

SCHOOL DISTRICT
OF
POINT PLEASANT BEACH
OF OCEAN COUNTY

Point Pleasant Beach School District Board Of Education
Point Pleasant Beach, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Point Pleasant Beach School District
of Ocean County

Point Pleasant Beach, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Point Pleasant Beach Board of Education
Finance Department

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INTRODUCTORY SECTION

Point Pleasant Beach School District

299 Cook's Lane

Point Pleasant Beach, New Jersey 08742

WILLIAM T. SMITH
SUPERINTENDENT OF SCHOOLS

TEL : 732-899-8840
FAX : 732-899-1730

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

Dear Board Members:

The comprehensive annual financial report of the Point Pleasant 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 Point Pleasant Beach Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and 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 the NJOMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Point Pleasant Beach School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No.3. All funds and account groups of the District are included in this report. The Point Pleasant Beach Board of Education and both its schools constitute the District's reporting entity. The Point Pleasant Beach School District provides a comprehensive full range of educational services appropriate to grade levels Pre-School Handicapped through 12. These include regular, vocational, as well as special education for handicapped youngsters. Additionally community groups such as Pop Warner Football, Scouts, and Baseball Leagues regularly use the facilities.

The programs are provided at two locations: Point Pleasant Beach High School on Bay and Trenton Avenues and the G. Harold Antrim Elementary School on Niblick Street. There are 46 employees at the high school, 74 at the elementary school and 25.5 in district positions. School enrollment during 2016-2017 was 413 high school, 417 elementary school, which is the same number of students compared to the 15-16 student enrollment. The School District receives students from three other communities in the grades indicated: Bay Head (9-12), Lavallette (9-12) and Mantoloking (PKH-12). Additionally, some parents in nearby communities pay tuition to send their children to the District schools. During 2016-2017 there were 102 private tuition students. The following details the changes in the student enrollment of the District over the last ten years.

<u>Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2016-17	830	0.0%
2015-16	830	(2.12%)
2014-15	839	(0.47%)
2013-14	843	(3.21%)
2012-13	871	(4.91%)
2011-12	916	2.46%
2010-11	894	(0.33%)
2009-10	897	1.90%
2008-09	880	3.30%
2007-08	851	(1.65%)
2006-07	865	(1.62%)

2) ECONOMIC CONDITION AND OUTLOOK: Point Pleasant Beach is a shore community; tourism and fishing are the biggest industries. The larger state and national economic picture as well as weather, ocean conditions, etc influence these industries. In recent years the town has been having good summers. The Point Pleasant Beach area has reached a point at which there is very limited land to be built on. With there being limited land available for future housing developments there is a constraint on population growth. In a 1999 Long-Range Enrollment and Facility Use Study it was predicted that the population of Point Pleasant Beach area would remain at or near the current figures. The inability for any significant growth will result in a stable tax base in the years to come. The ratables were \$1,974,515,000 in 2016-2017.

3) MAJOR INITIATIVES: Students from Point Pleasant Beach generally continue to score at or above state averages and cutoffs on all measures. High School SAT scores averaged 519 Critical Reading and 537 Mathematics and 509 Writing. 96% of the Class of 2017 went to college, 2% to vocational training, 1% to the military, 1% to work, and 0% other. Students from our school attend the Ocean County Vocational Technical High School for Vocational Training. The District is a member of the Monmouth-Ocean Educational Services Commission, the New Jersey State Inter Scholastic Athletic Association, The Shore Conference of High Schools and the New Jersey School Boards Association. It is accredited by the Middle States Association of College and Schools and certified by the State of New Jersey.

The School District has focused on physical plant needs and academic technology in recent years. Multi year plans have been developed for both schools and there has been a sizable financial commitment as well. The voters of Point Pleasant Beach have approved the financing of a \$9,900,000 renovation project to the G. Harold Antrim Elementary School and Point Pleasant Beach High School.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the 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 project 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 purchase encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Readers should refer to the Managements Discussion and Analysis for a summary of the financial statements in relation to the prior year.

8) DEBT ADMINISTRATION: The 2010 Bonds were be paid off in the 2016-17 school year. The new bonds for \$9,900,000 were issued in July 2016 to fund the voter approved school renovations. The \$2,500,000 short term note was paid off in July 2016. The proceeds of this issue were placed in the District's capital projects fund for use to provide funds for capital improvements to the District' buildings and grounds. The monies from the 2016 Referendum Bonds were used to fund the costs of such expenses as the work done at the G. Harold Antrim Elementary School and the Point Pleasant Beach High School. The projects consisted of parking lot expansion and paving, sidewalk repair/replacement, fencing, masonry restoration, roofing, as well as repairs and replacement of various HVAC systems throughout the district.

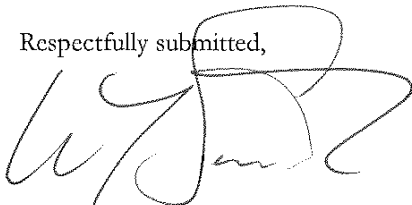
9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT: The Board carries various forms of insurance include but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

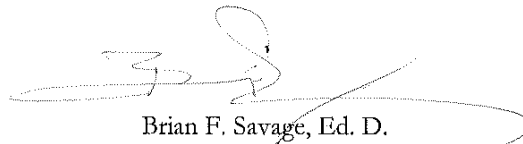
11) OTHER INFORMATION: Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Jump, Perry and Company, LLP, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's report in the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

12) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Point Pleasant Beach 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 fiscal operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the Point Pleasant Beach Superintendent's Office and Business Office staff.

Respectfully submitted,



William T. Smith
Superintendent of Schools

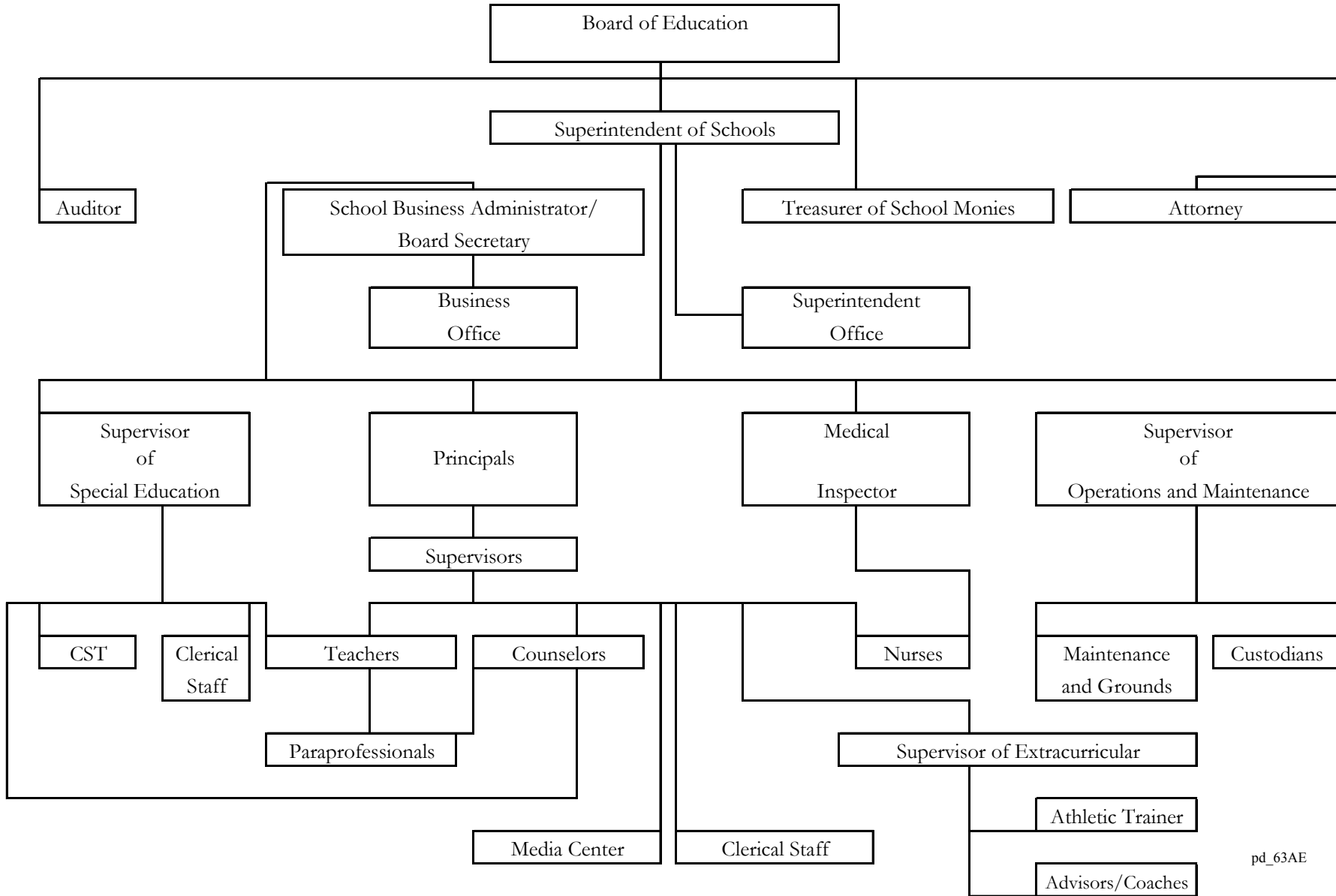


Brian F. Savage, Ed. D.
School Business Administrator
Board Secretary

Point Pleasant Beach Board of Education

Organizational Chart

(Unit Control)



Point Pleasant Beach School District
Point Pleasant Beach, New Jersey

Roster of Officials
June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Ireland, President	2018
Eileen Laterza, Vice President	2019
Joyce Papaca	2019
Michael Spader	2018
Michael Ramos	2017
Steve Shohfi, Lavallette Representative	2018

Other Officials

William T. Smith, Superintendent of Schools

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

Barbara Scharmann, Treasurer

Frank Campbell, Esq., Solicitor

Point Pleasant Beach School District
Consultants and Advisors

Architect

The Spiezele Architectural Group
120 Sanhican Drive
Trenton, New Jersey 08618

Audit Firm

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

Attorney

Campbell & Pruchnik, LLC
43 West Front Street, Suite 10
Red Bank, New Jersey 07701

Fiscal Agent

N/A

Official Depository

Ocean First Bank
Hooper Avenue
Toms River, NJ 08754

NJ Cash Management
2 Montgomery Street
Jersey City, NJ 07302

NJARM
224 Strawbridge Drive
Suite 104
Moorestown, NJ 08057

Bank of America
Arnold Avenue
Point Pleasant Beach, NJ 08742

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
Point Pleasant Beach:
County of Ocean
Point Pleasant Beach, New Jersey

Report of the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Point Pleasant Beach School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2017 on our consideration of the Board of Education of the Point Pleasant Beach School District in the County of Ocean, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board of Education of the Point Pleasant Beach School District in the County of Ocean, State of New Jersey's internal control over financial reporting and compliance.

Respectfully Submitted,

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


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

Toms River, NJ
November 20, 2017

REQUIRED SUPPLEMENTARY INFORMATION - PART I

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

Unaudited

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

Financial Highlights

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

In total, net position totaled \$18,492,325, which represents a 0.38 percent increase from June 30, 2016.

General revenues accounted for \$14,181,635 in revenue or 82.41 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,026,113 or 17.59 percent of total revenues of \$17,207,748.

Total assets increased by \$6,669,668 as current assets decreased by \$314,039 and capital assets increased by \$6,983,707.

The School Board had \$17,138,283 in expenses; only \$3,026,113 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$14,181,635 were adequate to provide for these programs.

Among major funds, the General Fund had \$15,371,868 in revenues and \$15,655,539 in expenditures and transfers. The General Fund's balance decreased \$(283,671) over June 30, 2016. The General Fund's balance is \$1,594,103.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

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

Reporting the School Board's Most Significant Funds

Fund Financial Statement

The Analysis of the School Board's major funds begins on page 27. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

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

The School Board as a Whole

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

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

Table 1

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

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 3,129,592	\$ 274,989	\$ 3,404,581	\$ 3,443,619	\$ 275,001	\$ 3,718,620
Capital assets, net	31,955,476	150,205	32,105,681	24,891,660	230,314	25,121,974
Total assets	35,085,068	425,194	35,510,262	28,335,279	505,315	28,840,594
Deferred outflow of resources	2,078,533	-	2,078,533	854,450	-	854,450
Liabilities:						
Current liabilities	221,307	8,900	230,207	30,828	9,600	40,428
Net pension liability	-	-	-	-	-	-
Long-term liabilities outstanding	18,690,665	101,730	18,792,395	10,874,356	200,977	11,075,333
Total liabilities	18,911,972	110,630	19,022,602	10,905,184	210,577	11,115,761
Deferred inflow of resources	73,868	-	73,868	156,423	-	156,423
Net position:						
Net investment in capital assets	11,905,964	48,475	11,954,439	21,268,526	29,337	21,297,863
Restricted	11,210,876	-	11,210,876	1,583,529	-	1,583,529
Unrestricted	(4,939,079)	266,089	(4,672,990)	(4,723,933)	265,401	(4,458,532)
Total Net Position	\$ 18,177,761	\$ 314,564	\$ 18,492,325	\$ 18,128,122	\$ 294,738	\$ 18,422,860

The School Board's combined net position were \$18,492,325 on June 30, 2017. This is a change of 0.38% from the previous year.

