1,855.92)	(1,855.92)	(1,855.93)	(1,855.93)	(164,179.93)	(181,227.00)	(176,314.41)	(176,314.41)	(12,056.26)
Total Governmental Activities Expenses	(7,064,588.91)	(7,209,349.82)	(7,068,155.70)	(7,042,547.16)	(7,287,369.76)	(7,587,379.73)	(7,657,701.14)	(8,305,670.97)	(8,704,106.14)	(8,570,267.99)
Business-Type Activities:										
Food Service	(106,373.61)	(112,463.53)	(116,037.79)	(123,771.63)	(129,344.05)	(146,727.26)	(151,492.78)	(128,735.58)	(138,882.24)	(139,233.17)
Total Business-Type Activities Expenses	(106,373.61)	(112,463.53)	(116,037.79)	(123,771.63)	(129,344.05)	(146,727.26)	(151,492.78)	(128,735.58)	(138,882.24)	(139,233.17)
Total District Expenses	(7,170,962.52)	(7,321,813.35)	(7,184,193.49)	(7,166,318.79)	(7,416,713.81)	(7,734,106.99)	(7,809,193.92)	(8,434,406.55)	(8,842,988.38)	(8,709,501.16)
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 146,307.00	\$ 94,101.00	\$ 68,516.00	\$ 1,218.00	\$ 80,279.91	\$ 1,036,509.36	\$ 985,497.44	\$ 1,487,461.18	\$ 1,781,386.36	\$ 595,760.32
Operating Grants and Contributions										
Total Governmental Activities Program Revenues	146,307.00	94,101.00	68,516.00	1,218.00	80,279.91	1,038,949.36	993,461.11	1,519,119.53	1,840,109.01	595,760.32
Business-Type Activities:										
Charges for Services:										
Food Service	35,526.71	33,648.52	37,047.74	30,400.67	27,918.60	24,126.01	23,089.52	21,274.81	27,560.64	27,450.93
Operating Grants and Contributions	70,134.75	66,479.36	78,790.94	81,680.36	92,785.52	103,066.94	98,845.30	103,938.88	113,444.33	113,793.92
Total Business-Type Activities Program Revenues	105,661.46	100,127.88	115,838.68	112,081.03	120,704.12	127,192.95	121,934.82	125,213.69	141,004.97	141,244.85
Total District Program Revenues	251,968.46	194,228.88	184,354.68	113,299.03	200,984.03	1,166,142.31	1,115,395.93	1,644,333.22	1,981,113.98	737,005.17
Net (Expense)/Revenue:										
Governmental Activities	(6,918,281.91)	(7,115,248.82)	(6,999,639.70)	(7,041,329.16)	(7,207,089.85)	(6,548,430.37)	(6,664,240.03)	(6,786,551.44)	(6,863,997.13)	(7,974,507.67)
Business-Type Activities	(712.15)	(12,335.65)	(199.11)	(11,690.60)	(8,639.93)	(19,534.31)	(29,557.96)	(3,521.89)	2,122.73	2,011.68
Total District-wide Net (Expense)/Revenue	(6,918,994.06)	(7,127,584.47)	(6,999,838.81)	(7,053,019.76)	(7,215,729.78)	(6,567,964.68)	(6,693,797.99)	(6,790,073.33)	(6,861,874.40)	(7,972,495.99)

**BRADLEY BEACH SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,041,979.00	\$ 5,041,979.00	\$ 4,781,011.00	\$ 4,856,351.00	\$ 4,934,068.00	\$ 5,100,532.00	\$ 5,425,641.00	\$ 5,502,584.00	\$ 5,612,635.00	\$ 5,713,964.00
Taxes Levied for Debt Service	172,857.00	169,607.00	171,357.00	167,946.00	169,533.00	170,957.00	171,932.00	172,728.00	173,358.00	173,807.00
Unrestricted Grants and Contributions	1,968,401.07	1,842,202.42	1,574,521.00	1,839,887.40	1,761,224.47	969,326.80	1,003,511.41	1,087,214.00	1,089,404.00	1,660,775.84
Investment Earnings	72,771.20	14,929.37	1,000.00	2,117.01	1,000.00	1,000.00	1,000.00	-	-	-
Miscellaneous Income	36,644.26	44,126.55	55,357.49	21,621.79	18,251.88	38,764.39	12,684.94	96,675.56	40,002.37	70,511.42
Loss on Disposal of Copiers	-	-	-	(117,995.00)	-	-	-	-	-	-
Transfers	(6,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(10,000.00)	(20,000.00)	(30,000.00)	(10,000.00)	-	-
Total Governmental Activities	7,286,652.53	7,107,844.34	6,578,246.49	6,764,928.20	6,874,077.35	6,260,580.19	6,584,769.35	6,849,201.56	6,915,399.37	7,619,058.26
Business-Type Activities:										
Investment Earnings	252.79	38.04	-	-	-	1,000.00	-	-	-	-
Transfers	6,000.00	5,000.00	5,000.00	5,000.00	10,000.00	20,000.00	30,000.00	10,000.00	-	-
Total Business-Type Activities	6,252.79	5,038.04	5,000.00	5,000.00	10,000.00	21,000.00	30,000.00	10,000.00	-	-
Total District-wide	\$ 7,292,905.32	\$ 7,112,882.38	\$ 6,583,246.49	\$ 6,769,928.20	\$ 6,884,077.35	\$ 6,281,580.19	\$ 6,614,769.35	\$ 6,859,201.56	\$ 6,915,399.37	\$ 7,619,058.26
Changes in Net Position:										
Governmental Activities	\$ 368,370.62	\$ (7,404.48)	\$ (421,393.21)	\$ (276,400.96)	\$ (333,012.50)	\$ (287,850.18)	\$ (79,470.68)	\$ 62,650.12	\$ 51,404.24	\$ (355,449.41)
Business-Type Activities	5,540.64	(7,297.61)	4,800.89	(6,690.60)	1,360.07	1,465.69	442.04	6,478.11	2,122.73	2,011.68
Total District	\$ 373,911.26	\$ (14,702.09)	\$ (416,592.32)	\$ (283,091.56)	\$ (331,652.43)	\$ (286,384.49)	\$ (79,028.64)	\$ 69,128.23	\$ 53,524.97	\$ (353,437.73)