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

Table 2

Changes in Net Position

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 1,756,591	\$ 285,589	\$ 2,042,180	\$ 1,766,266	\$ 268,355	\$ 2,034,621
Operating and capital grants and contributions	906,685	77,248	983,933	473,187	85,320	558,507
General revenues:						
Property taxes	13,142,471	-	13,142,471	12,883,402	-	12,883,402
Federal and state aid Not restricted to specific purposes	1,010,242	-	1,010,242	1,610,469	-	1,610,469
Investment earnings	4,525	169	4,694	8,578	176	8,754
Miscellaneous	24,228	-	24,228	69,477	-	69,477
Total revenues	16,844,742	363,006	17,207,748	16,811,379	353,851	17,165,230
Expenses						
Instructional services	7,248,215	-	7,248,215	7,010,884	-	7,010,884
Support services	9,236,380	343,180	9,579,560	9,347,026	345,027	9,692,053
Interest on long-term liabilities	310,508	-	310,508	139,170	-	139,170
Total expenses	16,795,103	343,180	17,138,283	16,497,080	345,027	16,842,107
Change in net position	49,639	19,826	69,465	314,299	8,824	323,123
Net position - beginning	<u>18,128,122</u>	<u>294,738</u>	<u>18,422,860</u>	<u>17,813,823</u>	<u>285,914</u>	<u>18,099,737</u>
Net position (deficit) - ending	<u>\$ 18,177,761</u>	<u>\$ 314,564</u>	<u>\$ 18,492,325</u>	<u>\$ 18,128,122</u>	<u>\$ 294,738</u>	<u>\$ 18,422,860</u>

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

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

Other support services increased primarily due to the additional other purchased professional services from the Special Revenue Fund.

Expenses for Fiscal Year June 30, 2017

Business-Type Activities

Revenues for the District's business-type activities (food service program and child care) were comprised of charges for services and royalties.

Total Enterprise Fund revenues exceeded expenses by \$19,826.

Charges for services represent \$285,589 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$77,248.

Governmental Activities

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

Table 3

Governmental Activities

	2017		2016	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 7,248,215	\$ 5,491,624	\$ 7,010,884	\$ 7,010,884
Support Services:				
Pupils and Instructional Staff	2,190,885	2,190,885	2,296,010	2,296,010
General Administration, School Administration, Business Operation and Maintenance of Facilities	6,695,344	5,788,659	6,728,883	5,650,784
Pupil Transportation	350,151	350,151	322,133	322,133
Interest and Fiscal Charges	310,508	310,508	139,170	139,170
Total Expenses	\$ 16,795,103	\$ 14,131,827	\$ 16,497,080	\$ 15,418,981

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

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

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

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

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

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

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

The School Board's Funds

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

As the School Board completed the fiscal year ended June 30, 2017, it reported a combined fund balance of \$18,492,325, which is an increase of \$300,049. The Reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

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

<u>Revenue</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 14,927,815	88.62 %	\$ 200,092	1.34 %
State Sources	1,562,367	9.28	(156,451)	(10.01)
Federal Sources	<u>354,560</u>	<u>2.10</u>	<u>(10,278)</u>	<u>(2.90)</u>
Total	<u>\$ 16,844,742</u>	<u>100.00 %</u>	<u>\$ 33,363</u>	<u>0.20 %</u>

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

<u>Expenditures</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 7,248,215	26.80 %	\$ 237,331	3.27 %
Undistributed				
Expenditures	8,734,018	32.29	84,887	0.97
Capital Outlay	7,566,507	27.98	6,531,352	86.32
Debt Service:				
Principal	3,390,000	12.53	2,535,000	74.78
Interest	<u>106,051</u>	<u>0.40</u>	<u>(6,637)</u>	<u>(6.26)</u>
Total	<u>\$ 27,044,791</u>	<u>100.00 %</u>	<u>\$ 9,381,933</u>	<u>34.69 %</u>

General Fund Budgeting Highlights

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

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

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

The General Fund finished the fiscal year approximately 180,530 less than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$105,713 less than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are Capital Reserve \$200,000, Maintenance Reserve \$830,000 and Tuition Reserve \$100,000. These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District

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

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

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

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2017, the School Board had \$32,105,681 invested in land, buildings, and machinery and equipment.

Table 4

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 10,518,100	\$ 10,518,100	\$ -	\$ -	\$ 10,518,100	\$ 10,518,100
Construction in Progress	8,364,512	948,134	-	-	8,364,512	948,134
Building and Improvements	12,966,183	13,398,523	-	-	12,966,183	13,398,523
Machinery and Equipment	106,681	26,903	150,205	230,314	256,886	257,217
Total	\$ 31,955,476	\$ 24,891,660	\$ 150,205	\$ 230,314	\$ 32,105,681	\$ 25,121,974

During the current fiscal year, \$7,530,088 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

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

	June 30, 2017	June 30, 2016
Bonds Payable (net)	\$ 11,685,000	\$ 5,175,000
Capital Leases payable	101,730	200,977
Pension Liability-PERS	6,602,753	5,223,587
Compensated Absences payable	<u>402,912</u>	<u>475,769</u>
Total long-term liabilities	\$ <u>18,792,395</u>	\$ <u>11,075,333</u>

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

Economic Factors and Next Year's Budget

For the 2016-2017 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 11.38% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 88.62% of total revenue is from local tax levy.

The \$(4,939,079) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

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

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

Contacting the School Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Point Pleasant Beach School District, 299 Cooks Lane, Point Pleasant Beach, NJ, 08742.

BASIC FINANCIAL STATEMENTS

POINT PLEASANT BEACH SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,840,560	\$ 177,366	\$ 3,017,926
Receivables - state	30,905	124	31,029
Receivables - federal government	105,884	4,269	110,153
Receivables-other	97,086	75	97,161
Interfund receivables	55,157	84,133	139,290
Inventory	-	9,022	9,022
Capital assets, depreciable, net:	31,955,476	150,205	32,105,681
Total assets	<u>35,085,068</u>	<u>425,194</u>	<u>35,510,262</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	2,078,533	-	2,078,533
Total deferred outflows of resources	<u>2,078,533</u>	<u>-</u>	<u>2,078,533</u>
LIABILITIES			
Accounts payable	-	8,900	8,900
Other current liabilities	221,306	-	221,306
Payable to state government	1	-	1
Unearned revenue	-	-	-
Noncurrent liabilities:			
Due within one year	493,626	101,730	595,356
Due beyond one year	18,197,039	-	18,197,039
Total liabilities	<u>18,911,972</u>	<u>110,630</u>	<u>19,022,602</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	73,868	-	73,868
Total deferred inflows of resources	<u>73,868</u>	<u>-</u>	<u>73,868</u>
NET POSITION			
Net Investment in capital assets	11,905,964	48,475	11,954,439
Restricted for:			
Capital projects	10,100,000	-	10,100,000
Debt service	-	-	-
Other purposes	1,110,876	-	1,110,876
Unassigned	(4,939,079)	266,089	(4,672,990)
Total net position	<u>\$ 18,177,761</u>	<u>\$ 314,564</u>	<u>\$ 18,492,325</u>

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 5,064,793	\$ 1,756,591	\$ -	\$ -	\$ (3,308,202)	\$ -	\$ (3,308,202)
Special schools instruction	1,320,697	-	-	-	(1,320,697)	-	(1,320,697)
Other special instruction	862,725	-	-	-	(862,725)	-	(862,725)
Support services and undistributed costs:							
Instruction	361,319	-	-	-	(361,319)	-	(361,319)
Attendance	215,401	-	-	-	(215,401)	-	(215,401)
Health services	404,279	-	-	-	(404,279)	-	(404,279)
Other support services	1,040,358	-	-	-	(1,040,358)	-	(1,040,358)
Educational media services	169,528	-	-	-	(169,528)	-	(169,528)
General administrative services	339,284	-	-	-	(339,284)	-	(339,284)
School administrative services	390,582	-	-	-	(390,582)	-	(390,582)
Information technology	269,955	-	-	-	(269,955)	-	(269,955)
Allowed maintenance for school facilities	119,593	-	-	-	(119,593)	-	(119,593)
Other operation & maintenance of plant	1,923,262	-	-	-	(1,923,262)	-	(1,923,262)
Student transportation services	350,151	-	-	-	(350,151)	-	(350,151)
Business and other support services	-	-	-	-	-	-	-
Unallocated employee benefits	2,745,983	-	-	-	(2,745,983)	-	(2,745,983)
Non-budgeted expenditures	906,685	-	906,685	-	-	-	-
Interest on long-term debt	310,508	-	-	-	(310,508)	-	(310,508)
Total governmental activities	16,795,103	1,756,591	906,685	-	(14,131,827)	-	(14,131,827)
Business-type activities:							
Enterprise funds	343,180	285,589	77,248	-	-	19,657	19,657
Total business-type activities	343,180	285,589	77,248	-	-	19,657	19,657
Total primary government	\$ 17,138,283	\$ 2,042,180	\$ 983,933	\$ -	\$ (14,131,827)	\$ 19,657	\$ (14,112,170)
General revenues:							
Taxes:							
Property taxes levied for general purpose					12,154,028	-	12,154,028
Taxes levied for debt service					988,443	-	988,443
Federal and state aid not restricted					525,811	-	525,811
Federal and state aid restricted					484,431	-	484,431
Miscellaneous income					24,228	-	24,228
Investment earnings					4,525	169	4,694
Total general revenues					14,181,466	169	14,181,635
Change in net position					49,639	19,826	69,465
Net position—beginning					18,128,122	294,738	18,422,860
Net position—ending					\$ 18,177,761	\$ 314,564	\$ 18,492,325

POINT PLEASANT BEACH SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,410,956	\$ (105,884)	\$ 1,535,488	\$ -	\$ 2,840,560
Capital reserve	-	-	-	-	-
Due from other funds	139,290	-	-	-	139,290
Receivables from state	30,905	-	-	-	30,905
Receivables from Federal government	-	105,884	-	-	105,884
Other receivables	-	1	-	-	1
Intergovernmental accounts	97,085	-	-	-	97,085
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	\$ 1,678,236	\$ 1	\$ 1,535,488	\$ -	\$ 3,213,725
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-	-
Due to other funds	84,133	-	-	-	84,133
Payable to federal government	-	-	-	-	-
Payable to state government	-	1	-	-	1
Other liabilities	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	84,133	1	-	-	84,134
Fund Balances:					
Restricted for:					
Excess surplus - current year	-	-	-	-	-
Excess surplus - prior year- designated for Subsequent year's expenditures	144,142	-	-	-	144,142
Capital reserve account	200,000	-	-	-	200,000
Maintenance reserve account	830,000	-	-	-	830,000
Tuition reserve account	100,000	-	-	-	100,000
Debt services	-	-	-	-	-
Committed to:					
Other purposes	-	-	1,535,488	-	1,535,488
Assigned to:					
Designated by the BOE for subsequent year's expenditures	36,734	-	-	-	36,734
Unassigned:					
General fund	283,227	-	-	-	283,227
Debt service fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Permanent fund	-	-	-	-	-
Total Fund balances	1,594,103	-	1,535,488	-	3,129,591
Total liabilities and fund balances	\$ 1,678,236	\$ 1	\$ 1,535,488	\$ -	\$ 3,213,725

Amounts reported for *governmental activities* in the statement of net assets (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 \$31,018,125 and the accumulated depreciation is \$6,126,465	31,955,476
Deferred outflows related to the PERS pension plan	2,078,533
Deferred inflows related to the PERS pension plan	(73,868)
Accrued Interest Payable	(221,306)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 9)	<u>(18,690,665)</u>
Net assets of governmental activities	\$ 18,177,761