**BRADLEY BEACH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 2,150,826.15	\$ 2,282,788.34	\$ 1,927,487.41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	550,376.04	297,169.63	209,808.34	-	-	-	-	-	-	+
Restricted	-	-	-	1,709,264.84	1,514,713.07	1,237,499.81	234,543.83	804,460.99	933,146.38	859,658.89
Assigned	-	-	-	94,526.66	70,956.31	51,027.83	60,274.87	164,829.31	73,773.52	6,584.98
Unassigned	-	-	-	212,201.90	162,652.31	159,704.59	729,432.41	171,382.00	173,711.00	189,438.00
Total General Fund	\$ 2,701,202.19	\$ 2,579,957.97	\$ 2,137,295.75	\$ 2,015,993.40	\$ 1,748,321.69	\$ 1,448,232.23	\$ 1,024,251.11	\$ 1,140,672.30	\$ 1,180,630.90	\$ 1,055,681.87
All Other Governmental Funds:										
Reserved	\$ 181,757.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(19,558.77)	(9,523.90)	(9,523.90)	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	1.82	2.57	3.32	-	-	-	-	-	-	-
Restricted:										
Debt Service Fund	-	-	-	5.57	7.32	8.07	8.82	5.57	7.32	8.07
Unassigned:										
Special Revenue Fund	-	-	-	(9,414.90)	(5,135.40)	(5,232.59)	(4,474.59)	(7,160.00)	(2,678.00)	(8,950.00)
Total All Other Governmental Funds	\$ 162,200.58	\$ (9,521.33)	\$ (9,520.58)	\$ (9,409.33)	\$ (5,128.08)	\$ (5,224.52)	\$ (4,465.77)	\$ (7,154.43)	\$ (2,670.68)	\$ (8,941.93)