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 12,154,028	\$ -	\$ -	\$ 988,443	\$ 13,142,471
Tuition charges	1,756,591	-	-	-	1,756,591
Interest on investments	4,525	-	-	-	4,525
Miscellaneous	24,228	-	-	-	24,228
Total - Local sources	13,939,372	-	-	988,443	14,927,815
State sources	1,432,496	129,871	-	-	1,562,367
Federal sources	-	354,560	-	-	354,560
Total revenues	15,371,868	484,431	-	988,443	16,844,742
EXPENDITURES					
Current:					
Regular instruction	4,666,431	398,362	-	-	5,064,793
Special education instruction	1,320,697	-	-	-	1,320,697
Other special instruction	862,725	-	-	-	862,725
Undistributed - current:					
Instruction	361,319	-	-	-	361,319
Attendance	215,401	-	-	-	215,401
Health services	404,279	-	-	-	404,279
Other support services	954,289	86,069	-	-	1,040,358
Educational media services	169,528	-	-	-	169,528
Instruction staff training	-	-	-	-	-
General administrative services	339,284	-	-	-	339,284
School administrative services	390,582	-	-	-	390,582
Information technology	269,955	-	-	-	269,955
Allowed maintenance for school facilities	119,593	-	-	-	119,593
Other operation & maintenance of plant	1,420,571	-	-	-	1,420,571
Student transportation services	350,151	-	-	-	350,151
Business and other support services	-	-	-	-	-
Unallocated employee benefits	2,746,312	-	-	-	2,746,312
Non-budgeted expenditures	906,685	-	-	-	906,685
Debt service:					
Principal	-	-	-	3,390,000	3,390,000
Interest and other charges	-	-	-	106,051	106,051
Capital outlay	150,129	-	7,416,378	-	7,566,507
Total expenditures	15,647,931	484,431	7,416,378	3,496,051	27,044,791
Excess of revenues over expenditures	(276,063)	-	(7,416,378)	(2,507,608)	(10,200,049)
OTHER FINANCING SOURCES (USES)					
Sale of Bonds	-	-	9,900,000	-	9,900,000
Transfers in	-	-	-	2,507,608	2,507,608
Transfers out	(7,608)	-	(2,500,000)	-	(2,507,608)
Total other financing sources and uses	(7,608)	-	7,400,000	2,507,608	9,900,000
Net change in fund balances	(283,671)	-	(16,378)	-	(300,049)
Fund balance—July 1	1,877,774	-	1,551,866	-	3,429,640
Fund balance—June 30	\$ 1,594,103	\$ -	\$ 1,535,488	\$ -	\$ 3,129,591

**POINT PLEASANT 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 change in fund balances - governmental funds (from B-2) \$ (300,049)

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

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

Depreciation expense	\$ (466,272)	
Capital outlays	<u>7,530,088</u>	7,063,816

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey (72,528)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 3,390,000

In the statement of activities, interest expense is recorded when paid. In the governmental funds, the interest is expensed when due and shown as payable at year end. (204,457)

The issuance of bonds creates other financing sources revenue in the governmental funds, the proceeds are shown as an increase to bonds payable. (9,900,000)

In the statement of activities, the amortization of bond issuance costs is recorded as interest expense. In the governmental funds, the amortization is not recorded. -

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. 72,857

Change in net position of governmental activities \$ 49,639

POINT PLEASANT BEACH SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
as of June 30, 2017

	Business-type Activities - Enterprise Fund		
	Food Service	EBS Technology	Total Enterprise
Assets:			
Current assets:			
Cash and cash equivalents	\$ 19,440	\$ 157,926	\$ 177,366
Accounts receivable:			
Local	-	75	75
State	124	-	124
Federal	4,269	-	4,269
Interfunds	-	84,133	84,133
Inventories	<u>9,022</u>	<u>-</u>	<u>9,022</u>
Total current assets	<u>32,855</u>	<u>242,134</u>	<u>274,989</u>
Fixed assets:			
Equipment	-	1,005,594	1,005,594
Accumulated depreciation	<u>-</u>	<u>(855,389)</u>	<u>(855,389)</u>
Total fixed assets	<u>-</u>	<u>150,205</u>	<u>150,205</u>
Total assets	<u>\$ 32,855</u>	<u>\$ 392,339</u>	<u>\$ 425,194</u>
Liabilities and Net Position:			
Liabilities:			
Accounts payable	8,900	-	8,900
Lease payable	<u>-</u>	<u>101,730</u>	<u>101,730</u>
Total liabilities	<u>8,900</u>	<u>101,730</u>	<u>110,630</u>
Net position:			
Net investment in capital assets	-	48,475	48,475
Restricted for other purposes	-	-	-
Unassigned	<u>23,955</u>	<u>242,134</u>	<u>266,089</u>
Total net position	<u>23,955</u>	<u>290,609</u>	<u>314,564</u>
Total liabilities and net position	<u>\$ 32,855</u>	<u>\$ 392,339</u>	<u>\$ 425,194</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund		
	Food Service	EBS Technology	Total Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 111,904	\$ -	\$ 111,904
Daily sales - non-reimbursable programs	62,551	-	62,551
Miscellaneous	-	111,134	111,134
Total operating revenues	<u>174,455</u>	<u>111,134</u>	<u>285,589</u>
Operating expenses:			
Cost of sales - reimbursable programs	88,905	-	88,905
Cost of sales - non-reimbursable programs	9,257	-	9,257
Salaries	146,916	-	146,916
Miscellaneous	-	4,066	4,066
Interest expense	-	5,027	5,027
Management fees	8,900	-	8,900
Depreciation	-	80,109	80,109
Total operating expenses	<u>253,978</u>	<u>89,202</u>	<u>343,180</u>
Operating income (loss)	<u>(79,523)</u>	<u>21,932</u>	<u>(57,591)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	1,752	-	1,752
Federal sources:			
National school lunch program	57,919	-	57,919
Special milk program	-	-	-
Food distribution program	17,577	-	17,577
Loss on sale of computers	-	-	-
Interest and investment revenue	19	150	169
Total nonoperating revenues (expenses)	<u>77,267</u>	<u>150</u>	<u>77,417</u>
Income (loss) before contributions & transfers	<u>(2,256)</u>	<u>22,082</u>	<u>19,826</u>
Capital contributions	-	-	-
Transfers in (out)	-	-	-
Change in net position	<u>(2,256)</u>	<u>22,082</u>	<u>19,826</u>
Total net position—beginning	26,211	268,527	294,738
Total net position—ending	<u>\$ 23,955</u>	<u>\$ 290,609</u>	<u>\$ 314,564</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds		
	Food Service	EBS Technology	Total Enterprise
Cash Flows from Operating Activities:			
Operating income (loss)	\$ (79,523)	\$ 21,932	\$ (57,591)
Adjustments to reconcile operating loss to cash (used in) provided by operating activities:			
Depreciation	-	80,109	80,109
Loss on disposal of fixed assets	-	-	-
Federal commodities	17,577	-	17,577
Change in assets and liabilities:			
Decrease (increase) in interfund receivable	16,078	-	16,078
Decrease (increase) in local receivable	755	(75)	680
Decrease (increase) in inventory	(4,936)	-	(4,936)
Decrease (increase) in accounts payable	(700)	-	(700)
	(50,749)	101,966	51,217
Net cash provided by (used in) operating activities			
Cash Flows from Noncapital Financing Activities:			
Transfers out	-	-	-
Interest	19	150	169
Cash received from state and federal reimbursements	59,671	-	59,671
	59,690	150	59,840
Net cash provided by noncapital financing activities			
Cash flows from Capital Activities:			
Payments on lease payable	-	(99,247)	(99,247)
Sale of equipment	-	-	-
Purchase of equipment	-	-	-
	-	(99,247)	(99,247)
Net cash used in capital activities			
Net increase (decrease) in cash and cash equivalents	8,941	2,869	11,810
Cash and cash equivalents, July 1	10,499	155,057	165,556
Cash and cash equivalents, June 30	\$ 19,440	\$ 157,926	\$ 177,366
Non cash transactions			
Equipment purchased through lease	\$ -	\$ -	\$ -

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

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 45,476	\$ 912,198	\$ 957,674
Intergovernmental accounts receivable	-	-	-
Interfund receivable	-	-	-
Total assets	<u>45,476</u>	<u>912,198</u>	<u>957,674</u>
LIABILITIES			
Accrued wages and salaries	-	419,955	419,955
Interfund payable	-	139,290	139,290
Payroll deductions and withholdings	-	129,286	129,286
Payable to student groups	-	223,667	223,667
Other current liabilities	-	-	-
Total liabilities	<u>-</u>	<u>912,198</u>	<u>912,198</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	45,476	-	45,476
Reserved for scholarships	-	-	-
Total net position	<u>45,476</u>	<u>-</u>	<u>45,476</u>
Total liabilities and net position	<u>\$ 45,476</u>	<u>\$ 912,198</u>	<u>\$ 957,674</u>

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

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	\$ -
Other	-
Total Contributions	-
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	59
Dividends	-
Less investment expense	-
Net investment earnings	59
Total additions	59
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	-
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	-
Change in net position	59
Net position—beginning of the year	45,417
Net position—end of the year	\$ 45,476

Point Pleasant Beach School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

Point Pleasant Beach School District is a Type II district located in the county of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three year terms and one member appointed by the Lavallette Board of Education for a one year term. The purpose of the District is to educate students in grades Pre-K-12. The District has an approximate enrollment at June 30, 2017 of 830 students.

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

B. Basis of Presentation

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

The School District adopted the newly implemented Governmental Accounting Standard requiring the reporting of deferred outflows, deferred inflows, and net position. The term Net Assets will no longer be used and will be replaced with Net Position. The Statement of Net Position includes the reporting of assets, deferred outflows, liabilities and deferred inflows. The deferred outflows are reported under assets and deferred inflows are reported under liabilities on the Statement of Net Position.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The School District has Bond Costs which have been classified as a Deferred Outflow and the Bond Premium has been classified as a Deferred Inflow. The School District has employees that are enrolled in a defined benefit plan operated by the State of New Jersey which creates deferred outflows and inflows as described in Note 11.

In June 2015, GASB issued Statement No. 74, Financial Reporting For Postemployment Benefits Other Than Pension Plans (Replaces GASB No. 43 and No. 57) and Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Replaces GASB No. 45 and No. 57). The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for postemployment benefits. It also improves information provided by state and local governmental employers about financial support for postemployment benefits that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of these Statements will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net postemployment benefit liability and a more comprehensive measure of benefits expense. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2016 (GASB No. 74) and June 15, 2017 (GASB No. 75).

District-Wide Statements: The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These Statements include the financial activities of the overall District, except for fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. **Summary of Significant Accounting Policies (continued)**

B. Basis of Presentation, Basis of Accounting (continued)

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Fund Financial Statements provide detail of the governmental, proprietary and fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in Governmental Accounting Standards. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District. It 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 non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the the NJDOE, the District includes in this fund budgeted Capital Outlay. 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, District taxes and appropriated Fund Balance. Expenditures are those that result in the acquisition of or additions to Fixed Assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation, Basis of Accounting (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 the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

The District reports the following proprietary funds:

Enterprise Funds: The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund and EBS Technology Fund.

Depreciation of all fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-20 Years
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Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Student Activities.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. **Summary of Significant Accounting Policies (continued)**

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The tax revenues are recognized in the year for which they are levied (see Note 1.d.). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all requirements have been satisfied.

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Property Taxes

Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable".

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. **Summary of Significant Accounting Policies (continued)**

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. Budgets are prepared using the modified accrual basis of accounting except for the special reserve fund as described later. 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 6:20-2A.2(m)1.

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

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

F. Encumbrances

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

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

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. **Summary of Significant Accounting Policies (continued)**

G. 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 stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:2037 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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Tuition Receivable

Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

I. Tuition Payable

Tuition charges for the fiscal years 2016-2017 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

K. Short-Term Interfund Receivables/Payables

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

L. Capital Assets:

The District has established a formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & computer equipment	5-10
Instructional equipment	10
Grounds equipment	15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

M. Compensated Absences

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. **Summary of Significant Accounting Policies (continued)**

M. Compensated Absences (continued)

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

N. Unearned/Deferred Revenue

Unearned/deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned.

O. Deferred Outflows/Inflows of Resources

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

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

P. Accrued Liabilities and Long-Term Obligations

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental fund payables are 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. Bonds are recognized as a liability on the fund financial statements when due.

Q. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. **Summary of Significant Accounting Policies (continued)**

R. Fund Balance Resources

The fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. **Nonspendable** - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. **Restricted** - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. **Committed** - includes amounts that can be spent only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
4. **Assigned** - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. **Unassigned** - includes all spendable amounts not contained in the other classifications.

S. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District available means within sixty days of the fiscal year-end.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

1. **Summary of Significant Accounting Policies (continued)**

S. Revenues - Exchange and Non-exchange Transactions (continued)

Non-exchange Transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from Nonexchange Transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service and intramural. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

U. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

V. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2017, the amount earned by these employees but not disbursed was \$419,955.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

2. Cash, Cash Equivalents and Investments

Operating cash, in the form of Negotiable Order of Withdrawal (“NOW”) accounts, is held in the District’s name by a commercial banking institution. At June 30, 2017, the carrying amount of the District’s deposits (including Fiduciary funds) was \$3,975,600 and the bank and investment balances were \$4,894,118 of the bank balance, \$250,000 was insured with Federal Deposit Insurance and the investments of \$477,315 were exempt from credit risk.

Pursuant to Governmental Accounting Standards, the District’s NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name. At June 30, 2017, all of the District’s deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with GUDPA. 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.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

3. Investments

Pursuant to the Enabling Act, the funds of the District may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the District may approve.

New Jersey Asset and Rebate Management Program ("NJARM"): The Program has been established as a joint investment trust, (the "Trust"), by local governmental units in the State of New Jersey, (the "State"), consistent with the Interlocal Services Act, constituting Chapter 208 of the Pamphlet Laws of 1973 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:8A-1 et seq.), (the "Interlocal Services Act"), to make available to counties, municipalities, school districts, authorities, or other political subdivisions of the State, and where applicable, any bond trustee acting on behalf of such local government, a convenient method for investing and accounting for surplus cash and tax exempt debt proceeds. The Program seeks to invest tax-exempt bond and note proceeds in compliance with arbitrage management and rebate requirements of the Internal Revenue Code of 1986, as amended. The Program also provides for record keeping, depository and arbitrage rebate calculation.

New Jersey Cash Management Fund ("NJCMF"): The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty.

As of June 30, 2017, the District had \$177,981 on deposit with the New Jersey Asset and Rebate Management Program and \$299,334 with the New Jersey Cash Management Fund.

Custodial Credit Risk: Pursuant to GASB 40, NJARM and NJCMF, which are pooled investments, are exempt from custodial credit risk disclosure.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. Governmental Accounting Standards requires that disclosure be made as to the credit rating of all debt security investments except for obligations of U.S. government or investments guaranteed by the U.S. government. The NJARM is not rated by a rating agency.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's investments with the NJARM and NJCMF is less than one year.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

4. Capital Reserve Account

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

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

The activity of the Capital Reserve for the July 01, 2016 to June 30, 2017 fiscal year is as follows:

Balance, July 01, 2016	\$ 200,000
Add:	
Approved at June 2017 Meeting	<u> -</u>
Balance, June 30, 2017	<u><u>\$ 200,000</u></u>

5. Maintenance Reserve Account

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

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

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

5. Maintenance Reserve Account (continued)

The activity of the Maintenance Reserve for the July 01, 2016 to June 30, 2017 fiscal year is as follows:

Balance, July 01, 2016	\$ 830,000
Add:	
Approved at June 2017 Meeting	<u> -</u>
Balance, June 30, 2017	<u>\$ 830,000</u>

6. Tuition Reserve Account

A Tuition Reserve Account was established by the Point Pleasant Beach School District by inclusion of \$ 200,000 for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Tuition Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Tuition Reserve Account are to finance unanticipated general fund expenditures required for a thorough and efficient education.

The activity of the Tuition Reserve for the July 01, 2016 to June 30, 2017 fiscal year is as follows:

Balance, July 01, 2016	\$ 200,000
Add:	
Approved at June 2017 Meeting	40,000
Withdrawals	<u>(140,000)</u>
Balance, June 30, 2017	<u>\$ 100,000</u>

Point Pleasant Beach School District

Notes to Financial Statements (continued)

7. Receivables

Receivables at June 30, 2017, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial <u>Statements</u>	District-Wide Financial <u>Statements</u>
State Aid	\$ 30,905	\$ 31,029
Federal Aid	105,884	110,153
Interfunds	139,290	139,290
Other	<u>97,086</u>	<u>97,161</u>
	373,165	377,633
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 373,165</u>	<u>\$ 377,633</u>

Point Pleasant Beach School District

Notes to Financial Statements (continued)

8. Fixed Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Capital Assets Not Being Depreciated:				
Site and Site Improvements	\$10,518,100	\$ -	\$ -	\$10,518,100
Construction in Progress	<u>948,134</u>	<u>7,416,378</u>	<u>-</u>	<u>8,364,512</u>
Total Capital Assets Not Being Depreciated	<u>11,466,234</u>	<u>7,416,378</u>	<u>-</u>	<u>18,882,612</u>
Building and Building Improvements	18,092,466	9,703	-	18,102,169
Machinery and Equipment	<u>1,459,425</u>	<u>104,007</u>	<u>-</u>	<u>1,563,432</u>
Totals at Historical Cost	<u>19,551,891</u>	<u>113,710</u>	<u>-</u>	<u>19,665,601</u>
Less Accumulated Depreciation for:				
Building and Building Improvements	(4,693,943)	(442,043)	-	(5,135,986)
Machinery and Equipment	<u>(1,432,522)</u>	<u>(24,229)</u>	<u>-</u>	<u>(1,456,751)</u>
Total Accumulated Depreciation	<u>(6,126,465)</u>	<u>(466,272)</u>	<u>-</u>	<u>(6,592,737)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>13,425,426</u>	<u>(352,562)</u>	<u>-</u>	<u>13,072,864</u>
Government Activity Capital Assets, Net	<u>\$24,891,660</u>	<u>7,063,816</u>	<u>-</u>	<u>\$31,955,476</u>
BUSINESS-TYPE ACTIVITIES:				
Equipment	1,005,594	-	-	1,005,594
Less: Accumulated Depreciation	<u>(775,280)</u>	<u>(80,109)</u>	<u>-</u>	<u>(855,389)</u>
Business-type Activities Capital Assets, Net	<u>\$ 230,314</u>	<u>\$ (80,109)</u>	<u>\$ -</u>	<u>\$ 150,205</u>

Depreciation expense was charged to governmental functions as follows:

Operations and Maintenance	\$466,272
Total depreciation expense	<u>\$466,272</u>

Point Pleasant Beach School District

Notes to Financial Statements (continued)

9. Non-current Liabilities

During the fiscal year ended June 30, 2017, the following changes occurred in the Non-current Liabilities:

	<u>Balance</u> <u>6-30-16</u>	<u>Increase/</u> <u>Decrease</u>	<u>Balance</u> <u>6-30-17</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Bonds payable	\$ 5,175,000	6,510,000	11,685,000	\$ 420,000
Obligations under capital lease	200,977	(99,247)	101,730	101,730
Compensated absences payable	475,769	(72,857)	402,912	73,626
Pension liability - PERS	<u>5,223,587</u>	<u>1,379,166</u>	<u>6,602,753</u>	<u>-</u>
	<u>\$ 11,075,333</u>	<u>7,717,062</u>	<u>18,792,395</u>	<u>\$ 595,356</u>

A. Bonds Payable

Bonds are authorized in accordance with State Law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

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

<u>Year ending</u> <u>June 30th:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 420,000	\$ 399,562	\$ 819,562
2019	800,000	271,278	1,071,278
2020	835,000	247,733	1,082,733
2021	870,000	223,148	1,093,148
2022	410,000	197,523	607,523
2023-2027	2,280,000	856,313	3,136,313
2028-2032	2,740,000	600,895	3,340,895
2033-2037	<u>3,330,000</u>	<u>232,460</u>	<u>3,562,460</u>
	<u>\$ 11,685,000</u>	<u>\$ 3,028,912</u>	<u>\$ 14,713,912</u>

B. Bonds Authorized but not Issued

The District does not have authorized but not issued bonds at June 30, 2017.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

9. Non-current Liabilities (continued)

C. Obligations under Capital Lease

The District is leasing capital items and equipment under capital leases. All capital leases are for terms of varying years. The following is a schedule of the remaining future minimum lease payments at June 30, 2017:

	Year-ending June 30th:	
	2018	
		<u>104,276</u>
Total Minimum Lease Payment		104,276
Less: Amount representing Interest		<u>2,546</u>
Present Value of Lease payments		<u><u>101,730</u></u>

10. Contingent Liabilities

Grant Programs

The District participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

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

11. Pension Plans

Description of Systems

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

11. Pension Plans (continued)

Teachers' Pension and Annuity Fund (TPAF)

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

For the year ended June 30, 2017, the District recognized pension expense of \$730,894 and revenue of \$730,894 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

At June 30, 2017, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.0640794619% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the TPAF fund and has been adjusted to the District's proportionate share:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual expenditure	\$ 176,827	\$ 85,812
Changes of assumptions	10,016,078	-
Net difference between projected and actual earnings on pension plan investments	915,149	-
Changes in proportion and differences between District contributions and proportionate share of contributions	67,406	39,161
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	\$ <u>11,175,460</u>	\$ <u>124,973</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$50,408,985.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

11. Pension Plans (continued)

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

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

Year ended June 30:	
2017	\$ 1,626,680
2018	1,626,680
2019	1,905,624
2020	1,782,180
2021	1,505,449
Thereafter	<u>2,626,426</u>
Total	<u>11,073,039</u>

Long-Term Expected Rate of Return

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

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

11. Pension Plans (continued)

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

Discount Rate

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

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

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

	1% Decrease (2.22 %)	Current Discount Rate (3.22 %)	1% Increase (4.22 %)
District's proportionate share of the net pension liability	60,477,027	50,641,298	42,609,156

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

Public Employees' Retirement System (PERS)

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

11. Pension Plans (continued)

Public Employees' Retirement System (PERS) (continued)

For the year ended June 30, 2017, the District recognized pension expense of \$214,730. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.0222293695% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 122,791	\$ -
Changes of assumptions	1,367,738	-
Net difference between projected and actual earnings on pension plan investments	251,769	-
Changes in proportion and differences between District contributions and proportionate share of contributions	153,573	73,868
District contributions subsequent to the measurement date	<u>182,662</u>	<u>-</u>
Total	<u>\$ 2,078,533</u>	<u>\$ 73,868</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District as shown on the State of New Jersey PERS audit is \$6,602,753 and has been recorded on the district-wide financials.

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

Year ended June 30:	
2017	\$ 391,131
2018	391,131
2019	453,138
2020	380,702
2021	121,169
Thereafter	-
Total	<u>1,737,271</u>

Point Pleasant Beach School District

Notes to Financial Statements (continued)

11. Pension Plans (continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 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 US Equities	26.00 %	8.53 %
Developed Foreign Equities	13.25 %	6.83 %
Emerging Market Equities	6.50 %	9.95 %
Private Equity	9.00 %	12.40 %
Hedge Funds/Absolute Return	12.50 %	4.68 %
Real Estate (Property)	2.00 %	6.91 %
Commodities	0.50 %	5.45 %
Global Debt ex US	5.00 %	(0.25)%
REIT	5.25 %	5.63 %

Discount Rate

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

11. Pension Plans (continued)

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

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

	1% Decrease (2.98 %)	Current Discount Rate (3.98 %)	1% Increase (4.98 %)
District's proportionate share of the net pension liability	8,067,558	6,583,702	5,358,650

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

Vesting and Benefit Provisions (PERS & TPAF)

Vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

11. Pension Plans (continued)

Vesting and Benefit Provisions (PERS & TPAF) (continued)

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/17	\$214,730	100%	\$-
6/30/16	214,928	100%	-
6/30/15	185,109	100%	-

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/17	\$ 1,341,113	100%	\$-
6/30/16	1,123,940	100%	-
6/30/15	897,028	100%	-

Contribution Requirements

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

There was a current year contribution to the TPAF post-retirement medical benefits made by the State of New Jersey on behalf of the Board in the amount of \$1,341,113. The State did not make any normal contributions on behalf of the Board. Also, in accordance with N.J.S.A. 18A:6666 the State of New Jersey reimbursed the District \$296,466 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements.

Point Pleasant Beach School District

Notes to Financial Statements (continued)

11. Pension Plans (continued)

Defined Contribution Retirement Plan (DCRP)

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

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

The District's contributions to the DCRP for June 30, 2017 were \$0. There was no liability for unpaid contributions at June 30, 2017.