BRADLEY BEACH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 5,214,836.00	\$ 5,211,586.00	\$ 4,952,368.00	\$ 5,024,297.00	\$ 5,103,601.00	\$ 5,271,489.00	\$ 5,597,573.00	\$ 5,675,312.00	\$ 5,785,993.00	\$ 5,887,771.00
Tuition Charges						2,440.00	7,963.67	31,658.35	58,722.65	44,260.12
Interest Earnings	72,771.20	14,929.37	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	-	-	-
Miscellaneous	14,781.34	44,126.55	55,357.71	22,738.80	18,251.88	56,819.96	22,684.94	116,746.63	54,701.26	43,969.51
State Sources	1,836,278.06	1,611,802.46	1,293,016.74	1,410,153.47	1,473,162.79	1,634,730.30	1,588,476.00	1,677,025.10	1,757,199.84	1,893,544.84
Federal Sources	278,430.01	324,500.96	350,020.44	430,951.93	368,341.59	353,050.29	390,532.85	296,934.01	368,027.63	345,273.11
Total Revenues	7,417,096.61	7,206,945.34	6,651,762.89	6,889,141.20	6,964,357.26	7,319,529.55	7,608,230.46	7,797,676.09	8,024,644.38	8,214,818.58
Expenditures:										
Instruction:										
Regular Instruction	1,831,676.03	1,857,631.25	1,769,448.93	1,847,229.37	1,785,126.36	1,850,431.68	1,950,783.14	1,915,359.32	2,081,228.54	2,253,354.40
Special Education Instruction	322,745.08	329,469.07	401,072.61	432,500.53	384,454.76	388,839.60	321,984.43	234,503.76	215,778.37	224,822.18
Other Special Instruction	191,748.85	249,087.86	220,690.39	88,002.02	91,625.00	92,725.00	104,622.65	210,269.46	147,065.97	92,327.60
Other Instruction	91,414.61	58,569.46	60,922.11	64,014.90	72,417.98	69,146.65	80,352.00	83,114.26	97,373.36	95,607.67
Support Services:										
Tuition	1,254,115.24	1,408,428.91	1,213,573.94	1,242,808.46	1,587,076.45	1,701,293.89	1,670,170.33	1,616,802.28	1,563,273.69	1,657,019.35
Student & Inst. Related Services	595,617.12	563,438.26	582,928.02	598,620.34	572,668.22	625,842.46	658,708.36	712,317.34	738,028.42	806,955.56
General Administration	237,064.37	232,164.75	243,803.83	224,575.59	230,499.96	226,613.14	249,451.02	282,980.95	264,496.57	275,885.48
School Administrative Services	2,829.36	23,959.89	24,866.86	24,813.39	25,498.13	26,320.16	26,812.94	21,273.94	22,160.09	22,933.30
Central Services	146,723.84	136,567.75	152,276.64	137,841.90	129,591.81	143,914.63	148,177.80	161,710.22	159,074.16	165,828.94
Admin. Information Technology	12,000.00	18,157.34	16,153.50	26,708.90	27,339.64	26,645.71	26,360.84	27,159.84	27,159.84	27,430.17
Plant Operations and Maintenance	323,587.53	381,946.09	409,504.21	387,693.98	401,711.59	422,173.72	471,718.54	471,278.88	499,667.11	498,622.54
Pupil Transportation	391,854.88	345,673.16	296,734.67	277,517.15	215,274.06	197,693.13	232,782.04	168,381.29	248,335.67	289,632.60
Employee Benefits	1,281,893.46	1,173,916.49	1,304,517.40	1,303,001.16	1,350,955.78	1,554,853.13	1,441,475.89	1,477,906.05	1,567,865.98	1,676,421.82
Charter Schools	118,534.00	212,440.00	190,804.00	160,050.00	148,344.00	68,285.00	61,531.00	67,034.00	56,132.00	57,295.00
Capital Outlay	47,066.00	333,854.94	30,771.00	22,010.86	25,632.73	33,981.30	408,590.60	51,120.72	119,206.01	6,434.00
Debt Service:										
Principal	100,000.00	100,000.00	105,000.00	105,000.00	110,000.00	115,000.00	120,000.00	125,000.00	130,000.00	135,000.00
Interest and Other Charges	72,856.25	69,606.25	66,356.25	62,943.75	59,531.25	55,956.25	51,931.25	47,731.25	43,356.25	60,468.25
Total Expenditures	7,041,726.62	7,494,911.47	7,089,424.36	7,005,332.30	7,217,747.72	7,599,715.45	8,001,452.83	7,673,943.56	7,980,202.03	8,346,038.86
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	375,369.99	(287,966.13)	(437,661.47)	(116,191.10)	(253,390.46)	(280,185.90)	(393,222.37)	123,732.53	44,442.35	(131,220.28)
Other Financing Sources/(Uses):										
Liquidation of Prior Year Payable	-	22,840.92	-	-	-	-	-	-	-	-
Capital Leases (Non-Budgeted)	-	-	-	-	-	-	-	-	-	-
Transfers Out	(6,000.00)	(5,000.00)	(5,000.00)	(5,000.00)	(10,000.00)	(20,000.00)	(30,000.00)	(10,000.00)	-	-
Total Other Financing Sources/(Uses)	(6,000.00)	17,840.92	(5,000.00)	(5,000.00)	(10,000.00)	(20,000.00)	(30,000.00)	(10,000.00)	-	-
Net Change in Fund Balances	\$ 369,369.99	\$ (270,125.21)	\$ (442,661.47)	\$ (121,191.10)	\$ (263,390.46)	\$ (300,185.90)	\$ (423,222.37)	\$ 113,732.53	\$ 44,442.35	\$ (131,220.28)
Debt Service as a Percentage of Noncapital Expenditures	2.47%	2.37%	2.43%	2.40%	2.36%	2.26%	2.26%	2.27%	2.21%	2.34%
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.

BRADLEY BEACH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Fiscal Year Ending Ending June 30,	Interest on Investments	Miscellaneous	Tuition	Refund of Prior Year Expenditures	Refund of Prior Year Tuition	Annual Totals
2008	\$ 67,829.84	\$ 14,781.34	\$ -	\$ -	\$ -	\$ 82,611.18
2009	14,338.15	44,126.55	-	-	-	58,464.70
2010	1,000.00	34,016.26	-	-	21,341.45	56,357.71
2011	1,117.01	14,114.42	-	-	2,784.00	18,015.43
2012	1,000.00	15,272.15	-	-	-	16,272.15
2013	1,000.00	38,764.39	2,440.00	-	-	42,204.39
2014	1,000.00	12,684.94	7,963.67	-	-	21,648.61
2015	1,000.00	95,675.56	31,658.35	-	-	128,333.91
2016	-	40,002.37	33,150.00	-	-	73,152.37
2017	-	26,251.30	44,260.12	-	-	70,511.42

Source: District records

Revenue Capacity Information

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

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**BRADLEY BEACH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Year Ending December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
2008	11,149,200.00	987,993,700.00	-	-	65,263,100.00	1,774,900.00	56,863,500.00
2009	11,262,700.00	991,277,000.00	-	-	65,116,000.00	1,774,900.00	56,863,500.00
2010	9,956,500.00	998,448,500.00	-	-	65,284,500.00	1,774,900.00	54,545,900.00
2011	8,656,500.00	1,007,961,600.00	-	-	64,867,100.00	1,774,900.00	54,438,300.00
2012	9,391,800.00	1,004,864,400.00	-	-	63,968,800.00	1,774,900.00	52,936,600.00
2013	9,646,600.00	987,756,200.00	-	-	63,139,400.00	1,774,900.00	59,463,100.00
2014	9,162,500.00	981,508,000.00	-	-	62,375,000.00	1,526,100.00	57,810,300.00
2015	7,014,300.00	991,222,720.00	-	-	65,292,400.00	1,445,000.00	66,052,500.00
2016	5,214,700.00	1,009,721,500.00	-	-	64,991,900.00	1,445,000.00	64,818,400.00
2017	3,783,700.00	1,012,444,400.00	-	-	68,461,600.00	1,445,000.00	63,462,700.00
	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate^b	
2008	1,126,294,100	54,800,800	371,454	1,071,864,754	1,146,134,653	0.464	
2009	1,130,010,300	54,394,100	440,235	1,076,056,435	1,172,718,426	0.464	
2010	1,137,698,400	54,776,200	472,224	1,083,394,424	1,185,266,133	0.439	
2011	1,132,936,500	54,776,200	423,873	1,078,584,173	1,174,608,236	0.445	
2012	1,121,780,200	-	510,016	1,138,122,273	1,140,608,091	0.448	
2013	1,112,381,900	54,071,400	-	1,133,446,516	1,119,465,470	0.465	
2014	1,131,026,920	37,091,482	-	1,093,935,438	1,089,715,811	0.510	
2015	1,131,026,920	35,130,577	-	1,095,896,343	1,131,026,920	0.512	
2016	1,146,191,500	-	-	1,146,191,500	1,146,191,500	0.514	
2017	1,149,597,400	-	-	1,149,597,400	1,149,597,400	0.525	

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
b Tax rates are per \$100

BRADLEY BEACH SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)
 (UNAUDITED)

Year Ending December 31,	School District Direct Rate				Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Direct School Tax Rate	Borough of Bradley Beach	Monmouth County		
2008	0.449	0.015	0.464	0.470	0.249	1.183	
2009	0.424	0.015	0.464	0.497	0.259	1.220	
2010	0.430	0.015	0.439	0.531	0.274	1.244	
2011	0.433	0.015	0.445	0.541	0.280	1.266	
2012	0.450	0.015	0.448	0.573	0.280	1.301	
2013	0.483	0.016	0.465	0.580	0.290	1.335	
2014	0.494	0.016	0.510	0.588	0.286	1.384	
2015	0.496	0.016	0.512	0.601	0.283	1.396	
2016	0.499	0.015	0.514	0.604	0.280	1.398	
2017	0.510	0.015	0.525	0.604	0.285	1.414	

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
 b Rates for debt service are based on each year's requirements.

**BRADLEY BEACH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

	2017			2008		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Bradley Beach Village LLC		1			1	
Bradis, Spyros and Angela		2			2	
Mariner 5 Associates, LLC		3			3	
Simonsen, Richard and Francine		4			4	
Regal Bradley Beach	N/A	5	N/A	N/A	5	N/A
G&D Properties, LLC		6			6	
Sitt, Eddit, & Anita		7			7	
Ocean Beach Apartments, LLC		8			8	
Terrace Lake Apartments, LLC		9			9	
Point Properties 2003, LLC		10			10	
Total	0		0.00%	0		0.00%

Source: Municipal Tax Assessor

**BRADLEY BEACH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Year Ending December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Subsequent Years
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	5,214,836.00	5,214,836.00	100.00%	-
2009	5,211,586.00	5,211,586.00	100.00%	-
2010	4,952,368.00	4,952,368.00	100.00%	-
2011	5,024,297.00	5,024,297.00	100.00%	-
2012	5,103,601.00	5,103,601.00	100.00%	-
2013	5,271,489.00	5,271,489.00	100.00%	-
2014	5,597,573.00	5,597,573.00	100.00%	-
2015	5,675,312.00	5,675,312.00	100.00%	-
2016	5,785,993.00	5,785,993.00	100.00%	-
2016	5,887,771.00	5,887,771.00	100.00%	-

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

- a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Debt Capacity Information

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

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BRADLEY BEACH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollars in Thousands, Except per Capita)

Fiscal Year Ending June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2008	\$ 1,968,000.00	-	\$ 76,195.24	\$ 2,044,195.24	0.70%	\$ 422.27
2009	1,868,000.00	-	54,425.44	1,922,425.44	0.67%	384.87
2010	1,763,000.00	-	32,657.72	1,795,657.72	0.72%	417.11
2011	1,658,000.00	-	10,890.00	1,668,890.00	0.64%	388.02
2012	1,548,000.00	-	-	1,548,000.00	0.57%	360.59
2013	1,433,000.00	-	-	1,548,000.00	0.57%	361.18
2014	1,313,000.00	-	-	1,313,000.00	0.46%	307.13
2015	1,188,000.00	-	-	1,188,000.00	0.40%	279.14
2016	1,058,000.00	-	-	1,058,000.00	0.36%	248.59
2017	923,000.00	-	-	923,000.00	N/A	217.38

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-14 for personal income and population data.

This ratios are calculated using personal income and population for the prior calendar year.

N/A At the time of CAFR completion, the data was not yet available.