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

Point Pleasant Beach School District

Notes to Financial Statements (continued)

12. Post-Retirement Benefits

P.L. 198, 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 of 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

13. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards where District employees are granted varying amounts of sick leave in accordance with the districts personnel policy. District employees who are employed for twelve months are entitled to fourteen paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon separation the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employees. Vacation days not used during the year may only be carried forward with approval from the Superintendent.

The liability for vested compensated absences of the governmental fund types is recorded in the general longterm debt account group. The current portion of the compensated absences balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the longterm liability balance of compensated absences. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

14. Deferred Compensation

The Board offers its employees a choice of Deferred Compensation Plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the Plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan administrators are as follows:

AXA Equitable

Valic

Point Pleasant Beach School District

Notes to Financial Statements (continued)

15. Risk Management

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016 / 2017	\$ 59	\$ -	\$ -	\$ 45,476
2015 / 2016	59	-	-	45,416
2014 / 2015	59	-	-	45,358

16. Interfund Receivables and Payables

The following inter-fund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 139,290	84,133
Enterprise Fund	84,133	-
Trust and Agency Fund	-	139,290
	<u>\$ 223,423</u>	<u>\$ 223,423</u>

The Agency Fund owes the General Fund for excess transfers.

The General Fund owes the Enterprise Fund for cash advances.

17. Inventory

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food & supplies	\$9,022
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Point Pleasant Beach School District

Notes to Financial Statements (continued)

18. Fund Balances

General Fund - Of the \$1,594,103 general fund balance at June 30, 2017, \$144,142 is restricted for excess surplus for subsequent year expenditures, \$36,734 is designated for subsequent year's expenditures, \$830,000 is restricted for the maintenance reserve, \$100,000 is restricted for the tuition reserve, \$200,000 is restricted for the capital reserve, \$- is restricted for excess surplus and \$283,227 is unassigned.

19. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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 is \$-. The excess fund balance at June 30, 2016 was \$144,142.

20. Uncertain Tax Positions

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

21. Subsequent Events

Management has evaluated subsequent events through November 20, 2017, the date the financial statements were available to be issued.

22. Tax Abatement

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 12,154,028	\$ -	\$ 12,154,028	\$ 12,154,028	\$ -
Tuition from other LEA's within the state	1,246,399	-	1,246,399	1,137,038	(109,361)
Tuition-private	621,063	-	621,063	619,553	(1,510)
Interest on investments	-	-	-	4,525	4,525
Miscellaneous	54,500	-	54,500	24,228	(30,272)
Total - local sources	14,075,990	-	14,075,990	13,939,372	(136,618)
State sources:					
Transportation aid	12,489	-	12,489	12,489	-
Special education aid	400,732	-	400,732	400,732	-
Security Aid	63,340	-	63,340	63,340	-
Adjustment Aid	388	-	388	388	-
Extraordinary aid	-	-	-	30,905	30,905
PARCC readiness aid	6,330	-	6,330	6,330	-
Per pupil growth aid	6,330	-	6,330	6,330	-
Professional learning community aid	6,790	-	6,790	6,790	-
TPAF-LTDI (on-behalf - Non-budgeted)	-	-	-	1,218	1,218
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	609,001	609,001
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	730,894	730,894
TPAF social security (reimbursed - Non-budgeted)	-	-	-	296,466	296,466
Total state sources	496,399	-	496,399	2,164,883	1,668,484
Total revenues	14,572,389	-	14,572,389	16,104,255	1,531,866
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool/Kindergarten - Salaries of teachers	179,494	11,500	190,994	190,608	386
Grades 1-5 - Salaries of teachers	1,196,037	(38,400)	1,157,637	1,154,158	3,479
Grades 6-8 - Salaries of teachers	995,307	(133,000)	862,307	861,473	834
Grades 9-12 - Salaries of teachers	1,852,720	99,063	1,951,783	1,951,705	78
Regular Programs - Home Instruction:					
Salaries of teachers	10,000	18,050	28,050	25,680	2,370
Regular Programs - Undistributed Instruction:					
Other purchased services (400-500 series)	72,535	41,000	113,535	113,455	80
General supplies	202,883	112,550	315,433	314,920	513
Textbooks	31,805	22,800	54,605	54,432	173
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,540,781	133,563	4,674,344	4,666,431	7,913
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of teachers	930,941	107,400	1,038,341	1,034,705	3,636
Other salaries for instruction	254,057	(64,000)	190,057	189,951	106
General supplies	11,500	(2,450)	9,050	8,481	569
Total Resource Room/Resource Center	1,196,498	40,950	1,237,448	1,233,137	4,311
Preschool Disabilities - Full Time					
Salaries of teachers	76,339	(850)	75,489	72,771	2,718
Other salaries for instruction	19,600	(5,000)	14,600	13,711	889
General supplies	1,500	-	1,500	1,078	422
Total Preschool Disabilities - Full Time	97,439	(5,850)	91,589	87,560	4,029
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,293,937	35,100	1,329,037	1,320,697	8,340

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction					
Salaries of teachers	\$ 64,075	\$ 2,450	\$ 66,525	\$ 66,523	\$ 2
General supplies	1,800	-	1,800	756	1,044
Total Bilingual Education - Instruction	<u>65,875</u>	<u>2,450</u>	<u>68,325</u>	<u>67,279</u>	<u>1,046</u>
School-Spon. Cocurricular Activities - Instruction					
Salaries	562,649	118,700	681,349	672,510	8,839
Purchased services	35,336	(35,300)	36	-	36
Supplies and materials	140,777	(81,400)	59,377	59,291	86
Other objects	14,315	3,700	18,015	17,645	370
Transfer to cover deficit(agency funds)	46,000	-	46,000	46,000	-
Total School-Spon. Cocurricular Actvts. - Instruction	<u>799,077</u>	<u>5,700</u>	<u>804,777</u>	<u>795,446</u>	<u>9,331</u>
Total Instruction	<u>6,699,670</u>	<u>176,813</u>	<u>6,876,483</u>	<u>6,849,853</u>	<u>26,630</u>
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - special	-	-	-	-	-
Tuition to private schools for the disabled - w/state	-	-	-	-	-
Tuition- Other	474,717	(43,400)	431,317	361,319	69,998
Tuition - State Facilities	4,500	(4,500)	-	-	-
Total Undistributed Expenditures - Instruction:	<u>479,217</u>	<u>(47,900)</u>	<u>431,317</u>	<u>361,319</u>	<u>69,998</u>
Undist. Expend. - Attendance and social work service					
Salaries	208,702	7,040	215,742	215,401	341
Total Undistributed Expenditures - Attendance	<u>208,702</u>	<u>7,040</u>	<u>215,742</u>	<u>215,401</u>	<u>341</u>
Undist. Expend. - Health Services					
Salaries	140,195	(2,164)	138,031	138,027	4
Purchased professional and technical services	275,000	(275,000)	-	-	-
Other purchased services (400-500 series)	4,150	257,950	262,100	262,085	15
Supplies and materials	-	4,200	4,200	4,167	33
Other objects	-	-	-	-	-
Total Undistributed Expenditures - Health Services	<u>419,345</u>	<u>(15,014)</u>	<u>404,331</u>	<u>404,279</u>	<u>52</u>
Undist. Expend. - Other Support Serv - Speech OT / PT					
Salaries	84,129	-	84,129	82,799	1,330
Other objects	1,500	-	1,500	982	518
Total Undist. Expend. - Other Support Serv - Speech OT/PT	<u>85,629</u>	<u>-</u>	<u>85,629</u>	<u>83,781</u>	<u>1,848</u>
Undist. Expend. - Other Support Serv Students-Guidance					
Salaries of other professional staff	213,279	13,000	226,279	226,264	15
Other purchased services (400-500 series)	5,000	(1,700)	3,300	2,739	561
Total Undist. Expend. - Other Support Serv - Students-Guidance	<u>218,279</u>	<u>11,300</u>	<u>229,579</u>	<u>229,003</u>	<u>576</u>
Undist. Expend. - Other Support Serv - Child Study					
Salaries of other professional staff	244,452	10,715	255,167	254,896	271
Salaries of secretarial and clerical assistants	39,239	-	39,239	39,237	2
Supplies and materials	11,500	(3,199)	8,301	7,940	361
Other objects	7,800	250	8,050	7,973	77
Total Undist. Expend. - Other Supp Services - Child Study	<u>302,991</u>	<u>7,766</u>	<u>310,757</u>	<u>310,046</u>	<u>711</u>
Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr					
Salaries of supervisor of instruction	184,076	144,285	328,361	300,416	27,945
Other salaries	5,000	15,200	20,200	20,000	200
Other purchased services (400-500)	-	12,315	12,315	11,043	1,272
Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Ins	<u>189,076</u>	<u>171,800</u>	<u>360,876</u>	<u>331,459</u>	<u>29,417</u>
Undist. Expend. - Educational Media Services/School Library					
Salaries	214,036	(51,000)	163,036	160,914	2,122
Supplies and materials	12,930	(1,166)	11,764	8,614	3,150
Total Undist. Expend. - Educational Media Services/School Library	<u>226,966</u>	<u>(52,166)</u>	<u>174,800</u>	<u>169,528</u>	<u>5,272</u>
Undist. Expend. - Instruction Staff Training Services					
Salaries of other professional staff	3,967	(3,967)	-	-	-
Other purchased services (400-500 series)	22,350	(22,350)	-	-	-
Total Undist. Expend. - Instruction Staff Training Services	<u>26,317</u>	<u>(26,317)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Service - General Administration					
Salaries	\$ 253,220	\$ 13,745	\$ 266,965	\$ 256,028	\$ 10,937
Legal services	2,500	8,735	11,235	11,235	-
Audit Fees	17,000	(17,000)	-	-	-
Other purchased professional services	2,500	6,700	9,200	9,200	-
Communications/Telephone	2,000	-	2,000	2,000	-
General supplies	7,100	(2,108)	4,992	4,698	294
BOE membership dues and fees	27,500	(20,390)	7,110	7,083	27
Miscellaneous expenditures	7,000	42,118	49,118	49,040	78
Total Undist. Expend. - Support Service - General Administration	318,820	31,800	350,620	339,284	11,336
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	245,049	6,500	251,549	251,481	68
Salaries of secretarial and clerical assistants	115,316	-	115,316	114,137	1,179
Supplies and materials	25,997	(11,388)	14,609	12,886	1,723
Other objects	19,713	(6,835)	12,878	12,078	800
Total Undist. Expend. - Support Service - School Administration	406,075	(11,723)	394,352	390,582	3,770
Undistributed Expenditures - Central Services					
Salaries	229,199	(13,250)	215,949	215,933	16
Purchased professional services	2,500	31,300	33,800	33,780	20
Supplies and materials	7,100	6,437	13,537	13,537	-
Total Undist. Expend. - Central Services	238,799	24,487	263,286	263,250	36
Undist.- Admin. Info. Technology					
Salaries	3,967	3,067	7,034	6,705	329
Total Undist. Expend - Admin. Info. Technology	3,967	3,067	7,034	6,705	329
Undist. Expend. - Allowed Maintenance for School Facilities					
Salaries	163,035	(163,035)	-	-	-
Cleaning, repair and maintenance services	114,760	(42,470)	72,290	71,884	406
General supplies	102,533	(54,667)	47,866	47,709	157
Other objects	21,375	(21,375)	-	-	-
Total Undist. Expend. - Allowed Maintenance for School Facilities	401,703	(281,547)	120,156	119,593	563
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries	457,035	205,435	662,470	661,591	879
Salaries of Non-Instructional Aides	89,812	(4,507)	85,305	84,946	359
Purchased professional and technical services	24,000	-	24,000	24,000	-
Cleaning, repair and maintenance services	-	53,431	53,431	50,212	3,219
Other purchased property services	2,000	-	2,000	1,747	253
Insurance	196,277	30,200	226,477	225,518	959
General supplies	-	78,876	78,876	78,475	401
Energy (natural gas)	133,000	(51,790)	81,210	81,194	16
Energy (electricity)	300,000	(119,450)	180,550	180,494	56
Other objects	-	32,410	32,410	32,394	16
Total Undist. Expend. - Other Operation & Maintenance Of Plant	1,202,124	224,605	1,426,729	1,420,571	6,158
Undist. Expend. - Student Transportation Services					
Salaries for pupil transportation (between home and school) - Special	140,509	(33,000)	107,509	99,550	7,959
Salaries for pupil transportation (other than between home and school)	-	-	-	-	-
Cleaning, repair and maintenance services	14,000	(7,700)	6,300	6,286	14
Contract services (between home & school) - Vendors	111,000	13,800	124,800	124,777	23
Contract services - (other than between home and school) - Vendors	127,050	(17,510)	109,540	109,473	67
Transportation Supplies	7,000	4,000	11,000	9,433	1,567
Miscellaneous expenditures	-	1,000	1,000	632	368
Total Undist. Expend. - Student Transportation Services	399,559	(39,410)	360,149	350,151	9,998