BRADLEY BEACH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Dollars in Thousands, Except per Capita)

Fiscal Year Ending 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	1,968,000.00	-	1,968,000.00	0.17%	422.27
2009	1,868,000.00	-	1,868,000.00	0.16%	384.87
2010	1,763,000.00	-	1,763,000.00	0.15%	417.11
2011	1,658,000.00	-	1,658,000.00	0.14%	388.02
2012	1,548,000.00	-	1,548,000.00	0.14%	360.59
2013	1,433,000.00	-	1,433,000.00	0.13%	361.18
2014	1,313,000.00	-	1,313,000.00	0.12%	307.13
2015	1,188,000.00	-	1,188,000.00	0.10%	279.14
2016	1,058,000.00	-	1,058,000.00	0.09%	248.59
2017	923,000.00	-	923,000.00	N/A	217.38

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

**BRADLEY BEACH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Bradley Beach	\$ 8,105,380.66	100.00%	\$ 8,105,380.66
Monmouth County General Obligation Debt	420,600,000.00	1.0856%	<u>4,566,033.60</u>
Subtotal, Overlapping Debt			12,671,414.26
Bradley Beach District Direct Debt			<u>923,000.00</u>
Total Direct and Overlapping Debt			<u><u>\$ 13,594,414.26</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Bradley Beach. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

- 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 governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

**BRADLEY BEACH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

2016	\$ 1,183,766,155
2015	1,133,200,920
2014	<u>1,089,715,811</u>
(A)	<u>\$ 3,406,682,886</u>
(A/3)	\$ 1,135,560,962
(B)	34,066,829 a
(C)	<u>923,000</u>
(B-C)	<u>\$ 101,277,486.58</u>

Average Equalized Valuation of Taxable Property (A/3)

Debt Limit (3% of Average Equalization Value) (B)

Total Net Debt Applicable To Limit (C)

Legal Debt Margin (B-C)

FISCAL YEAR ENDING JUNE 30,

	2008	2009	2010	2011	2012
Debt Limit	\$ 100,553,891.00	\$ 104,473,056.00	\$ 104,473,056.00	\$ 103,167,020.00	\$ 104,430,429.00
Total Net Debt Applicable To Limit	<u>1,968,000.00</u>	<u>1,868,000.00</u>	<u>1,868,000.00</u>	<u>1,763,000.00</u>	<u>1,658,000.00</u>
Legal Debt Margin	<u>\$ 102,521,891.00</u>	<u>\$ 102,605,056.00</u>	<u>\$ 102,605,056.00</u>	<u>\$ 101,404,020.00</u>	<u>\$ 102,772,429.00</u>

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit

1.96%	1.79%	1.79%	1.71%	1.59%
2013	2014	2015	2016	2017

Debt Limit

Total Net Debt Applicable To Limit

Legal Debt Margin

\$ 102,935,813.00	\$ 100,475,128.00	\$ 100,447,111.26	\$ 99,273,150.30	\$ 102,200,486.58
<u>1,548,000.00</u>	<u>1,433,000.00</u>	<u>1,313,000.00</u>	<u>1,063,000.00</u>	<u>923,000.00</u>
<u>\$ 101,387,813.00</u>	<u>\$ 99,042,128.00</u>	<u>\$ 99,134,111.26</u>	<u>\$ 98,210,150.30</u>	<u>\$ 101,277,486.58</u>

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit

1.50%	1.43%	1.31%	1.07%	0.90%
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Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

a Limit set by N.J.S.A. 18A:24-19 for a K through 8 District; other percentage limits would be applicable for other District types.

Demographic and Economic Information

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

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**BRADLEY BEACH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	4,841	\$ 294,003,612.00	\$ 60,732.00	7.00%
2009	4,995	288,041,670.00	57,666.00	11.70%
2010	4,305	248,613,750.00	57,750.00	12.10%
2011	4,301	261,453,489.00	60,789.00	12.20%
2012	4,293	270,441,828.00	62,996.00	12.70%
2013	4,286	272,696,750.00	63,625.00	5.90%
2014	4,275	285,351,975.00	66,749.00	6.90%
2015	4,256	295,408,960.00	69,410.00	5.60%
2016	4,246	N/A	N/A	5.60%
2017	N/A	N/A	N/A	4.70%

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

**BRADLEY BEACH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2017			2008		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment ^a	Employees	Rank (Optional)	Percentage of Total Municipal Employment ^a
		1			1	
		2			2	
		3			3	
		4	Date		4	Date
		5	Not		5	Not
		6	Available		6	Available
		7			7	
		8			8	
		9			9	
		10			10	
Total	<u>0</u>			<u>0</u>		<u>0.00%</u>

Source: Borough of Bradley Beach, Clerk's Office

Note a: Total Employment Not Available since No Authoritative Source is Known

Operating Information

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

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BRADLEY BEACH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	19.0	19.0	18.0	18.0	18.0	18.0	22.8	23.0	23.0	29.0
Special Education	8.0	7.0	8.0	8.0	6.0	7.0	6.0	5.0	5.0	5.0
Other Instruction	9.0	9.0	7.0	7.0	5.0	5.0	2.0	3.0	3.0	3.0
Support Services:										
Student and Instruction Related Services	6.0	6.5	6.0	6.0	6.0	6.0	9.5	9.5	9.5	8.0
General Administrative Services	1.0	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.4	1.4
School Administrative Services	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.3	0.3	0.3
Other Administrative Services	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Central Services	1.0	1.0	1.0	1.0	1.0	1.0	1.8	1.8	1.8	1.8
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Pupil Transportation	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Other Support Services	5.0	5.0	5.0	5.0	5.0	6.0	3.5	3.5	4.5	6.0
Total	55.4	54.9	52.4	52.4	48.4	50.4	51.5	51.5	52.5	59.5