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED EMPLOYEE BENEFITS					
Social security contributions	\$ 225,128	\$ (8,600)	\$ 216,528	\$ 211,377	\$ 5,151
Other retirement contributions - PERS	205,351	12,880	218,231	214,730	3,501
Other retirement contributions - regular	-	-	-	-	-
Unemployment compensation	20,000	(18,200)	1,800	1,283	517
Workmen's compensation	117,702	(117,702)	-	-	-
Health benefits	2,399,137	(144,679)	2,254,458	2,253,647	811
Tuition reimbursement	50,000	15,600	65,600	65,275	325
Other employee benefits	24,000	(24,000)	-	-	-
TOTAL UNALLOCATED EMPLOYEE BENEFITS	<u>3,041,318</u>	<u>(284,701)</u>	<u>2,756,617</u>	<u>2,746,312</u>	<u>10,305</u>
ON-BEHALF CONTRIBUTIONS					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	1,218	(1,218)
On-behalf TPAFOPEB (post retirement med) (non-budgeted)	-	-	-	609,001	(609,001)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	730,894	(730,894)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	296,466	(296,466)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,637,579</u>	<u>(1,637,579)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>3,041,318</u>	<u>(284,701)</u>	<u>2,756,617</u>	<u>4,383,891</u>	<u>(1,627,274)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>8,168,887</u>	<u>(276,913)</u>	<u>7,891,974</u>	<u>9,378,843</u>	<u>(1,486,869)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>14,868,557</u>	<u>(100,100)</u>	<u>14,768,457</u>	<u>16,228,696</u>	<u>(1,460,239)</u>
CAPITAL OUTLAY					
Equipment					
Operation & Maint. Of plant serv.	-	-	-	-	-
Regular Programs - Instruction:					
Grades 1-5	-	-	-	-	-
Grades 6-8	-	-	-	-	-
Grades 9-12	-	3,000	3,000	2,947	53
Non-instructional equipment	-	97,100	97,100	93,963	3,137
Undistributed Expend. - Required Maint	-	-	-	-	-
Total Equipment	<u>-</u>	<u>100,100</u>	<u>100,100</u>	<u>96,910</u>	<u>3,190</u>
Facilities Acquisition and Construction Services					
Assessment for debt service on SDA funding	53,219	-	53,219	53,219	-
Total Facilities Acquisition and Construction Services	<u>53,219</u>	<u>-</u>	<u>53,219</u>	<u>53,219</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>53,219</u>	<u>100,100</u>	<u>153,319</u>	<u>150,129</u>	<u>3,190</u>
TOTAL EXPENDITURES	<u>14,921,776</u>	<u>-</u>	<u>14,921,776</u>	<u>16,378,825</u>	<u>(1,457,049)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(349,387)	-	(349,387)	(274,570)	(74,817)
Other Financing Sources/Uses:					
Transfer to Debt Service Fund (Bridge interest)	-	-	-	(7,608)	7,608
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,608)</u>	<u>7,608</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures & Other Financing Sources (Uses)	(349,387)	-	(349,387)	(282,178)	(67,209)
Fund Balance, July 1	1,918,699		1,918,699	1,918,699	-
Fund Balance, June 30	<u>\$ 1,569,312</u>	<u>\$ -</u>	<u>\$ 1,569,312</u>	<u>\$ 1,636,521</u>	<u>\$ (67,209)</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 200,000	
Maintenance reserve				830,000	
Tuition reserve				100,000	
Excess surplus - Designated for subsequent year's expenditures				144,142	
Excess surplus - Current year				-	
Committed Fund Balance:					
Year-end encumbrances				-	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				36,734	
Unassigned Fund Balance				<u>325,645</u>	
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				<u>(42,418)</u>	
Fund balance per governmental funds (GAAP)				<u><u>\$ 283,227</u></u>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	144,780	144,780	129,871	(14,909)
Federal sources	399,493	(15,891)	383,602	354,560	(29,042)
Total Revenues	399,493	128,889	528,382	484,431	(43,951)
EXPENDITURES					
Instruction:					
Salaries of teachers	313,184	(216,750)	96,434	96,434	-
Other salaries/instruction	-	-	-	-	-
Purchased professional services	58,551	245,242	303,793	284,950	18,843
General supplies	-	-	-	-	-
Technology	-	5,278	5,278	5,277	1
Supplies NP	-	-	-	-	-
Tuition	-	-	-	-	-
Textbooks	10,775	926	11,701	11,701	-
Miscellaneous expenses	-	-	-	-	-
Total instruction	382,510	34,696	417,206	398,362	18,844
Support services:					
Other support services					
students - special:					
Other professional staff salaries	-	-	-	-	-
Secretarial/Clerical salaries	-	-	-	-	-
Professional development	-	20,424	20,424	19,081	1,343
Purchased professional services	-	21,394	21,394	-	21,394
Other purchased professional services	-	27,818	27,818	25,448	2,370
Purchased technical services	-	-	-	-	-
Employee benefits	-	23,270	23,270	23,270	-
Travel	-	-	-	-	-
Nursing services	16,983	1,287	18,270	18,270	-
Miscellaneous purchased services	-	-	-	-	-
Personal services	-	-	-	-	-
General supplies	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Total other support services - students - special	16,983	94,193	111,176	86,069	25,107
Facilities acquisition and const. serv.:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total expenditures	399,493	128,889	528,382	484,431	43,951
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	399,493	128,889	528,382	484,431	43,951
Excess (deficiency) of revenues Over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP)				\$ -	

**POINT PLEASANT BEACH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017**

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 16,104,255	[C-2]	\$ 484,431
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(730,894)		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes		40,925		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(42,418)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 15,371,868	[B-2]	\$ 484,431
 Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 16,386,433	[C-2]	\$ 484,431
Differences - budget to GAAP				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(730,894)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 15,655,539	[B-2]	\$ 484,431

REQUIRED SUPPLEMENTARY INFORMATION - PART III

POINT PLEASANT BEACH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0211607293%	0.0223874468%	0.0222293695%
District's proportionate share of the net pension liability	\$ 4,154,339	\$ 5,223,587	\$ 6,602,753
District's covered-employee payroll	1,505,817	1,422,969	1,436,396
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.89%	367.09%	21.75%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%	45.35%

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

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

**POINT PLEASANT BEACH SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the District Contributions-PERS
 For the Fiscal Year Ended June 30, 2017**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 174,446	\$ 192,472	\$ 198,702
Contributions in relation to the contractually required contribution	<u>174,446</u>	<u>192,472</u>	<u>214,730</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,028)</u>
District's covered-employee payroll	\$ 1,505,817	\$ 1,422,969	\$ 1,436,396
Contributions as a percentage of covered-employee payroll	11.58%	13.53%	13.83%

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

POINT PLEASANT BEACH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0660394279%	0.0641240344%	0.0640794619%
District's proportionate share of the net pension liability	\$ 35,295,925	\$ 40,529,128	\$ 50,408,985
District's covered-employee payroll	6,668,291	6,487,932	6,948,324
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	529.31%	624.68%	13.78%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

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

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

Point Pleasant Beach School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2017

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 actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08 %
Salary increases: 2012-2021	1.65 - 4.15 % based on age
Thereafter	2.65 - 5.15 % based on age
Investment rate of return	7.65 %

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

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

OTHER SUPPLEMENTARY INFORMATION

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

	Title I Part A 16/17	IDEA Part B -Preschool 16/17	Title II Part A/D 16/17	IDEA-Part B Basic 16/17	Nonpublic Security 16/17
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	10,150
Federal sources	112,771	6,933	19,081	215,775	-
Total revenues	112,771	6,933	19,081	215,775	10,150
Expenditures:					
Instruction:					
Salaries of teachers	89,501	6,933	-	-	-
Other salaries/instruction	-	-	-	-	-
Purchased professional services	-	-	-	190,327	10,150
General supplies	-	-	-	-	-
Technology	-	-	-	-	-
Supplies NP	-	-	-	-	-
Tuition	-	-	-	-	-
Textbooks	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Total instruction	89,501	6,933	-	190,327	10,150
Support services:					
Other support services - students - special:					
Other professional staff salaries	-	-	-	-	-
Secretarial/Clerical salaries	-	-	-	-	-
Professional Development	-	-	19,081	-	-
Purchased professional services	-	-	-	-	-
Other purchased professional services	-	-	-	25,448	-
Purchased technical services	-	-	-	-	-
Employee benefits	23,270	-	-	-	-
Travel	-	-	-	-	-
Nursing Svcs	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-
Personal Services	-	-	-	-	-
General supplies	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Total other support services - students - special	23,270	-	19,081	25,448	-
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total equipment	-	-	-	-	-
Total expenditures	\$ 112,771	\$ 6,933	\$ 19,081	\$ 215,775	\$ 10,150

(Continued on next page)

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

(Continued from prior page)

	Nonpublic Technology 16/17	Title 192 16/17	Nonpublic Textbooks 16/17	Nonpublic Nursing 16/17	Total 2017
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	5,277	84,473	11,701	18,270	129,871
Federal sources	-	-	-	-	354,560
Total revenues	<u>5,277</u>	<u>84,473</u>	<u>11,701</u>	<u>18,270</u>	<u>484,431</u>
Expenditures:					
Instruction:					
Salaries of teachers	-	-	-	-	96,434
Other salaries/instruction	-	-	-	-	-
Purchased professional services	-	84,473	-	-	284,950
General supplies	-	-	-	-	-
Technology	5,277	-	-	-	5,277
Supplies NP	-	-	-	-	-
Tuition	-	-	-	-	-
Textbooks	-	-	11,701	-	11,701
Miscellaneous expenses	-	-	-	-	-
Total instruction	<u>5,277</u>	<u>84,473</u>	<u>11,701</u>	<u>-</u>	<u>398,362</u>
Support services:					
Other support services - students - special:					
Other professional staff salaries	-	-	-	-	-
Secretarial/Clerical salaries	-	-	-	-	-
Professional Development	-	-	-	-	19,081
Purchased professional services	-	-	-	-	-
Other purchased professional services	-	-	-	-	25,448
Purchased technical services	-	-	-	-	-
Employee benefits	-	-	-	-	23,270
Travel	-	-	-	-	-
Nursing Svcs	-	-	-	18,270	18,270
Miscellaneous purchased services	-	-	-	-	-
Personal Services	-	-	-	-	-
General supplies	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Total other support services - students - special	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,270</u>	<u>86,069</u>
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 5,277</u>	<u>\$ 84,473</u>	<u>\$ 11,701</u>	<u>\$ 18,270</u>	<u>\$ 484,431</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2017

Project Title/Issue	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2017
		Prior Years	Current Year	
High School Renovations	\$ 7,185,556	948,134	4,701,934	\$ 1,535,488
Elementary School Renovations	2,593,958	-	2,593,958	-
Admin Roofing and Parking Lot	120,486	-	120,486	-
	<u>\$ 9,900,000</u>	<u>948,134</u>	<u>7,416,378</u>	<u>\$ 1,535,488</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budgetary Basis
For the Year Ended June 30, 2017

Revenues and Other Financing Sources

Bond proceeds and transfers	\$ 9,900,000
Total revenues	9,900,000

Expenditures and Other Financing Uses

Purchased professional and technical services	210,240
Construction services	7,206,138
Transfer to debt service fund(Bridge Funding payoff)	2,500,000
Total expenditures	9,916,378

Excess of revenues over expenditures	(16,378)
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Fund balance - beginning	1,551,866
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Fund balance - ending	\$ 1,535,488
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POINT PLEASANT BEACH SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
High School Renovations
From Inception and for the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	1,814,534	7,185,556	9,000,090	7,185,556
Bridge Funding	1,814,534	(1,814,534)	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>3,629,068</u>	<u>5,371,022</u>	<u>9,000,090</u>	<u>7,185,556</u>
Expenditures and Other Financing Uses				
Purchased prof. and tech. services	546,190	26,951	573,141	600,000
Land and improvements	-	-	-	-
Other Objects	-	-	-	-
Construction Services	401,944	4,674,983	5,076,927	6,585,556
Transfer to debt service fund	-	-	-	-
Total expenditures	<u>948,134</u>	<u>4,701,934</u>	<u>5,650,068</u>	<u>7,185,556</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 2,680,934</u>	<u>\$ 669,088</u>	<u>\$ 3,350,022</u>	<u>\$ -</u>