Source: District Personnel Records

**BRADLEY BEACH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	FOR YEAR ENDING JUNE 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
Elementary										
Square Feet	54,061	54,061	54,061	54,061	54,061	54,061	54,061	54,061	54,061	54,061
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	264	273	276	292	272	284	295	295	295	287

Number of Schools at June 30, 2017
Elementary = 1

Source: Business Grant

**BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

	*School Facilities Project # (s)	Elementary School	Total
2008	N/A	65,269.03	65,269.03
2009	N/A	72,371.16	72,371.16
2010	N/A	95,312.75	95,312.75
2011	N/A	105,321.76	105,321.76
2012	N/A	127,188.33	127,188.33
2013	N/A	143,301.69	143,301.69
2014	N/A	137,143.40	137,143.40
2015	N/A	166,919.95	166,919.95
2016	N/A	201,456.43	201,456.43
2017	N/A	163,273.40	163,273.40
Total School Facilities		<u>\$ 1,277,557.90</u>	<u>\$ 1,277,557.90</u>

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

Source: District records

**BRADLEY BEACH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017**

	Coverage	Deductible
Package Policy:		
Property		
Blanket Building and Contents	\$ 13,882,780.00	\$ 5,000.00
EDP Hardware/Software	350,000	1,000
Extra Expense	50,000,000	5,000
Valuable Papers and Records	10,000,000	5,000
Flood Zones A & V	3,000,000	500,000
Flood Zone B	25,000,000	10,000
Boiler and Machinery		
Property Damage and Extra Expense	100,000,000	5,000
Crime		
Public Employee Dishonesty	25,000	500
Loss of Money and Securities	25,000	500
Money Orders and Counterfeit	25,000	500
Forgery or Alteration	25,000	500
Computer Fraud	25,000	500
General Liability		
Each Occurrence	11,000,000	
Products/Completed Operations	11,000,000	
Sexual Abuse	1,000,000	
Personal and Advertising Injury	11,000,000	
Employee Benefits	1,000,000	1,000
Medical Payments	10,000	
Business Auto		
Hired and Non-Owned Auto Liability	11,000,000	
<u>Errors and Omissions Liability</u>		
Limit of Liability	11,000,000	5,000
Workers Compensation		
Employers Liability Limits		
Bodily Injury By Accident	2,000,000	Each Accident
Bodily Injury By Disease	2,000,000	Each Employee
Bodily Injury By Disease	2,000,000	Aggregate Limit
Bonds		
Secretary/BA Bond	100,000	
Treasurer's Bond	175,000	
Student Accident		
All Students including Athletics (except football)	1,000,000	

Source: District records

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SINGLE AUDIT SECTION

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

Honorable President and Members
of the Board of Education
Bradley Beach School District
County of Monmouth
Bradley Beach, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bradley Beach School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Bradley Beach School District’s basic financial statements, and have issued our report thereon dated November 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bradley Beach School District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Bradley Beach 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Bradley Beach School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
November 21, 2017



HOLMAN | FRENIA
ALLISON, P.C.
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EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Bradley Beach School District
County of Monmouth
Bradley Beach, New Jersey