Additional project information:

Project Number	4220-050-15-1000
Grant Date	N/A
Bond Authorization Date	5/23/2016
Bonds Authorized	\$ 7,185,556
Bonds Issued	N/A
Original Authorized Cost	\$ 7,185,556
Additional Authorized Cost	-
Revised Authorized Cost	\$ 7,185,556
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	79%
Original target completion date	8/30/2017
Revised target completion date	8/30/2017

POINT PLEASANT BEACH SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Elementary School Renovations
From Inception and for the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	2,593,958	2,593,958	2,593,958
Bridge Funding	655,040	(655,040)	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>655,040</u>	<u>1,938,918</u>	<u>2,593,958</u>	<u>2,593,958</u>
Expenditures and Other Financing Uses				
Purchased prof. and tech. services	-	170,036	170,036	228,138
Land and improvements	-	-	-	-
Other Objects	-	-	-	-
Construction Services	-	2,423,922	2,423,922	2,365,820
Transfer to debt service fund	-	-	-	-
Total expenditures	<u>-</u>	<u>2,593,958</u>	<u>2,593,958</u>	<u>2,593,958</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 655,040</u>	<u>\$ (655,040)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	4220-060-15-1000
Grant Date	N/A
Bond Authorization Date	5/23/2016
Bonds Authorized	\$ 2,593,958
Bonds Issued	N/A
Original Authorized Cost	\$ 2,593,958
Additional Authorized Cost	-
Revised Authorized Cost	\$ 2,593,958
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original target completion date	8/30/2017
Revised target completion date	8/30/2017

POINT PLEASANT BEACH SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Admin Roofing and Parking Lot
From Inception and for the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	120,486	120,486	120,486
Bridge Funding	30,426	(30,426)	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>30,426</u>	<u>90,060</u>	<u>120,486</u>	<u>120,486</u>
Expenditures and Other Financing Uses				
Purchased prof. and tech. services	-	13,253	13,253	15,000
Land and improvements	-	-	-	-
Other Objects	-	-	-	-
Construction Services	-	107,233	107,233	105,486
Transfer to debt service fund	-	-	-	-
Total expenditures	<u>-</u>	<u>120,486</u>	<u>120,486</u>	<u>120,486</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 30,426</u>	<u>\$ (30,426)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	4220-X01-15-1000
Grant Date	N/A
Bond Authorization Date	5/23/2016
Bonds Authorized	\$ 120,486
Bonds Issued	N/A
Original Authorized Cost	\$ 120,486
Additional Authorized Cost	-
Revised Authorized Cost	\$ 120,486
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original target completion date	8/30/2017
Revised target completion date	8/30/2017

POINT PLEASANT BEACH SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Position
as of June 30, 2017

	<u>Food Services</u>	<u>EBS Technology</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 19,440	\$ 157,926
Accounts receivable:		
Local	-	75
State	124	-
Federal	4,269	-
Interfunds	-	84,133
Inventories	<u>9,022</u>	<u>-</u>
Total current assets	<u>32,855</u>	<u>242,134</u>
Fixed assets:		
Equipment	-	1,005,594
Accumulated depreciation	<u>-</u>	<u>(855,389)</u>
Total fixed assets	<u>-</u>	<u>150,205</u>
Total assets	<u>\$ 32,855</u>	<u>\$ 392,339</u>
Liabilities and Net Position		
Liabilities:		
Accounts payable	\$ 8,900	\$ -
Lease payable	<u>-</u>	<u>101,730</u>
Total liabilities	<u>8,900</u>	<u>101,730</u>
Net position:		
Net investment in capital assets	-	48,475
Restricted for other purposes	-	-
Unassigned	<u>23,955</u>	<u>242,134</u>
Total net position	<u>23,955</u>	<u>290,609</u>
Total liabilities and net position	<u>\$ 32,855</u>	<u>\$ 392,339</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Revenues, Expenses and
Changes in Net Position
for the Fiscal Years ended June 30, 2017

	<u>Food Services</u>	<u>EBS Technology</u>
Operating revenues:		
Local sources:		
Daily sales-reimbursable programs:		
School lunch program	\$ 111,904	\$ -
Total-daily sales-reimbursable programs	111,904	-
Daily sales non-reimbursable programs	62,551	-
Technology fee	-	-
EBS licensing revenue	-	111,134
Total operating revenues	<u>174,455</u>	<u>111,134</u>
Operating expenses:		
Salaries	146,916	-
Management fee	8,900	-
Cost of sales - reimbursable programs	88,905	-
Cost of sales - non-reimbursable programs	9,257	-
Depreciation	-	80,109
Miscellaneous	-	4,066
Interest expense	-	5,027
Total operating expenses	<u>253,978</u>	<u>89,202</u>
Operating income (loss)	<u>(79,523)</u>	<u>21,932</u>
Nonoperating revenues:		
State sources:		
State school lunch program	1,752	-
Federal sources:		
National school lunch program	57,919	-
Food distribution program	17,577	-
Special milk program	-	-
Loss on sale of computers	-	-
Interest income	19	150
Total nonoperating revenues	<u>77,267</u>	<u>150</u>
Change in net position	(2,256)	22,082
Transfer in	-	-
Total net position beginning	<u>26,211</u>	<u>268,527</u>
Total net position ending	<u>\$ 23,955</u>	<u>\$ 290,609</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Years ended June 30, 2017

	<u>Food Services</u>	<u>EBS Technology</u>	<u>Total Enterprise</u>
Cash Flows from Operating Activities:			
Operating loss	\$ (79,523)	\$ 21,932	\$ (57,591)
Adjustments to reconcile operating loss to cash provided by (used in) operating activities:			-
Depreciation expense	-	80,109	80,109
Loss on disposal of fixed assets	-	-	-
Food distribution program	17,577	-	17,577
Change in assets and liabilities:			-
Increase in inventory	(4,936)	-	(4,936)
(Increase)/decrease in local receivable	755	(75)	680
Decrease in interfund receivable	16,078	-	16,078
Decrease in accounts payable	(700)	-	(700)
Net cash provided by (used) in operating activities	<u>(50,749)</u>	<u>101,966</u>	<u>51,217</u>
Cash Flows from Noncapital Financing Activities:			
Transfer out	-	-	-
Interest income	19	150	169
Cash received from state and federal reimbursements	<u>59,671</u>	<u>-</u>	<u>59,671</u>
Net cash provided by noncapital financing activities	<u>59,690</u>	<u>150</u>	<u>59,840</u>
Cash flows from Capital Activities:			
Payments on lease payable	-	(99,247)	(99,247)
Sale of equipment	-	-	-
Purchase of equipment	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital activities	<u>-</u>	<u>(99,247)</u>	<u>(99,247)</u>
Net increase in cash and cash equivalents	8,941	2,869	11,810
Cash and cash equivalents, July 1	<u>10,499</u>	<u>155,057</u>	<u>165,556</u>
Cash and cash equivalents, June 30	<u>\$ 19,440</u>	<u>\$ 157,926</u>	<u>177,366</u>
Non-cash transaction:			
Equipment purchased through lease	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Trust		Agency		
	Unemployment Compensation Trust	Total Trust	Student Activity	Payroll Agency	Total Agency
ASSETS					
Cash and cash equivalents	\$ 45,476	\$ 45,476	\$ 223,667	\$ 688,531	\$ 912,198
Intergovernmental accounts receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>45,476</u>	<u>45,476</u>	<u>223,667</u>	<u>688,531</u>	<u>912,198</u>
LIABILITIES					
Accrued salaries and wages	-	-	-	419,955	419,955
Payroll deductions and withholdings	-	-	-	129,286	129,286
Payable to student groups	-	-	223,667	-	223,667
Interfund payable	-	-	-	139,290	139,290
Due to County Office	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>223,667</u>	<u>688,531</u>	<u>912,198</u>
NET POSITION					
Held in trust for unemployment claims and other purposes	45,476	45,476	-	-	-
Reserved for scholarships	-	-	-	-	-
Total net position	<u>45,476</u>	<u>45,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 45,476</u>	<u>\$ 45,476</u>	<u>\$ 223,667</u>	<u>\$ 688,531</u>	<u>\$ 912,198</u>

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

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	\$ -
Other	-
Total Contributions	-
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	59
Dividends	-
Less investment expense	-
Net investment earnings	59
Total additions	59
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	-
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	-
Change in net position	59
Net position—beginning of the year	45,417
Net position—end of the year	\$ 45,476

POINT PLEASANT BEACH SCHOOL DISTRICT
 Student Activity Agency Fund
 Statement of Activity
 For the Fiscal Year ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary School	\$ 56,602	156,545	161,017	\$ 52,130
High School	<u>131,556</u>	<u>552,137</u>	<u>512,156</u>	<u>171,537</u>
Total all schools	<u>\$ 188,158</u>	<u>708,682</u>	<u>673,173</u>	<u>\$ 223,667</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
 Payroll Agency Fund
 Statement of Changes in Assets and Liabilities
 For the Fiscal Year ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
ASSETS:				
Cash and cash equivalents	\$ 613,188	11,629,104	11,553,761	\$ 688,531
Total assets	<u>\$ 613,188</u>	<u>11,629,104</u>	<u>11,553,761</u>	<u>\$ 688,531</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 123,598	3,721,313	3,715,625	\$ 129,286
Accrued salaries and wages	350,300	7,907,791	7,838,136	419,955
Interfund payable	139,290	-	-	139,290
Other current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 613,188</u>	<u>11,629,104</u>	<u>11,553,761</u>	<u>\$ 688,531</u>

**POINT PLEASANT BEACH SCHOOL DISTRICT
Long-Term Debt
Statement of Serial Bonds
for the Fiscal Years ended June 30, 2017**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
Renovation of Elementary School	2/1/2006	\$ 5,434,000	1/13/2018	420,000	3.700%	2,190,000	-	405,000	1,785,000
			1/13/2019	435,000	3.700%				
			1/13/2020	455,000	3.700%				
			1/12/2021	475,000	3.700%				
2010 Refunding of 2001 Bond series	12/10/2010	\$ 2,345,000	7/15/2016	485,000	2.500%	485,000	-	485,000	-
2016 Temporary Notes	1/19/2016	\$ 2,500,000	7/21/2016	2,500,000	1.500%	2,500,000	-	2,500,000	-
			2016 School Bond Series	7/20/2016	\$ 9,900,000	7/15/2018	365,000	2.000%	-
			7/15/2019	380,000	2.000%				
			7/15/2020	395,000	2.000%				
			7/15/2021	410,000	2.000%				
			7/15/2022	425,000	2.000%				
			7/15/2023	440,000	2.000%				
			7/15/2024	455,000	2.000%				
			7/15/2025	470,000	2.000%				
			7/15/2026	490,000	2.000%				
			7/15/2027	510,000	2.000%				
			7/15/2028	525,000	2.000%				
			7/15/2029	545,000	2.125%				
			7/15/2030	570,000	2.250%				
			7/15/2031	590,000	2.500%				
			7/15/2032	615,000	2.500%				
			7/15/2033	640,000	2.500%				
			7/15/2034	665,000	2.625%				
			7/15/2035	690,000	2.750%				
			7/15/2036	720,000	2.800%				
						-	9,900,000	-	9,900,000
						<u>\$ 5,175,000</u>	<u>\$ 9,900,000</u>	<u>\$ 3,390,000</u>	<u>\$ 11,685,000</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
 Long-Term Debt
 Statement of Obligations Under Capital Leases
 June 30, 2017

<u>Date of Issue</u>	<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Principal Balance July 1, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Adjustment</u>	<u>Principal Balance Outstanding June 30, 2017</u>
4/11/14	Apple computer lease	2.50%	400,544	<u>200,977</u>	<u>-</u>	<u>99,247</u>		<u>101,730</u>
				<u>\$ 200,977</u>	<u>\$ -</u>	<u>\$ 99,247</u>	<u>\$ -</u>	<u>\$ 101,730</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
for the Fiscal Years ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 988,443	\$ -	\$ 988,443	\$ 988,443	\$ -
State Sources:					
Debt Service Aid Type II	-	-	-	-	-
Debt Service Aid Type I	-	-	-	-	-
Total - State Sources	-	-	-	-	-
Total Revenues	988,443	-	988,443	988,443	-
EXPENDITURES:					
Regular Debt Service:					
Interest	98,443	-	98,443	106,051	7,608
Redemption of Principal	890,000	-	890,000	3,390,000	2,500,000
Total Regular Debt Service	988,443	-	988,443	3,496,051	2,507,608
Total expenditures	988,443	-	988,443	3,496,051	2,507,608
Excess of Revenues Over Expenditures	-	-	-	(2,507,608)	(2,507,608)
Other Financing Uses:					
Transfer from general fund	-	-	-	7,608	(7,608)
Transfer from capital projects	-	-	-	2,500,000	(2,500,000)
	-	-	-	2,507,608	(2,507,608)
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