Report on Compliance for Each Major State Program

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

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
November 21, 2017

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**BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016 (449,64)	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUB RECIPIENTS	(ACCOUNTS RECEIVABLE)	BALANCE, JUNE 30, 2017	
												TO GRANTOR	UNEARNED REVENUE
U.S. Department of Agriculture													
Passed Through New Jersey Department of Agriculture:													
Child Nutrition Cluster:													
School Breakfast Program	10.553	171NJ304N1099	100-010-3350-028	8,884.94	7/1/16-6/30/17	-	-	8,389.34	(8,884.94)	-	(495.60)	-	-
School Breakfast Program	10.553	1616INJ304N1099	100-010-3350-028	9,874.00	7/1/15-6/30/16	(449,64)	-	449.64	-	-	-	-	-
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	89,193.43	7/1/16-6/30/17	-	-	83,074.00	(89,193.43)	-	(6,119.43)	-	-
National School Lunch Program	10.555	1616INJ304N1099	100-010-3350-026	90,240.46	7/1/15-6/30/16	(6,528.48)	-	6,528.48	-	-	-	-	-
Healthy Hungry-Free Kids Act	10.555	171NJ304N1099	100-010-3350-026	2,026.33	7/1/16-6/30/17	-	-	1,641.78	(2,026.33)	-	(384.55)	-	-
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	Unavailable	12,164.20	7/1/16-6/30/17	-	-	12,164.20	(10,881.90)	-	-	-	1,282.30
Food Distribution Program (Noncash Assistance)	10.555	1616INJ304N1099	Unavailable	12,579.98	7/1/15-6/30/16	1,037.61	-	-	(1,037.61)	-	-	-	-
				(5,490.87)		(5,490.87)	-	103,408.46	(103,139.27)	-	(6,503.98)	-	1,282.30
Total Child Nutrition Cluster													
				(5,940.51)		(5,940.51)	-	112,247.44	(112,024.21)	-	(6,999.58)	-	1,282.30
Total U.S. Department of Agriculture													
				(5,940.51)		(5,940.51)	-	112,247.44	(112,024.21)	-	(6,999.58)	-	1,282.30
U.S. Department of Education													
Passed Through New Jersey Department of Education:													
No Child Left Behind (N.C.L.B.):													
Title I - Part A	84.010	S010A160030	100-034-5064-194	141,645.00	7/1/16-6/30/17	-	-	101,070.00	(136,058.90)	-	(34,988.90)	-	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	140,633.00	7/1/15-6/30/16	(39,065.07)	-	39,065.07	-	-	-	-	-
Subtotal Title I - Part A Basic				(39,065.07)		(39,065.07)	-	140,135.07	(136,058.90)	-	(34,988.90)	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	46,546.00	7/1/16-6/30/17	-	-	25,403.00	(37,623.79)	-	(12,220.79)	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	100-034-5063-290	38,876.00	7/1/15-6/30/16	(10,502.15)	-	10,502.15	-	-	-	-	-
Subtotal Title II - Part A				(10,502.15)		(10,502.15)	-	35,905.15	(37,623.79)	-	(12,220.79)	-	-
Title III, English Language Acquisition	84.365	S365A160030	100-034-5064-187	20,066.00	7/1/16-6/30/17	-	-	11,742.00	(16,088.88)	-	(4,346.88)	-	-
Title III, English Language Acquisition	84.365	S365A150030	100-034-5064-187	16,183.00	7/1/15-6/30/16	(9,723.23)	-	9,723.23	-	-	-	-	-
				(9,723.23)		(9,723.23)	-	21,465.23	(16,088.88)	-	(4,346.88)	-	-
I.D.E.A. Part B (Special Education Cluster)													
Basic	84.027	H027A160100	100-034-5065-016	153,955.00	7/1/16-6/30/17	-	-	127,497.00	(151,648.04)	-	(24,151.04)	-	-
Basic	84.027	H027A150100	100-034-5065-016	131,856.00	7/1/15-6/30/16	(17,164.68)	-	17,164.68	-	-	-	-	-
				(17,164.68)		(17,164.68)	-	144,661.68	(151,648.04)	-	(24,151.04)	-	-
Preschool	84.173	H173A160114	100-034-5065-020	3,853.00	7/1/16-6/30/17	-	-	2,839.00	(3,853.50)	-	(1,014.50)	-	-
Preschool	84.173	H173A150114	100-034-5065-020	2,703.00	7/1/15-6/30/16	(599.50)	-	599.50	-	-	-	-	-
				(599.50)		(599.50)	-	3,438.50	(3,853.50)	-	(1,014.50)	-	-
Subtotal Special Education Cluster				(17,764.18)		(17,764.18)	-	147,500.68	(155,501.54)	-	(25,165.54)	-	-
Total U.S. Department of Education													
				(77,054.63)		(77,054.63)	-	345,006.13	(345,273.11)	-	(76,722.11)	-	-
Total Expenditures of Federal Awards													
				(82,995.14)		(82,995.14)	-	\$ 457,253.57	(457,297.32)	\$	(83,721.69)	\$	1,282.30

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

BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUB RECIPIENTS	BALANCE, JUNE 30, 2017		MEMO CUMULATIVE TOTAL EXPENDITURES	
									ACCOUNTS RECEIVABLE	UNEARNED REVENUE DUE TO GRANTOR		
New Jersey Department of Education:												
General Fund:												
State Aid Public:												
Security Aid	495-034-5120-084	93,889.00	7/1/16-6/30/17	-	-	93,889.00	(93,889.00)	-	-	-	93,889.00	
Adjustment Aid	495-034-5120-085	674,206.00	7/1/16-6/30/17	-	-	674,206.00	(674,206.00)	-	-	-	674,206.00	
Special Education Categorical Aid	495-034-5120-089	210,689.00	7/1/16-6/30/17	-	-	210,689.00	(210,689.00)	-	-	-	210,689.00	
Per Pupil Growth Aid	495-034-5120-097	3,800.00	7/1/16-6/30/17	-	-	3,800.00	(3,800.00)	-	-	-	3,800.00	
PARCC Readiness	495-034-5120-098	3,800.00	7/1/16-6/30/17	-	-	3,800.00	(3,800.00)	-	-	-	3,800.00	
Professional Learning Community Aid	495-034-5120-101	3,790.00	7/1/16-6/30/17	-	-	3,790.00	(3,790.00)	-	-	-	3,790.00	
Total State Aid Public												
Transportation Aid	495-034-5120-014	81,273.00	7/1/16-6/30/17	-	-	81,273.00	(81,273.00)	-	-	-	81,273.00	
Additional Nonpublic School Transportation Aid	495-034-5120-014	8,140.00	7/1/16-6/30/17	-	-	-	(814.00)	-	-	(814.00)	814.00	
Additional Nonpublic School Transportation Aid	495-034-5120-014	1,754.00	7/1/16-6/30/17	(1,754.00)	-	1,754.00	-	-	-	-	1,754.00	
Extraordinary Aid	495-034-5120-044	42,653.00	7/1/16-6/30/17	(25,098.00)	-	-	(42,653.00)	-	-	-	42,653.00	
Extraordinary Aid	495-034-5120-044	25,098.00	7/1/16-6/30/17	-	-	25,098.00	-	-	-	-	25,098.00	
Reimbursed TPAF Social Security Contributions	100-034-5094-003	205,263.84	7/1/16-6/30/17	-	-	195,030.23	(205,263.84)	-	-	(10,233.61)	205,263.84	
Reimbursed TPAF Social Security Contributions	100-034-5094-003	186,597.84	7/1/15-6/30/16	(9,191.59)	-	9,191.59	-	-	-	-	186,597.84	
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5094-001	267,289.00	7/1/16-6/30/17	-	-	267,289.00	(267,289.00)	-	-	-	267,289.00	
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	222,712.00	7/1/16-6/30/17	-	-	222,712.00	(222,712.00)	-	-	-	222,712.00	
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	1,026.00	7/1/16-6/30/17	-	-	1,026.00	(1,026.00)	-	-	-	1,026.00	
Total General Fund												
Special Revenue Fund:				(56,043.59)	-	1,793,547.82	(1,811,204.84)	-	-	(53,700.61)	1,041,029.00	
Preschool Education Aid	495-034-5120-086	89,500.00	7/1/16-6/30/17	-	-	89,500.00	(89,500.00)	-	-	-	89,500.00	
Preschool Education Aid	495-034-5120-086	26,850.00	7/1/15-6/30/16	(2,678.00)	-	2,678.00	-	-	-	-	-	
Total Special Revenue Fund												
Enterprise Fund:				(130.08)	-	130.08	(1,769.71)	-	-	(125.90)	1,769.71	
National School Lunch Program	100-010-3350-023	1,769.71	7/1/16-6/30/17	-	-	1,643.81	(1,769.71)	-	-	-	1,769.71	
National School Lunch Program	100-010-3350-023	1,787.50	7/1/15-6/30/16	(130.08)	-	130.08	-	-	-	-	1,787.50	
Total Enterprise Fund												
Total State Financial Assistance												
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5094-001	\$ 267,289	7/1/16-6/30/17	-	-	-	\$ 267,289.00	-	-	-	267,289.00	
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	222,712.00	7/1/16-6/30/17	-	-	-	222,712.00	-	-	-	222,712.00	
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	1,026.00	7/1/16-6/30/17	-	-	-	1,026.00	-	-	-	1,026.00	
Total State Financial Assistance subject to Calculation for Major Program Determination												
Total State Financial Assistance												
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5094-001	\$ 267,289	7/1/16-6/30/17	(38,851.67)	-	1,887,499.71	(1,902,474.55)	-	-	(53,826.51)	1,121,979.00	
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	222,712.00	7/1/16-6/30/17	-	-	-	222,712.00	-	-	-	222,712.00	
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	1,026.00	7/1/16-6/30/17	-	-	-	1,026.00	-	-	-	1,026.00	
Total State Financial Assistance subject to Calculation for Major Program Determination												
Total State Financial Assistance												
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5094-001	\$ 267,289	7/1/16-6/30/17	(38,851.67)	-	1,887,499.71	(1,902,474.55)	-	-	(53,826.51)	1,121,979.00	
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	222,712.00	7/1/16-6/30/17	-	-	-	222,712.00	-	-	-	222,712.00	
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	1,026.00	7/1/16-6/30/17	-	-	-	1,026.00	-	-	-	1,026.00	
Total State Financial Assistance subject to Calculation for Major Program Determination												
Total State Financial Assistance												

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

BRADLEY BEACH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Bradley Beach School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

Note 3. Relationship to Basic Financial Statements

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

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

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(888.00) for the general fund and \$(6,272.00) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,810,316.84	\$ 1,810,316.84
Special Revenue Fund	345,273.11	83,228.00	428,501.11
Food Service Fund	112,024.21	1,769.71	113,793.92
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 457,297.32</u>	<u>\$ 1,895,314.55</u>	<u>\$ 2,352,611.87</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Bradley Beach School District had no loan balances outstanding at June 30, 2017.

**BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____unmodified_____

Internal control over financial reporting:

1) Material weakness(es) identified? _____yes X no

2) Significant deficiency(ies) identified? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? _____yes _____no

2) Significant deficiency(ies) identified? _____yes _____none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____yes _____no

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____yes _____no

**BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

State Financial Assistance

Dollar threshold used to determine Type A programs unmodified

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>495-034-5120-084</u>	<u>State Aid Public:</u>
<u>495-034-5120-085</u>	<u>Security Aid</u>
<u>495-034-5120-089</u>	<u>Adjustment Aid</u>
<u>495-034-5120-097</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-101</u>	<u>PARCC Readiness Aid</u>
<u> </u>	<u>Professional Learning Community Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

None.

**BRADLEY BEACH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None

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

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.