**Point Pleasant Beach School District
Statistical Section**

J series

Contents

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Financial Trends

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

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Revenue Capacity

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

103-106

Debt Capacity

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

107-110

Demographic and Economic Information

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

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Operating Information

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

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schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include

POINT PLEASANT BEACH SCHOOL DISTRICT
Net Assets/Position by Component
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net capital assets	\$ 18,579,272	\$ 18,934,134	\$ 19,188,686	\$ 19,367,640	\$ 19,676,060	\$ 20,018,320	\$ 20,446,090	\$ 20,850,502	\$ 21,268,526	\$ 11,905,964
Restricted	588,789	391,265	497,010	719,171	1,208,810	1,263,474	1,291,481	1,508,083	1,583,529	11,210,876
Unassigned	(288,656)	(346,331)	(345,565)	(216,098)	(244,506)	(227,733)	(211,627)	(4,544,492)	(4,723,933)	(4,939,079)
Total governmental activities net assets/position	<u>\$ 18,879,405</u>	<u>\$ 18,979,068</u>	<u>\$ 19,340,131</u>	<u>\$ 19,870,713</u>	<u>\$ 20,640,364</u>	<u>\$ 21,054,061</u>	<u>\$ 21,525,944</u>	<u>\$ 17,814,093</u>	<u>\$ 18,128,122</u>	<u>\$ 18,177,761</u>
Business-type activities										
Net capital assets	\$ 139,386	\$ 196,279	\$ 191,799	\$ 150,097	\$ 98,367	\$ 46,576	\$ (110,178)	\$ 12,622	\$ 29,337	\$ 48,475
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	416,914	291,878	255,447	276,549	235,781	262,667	367,464	273,292	265,401	266,089
Total business-type activities net assets/position	<u>\$ 556,300</u>	<u>\$ 488,157</u>	<u>\$ 447,246</u>	<u>\$ 426,646</u>	<u>\$ 334,148</u>	<u>\$ 309,243</u>	<u>\$ 257,286</u>	<u>\$ 285,914</u>	<u>\$ 294,738</u>	<u>\$ 314,564</u>
District-wide										
Net capital assets	\$ 18,718,658	\$ 19,130,413	\$ 19,380,485	\$ 19,517,737	\$ 19,774,427	\$ 20,064,896	\$ 20,335,912	\$ 20,863,124	\$ 21,297,863	\$ 11,954,439
Restricted	588,789	391,265	497,010	719,171	1,208,810	1,263,474	1,291,481	1,508,083	1,583,529	11,210,876
Unassigned	128,258	(54,453)	(90,118)	60,451	(8,725)	34,934	155,837	(4,271,200)	(4,458,532)	(4,672,990)
Total district net assets/position	<u>\$ 19,435,705</u>	<u>\$ 19,467,225</u>	<u>\$ 19,787,377</u>	<u>\$ 20,297,359</u>	<u>\$ 20,974,512</u>	<u>\$ 21,363,304</u>	<u>\$ 21,783,230</u>	<u>\$ 18,100,007</u>	<u>\$ 18,422,860</u>	<u>\$ 18,492,325</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 406,377	\$ 127,905	\$ 106,755	\$ 719,171	\$ 1,208,810	\$ 1,263,474	\$ 1,291,481	\$ 1,508,083	\$ 1,583,529	\$ 1,310,876
Unreserved	221,574	183,729	205,290	291,047	255,219	248,511	265,976	273,036	294,245	283,227
Total general fund	<u>\$ 627,951</u>	<u>\$ 311,634</u>	<u>\$ 312,045</u>	<u>\$ 1,010,218</u>	<u>\$ 1,464,029</u>	<u>\$ 1,511,985</u>	<u>\$ 1,557,457</u>	<u>\$ 1,781,119</u>	<u>\$ 1,877,774</u>	<u>\$ 1,594,103</u>
All Other Governmental Funds										
Reserved	\$ 182,412	\$ 3,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	1,551,866	1,535,488
Debt service fund	-	-	-	5,597	5,597	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 182,412</u>	<u>\$ 3,069</u>	<u>\$ -</u>	<u>\$ 5,597</u>	<u>\$ 5,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,551,866</u>	<u>\$ 1,535,488</u>

POINT PLEASANT BEACH SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 9,899,757	\$ 10,258,605	\$ 10,630,772	\$ 11,453,492	\$ 11,561,910	\$ 11,763,593	\$ 12,030,153	\$ 12,528,267	\$ 12,883,402	\$ 13,142,471
Tuition charges	1,669,918	2,010,352	2,037,167	1,967,368	1,748,922	1,799,385	1,736,084	1,736,539	1,766,266	1,756,591
Interest earnings	45,802	17,339	6,202	10,010	843	905	3,016	2,340	8,578	4,525
Miscellaneous	67,030	30,341	202,749	35,814	346,472	43,513	144,141	222,184	69,477	24,228
State sources	2,347,666	1,704,145	1,726,630	1,268,955	1,614,273	1,945,389	1,787,067	1,671,555	1,718,818	1,562,367
Federal sources	312,854	276,636	457,100	335,153	288,063	319,964	315,598	307,352	364,838	354,560
Total revenue	14,343,027	14,297,418	15,060,620	15,070,792	15,560,483	15,872,749	16,016,059	16,468,237	16,811,379	16,844,742
Expenditures										
Current:										
Regular instruction	4,268,562	4,383,688	4,536,753	4,602,596	4,774,063	4,589,635	4,641,838	4,921,786	4,942,891	5,064,793
Special education instruction	1,021,073	1,002,427	988,846	1,067,875	1,089,601	1,150,223	1,331,698	1,318,468	1,228,211	1,320,697
Other special instruction	678,512	715,317	741,070	702,175	759,124	776,108	802,664	837,216	839,782	862,725
Support services and undistributed costs:										
Instruction	266,182	315,766	360,499	339,214	363,618	386,703	355,828	319,859	462,618	361,319
Attendance	78,545	124,999	141,526	170,134	174,248	179,947	216,904	222,074	254,817	215,401
Health services	192,490	224,486	284,491	309,749	340,220	348,477	373,503	423,584	426,868	404,279
Other support services	933,910	978,258	1,187,339	882,517	648,252	981,075	825,300	754,145	917,724	1,040,358
Educational media services	80,514	139,382	184,759	197,853	206,286	213,633	217,794	216,829	233,983	169,528
Instruction staff training	-	-	-	-	-	-	-	-	-	-
General administrative services	328,127	324,326	339,506	297,585	286,281	304,334	327,909	331,203	304,192	339,284
School administrative services	394,368	398,941	421,889	410,715	386,592	399,959	411,485	422,098	406,054	390,582
Information technology	335,468	290,637	294,694	293,716	273,850	290,501	272,808	263,147	261,994	269,955
Allowed maintenance for school facilit	82,427	94,094	144,108	86,822	245,482	252,489	180,034	90,838	113,265	119,593
Other operation & maintenance of plai	1,167,021	1,279,282	1,283,694	1,212,713	1,037,227	1,065,051	1,161,637	1,201,740	1,208,724	1,420,571
Student transportation services	236,715	241,352	161,806	200,706	252,871	305,212	319,328	322,118	322,133	350,151
Business and other support services	-	-	-	-	-	-	-	-	-	-
Unallocated employee benefits	2,007,171	2,035,950	2,010,437	2,010,834	2,167,535	2,210,179	2,340,547	2,502,878	2,658,660	2,746,312
Non-budgeted expenditures	1,407,192	838,697	880,468	900,956	1,080,324	1,364,798	1,173,008	1,035,989	1,078,099	906,685
Special schools	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	611,737	636,737	661,735	691,737	761,737	781,737	806,736	835,000	855,000	3,390,000
Interest and other charges	351,907	328,301	303,737	235,602	204,237	179,598	158,347	136,315	112,688	106,051
Capital outlay	2,535,704	180,138	5,957	106,768	55,124	50,731	53,219	89,288	1,035,155	7,566,507
Total expenditures	16,977,625	14,532,778	14,933,314	14,720,267	15,106,672	15,830,390	15,970,587	16,244,575	17,662,858	27,044,791
Excess (Deficiency) of revenues over (under) expenditures	(2,634,598)	(235,360)	127,306	350,525	453,811	42,359	45,472	223,662	(851,479)	(10,200,049)
Other Financing sources (uses)										
FEMA Aid	-	-	-	-	-	42,165	-	-	-	-
Sale of bonds	-	-	-	-	-	-	-	-	2,500,000	9,900,000
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Proceeds from refunding	-	-	-	2,345,000	-	-	-	-	-	-
Payments to escrow agent	-	-	-	(2,382,019)	-	(42,165)	-	-	-	-
Transfers in	23,863	5,839	928	-	-	-	-	-	4,525	7,608
Transfers out	(23,863)	(5,839)	(928)	-	-	-	-	-	(4,525)	(7,608)
Total other financing sources (uses)	-	-	-	(37,019)	-	-	-	-	2,500,000	9,900,000
Net change in fund balances	(2,634,598)	(235,360)	127,306	313,506	453,811	42,359	45,472	223,662	1,648,521	(300,049)
Debt service as a percentage of noncapital expenditures	4.24%	4.44%	4.43%	4.73%	5.06%	4.95%	5.07%	5.17%	5.14%	17.40%

Source: District records

POINT PLEASANT BEACH SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
UNAUDITED

Fiscal Year Ending June 30,	Tuition	Transportation	Interest on Investments	Prior Year Refunds	Rentals	Miscellaneous	Annual Totals
2008	1,669,918	-	21,939	-	-	67,030	1,758,887
2009	2,010,352	-	11,500	-	-	30,341	2,052,193
2010	2,037,167	-	5,274	-	-	202,749	2,245,190
2011	-	-	525	-	-	85,000	85,525
2012	1,748,922	-	843	-	-	346,472	2,096,237
2013	1,799,385	-	905	-	-	43,513	1,843,803
2014	465,418	-	905	-	-	144,141	610,464
2015	595,363	-	2,517	-	-	222,184	820,064
2016	619,553	-	8,754	-	-	69,477	697,784
2017	619,553	-	4,694	-	-	24,228	648,475

Source: District records

**POINT PLEASANT BEACH SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
UNAUDITED**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	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	95,929,700	1,939,485,200	-	-	503,915,800	-	15,557,500	2,554,888,200	127,013,600	643,577	2,428,518,177	2,417,985,047	0.402
2009	88,482,500	1,948,969,850	-	-	491,688,300	-	15,202,900	2,544,343,550	131,215,700	684,138	2,413,811,988	2,450,702,000	0.418
2010	95,255,000	1,942,089,980	-	-	481,993,000	14,195,300	496,188,300	3,029,721,580	130,642,900	667,244	2,899,745,924	2,363,907,845	0.448
2011	85,367,400	1,936,501,300	-	-	437,524,700	-	14,195,250	2,473,588,650	130,642,900	1,629,103	2,344,574,853	2,532,643,224	0.464
2012	78,410,100	1,933,842,500	-	-	439,209,200	-	14,195,200	2,465,657,000	130,642,900	525,153	2,335,539,253	2,303,771,826	0.475
2013	56,034,800	1,480,160,500	-	-	327,543,200	-	12,110,700	1,875,849,200	113,658,000	210,914	1,762,402,114	2,061,599,297	0.637
2014	94,330,400	1,485,734,900	-	-	335,788,000	-	12,655,900	1,928,509,200	113,491,300	363,997	1,815,381,897	2,127,374,246	0.646
2015	95,046,200	1,504,470,600	-	-	338,044,400	-	12,779,100	1,950,340,300	114,340,300	363,997	1,836,363,997	2,065,287,933	0.657
2016	87,840,600	1,535,585,500	-	-	338,309,800	-	12,779,100	1,974,515,000	113,721,000	363,997	1,860,794,000	2,095,085,265	0.659
2017	87,996,100	1,548,780,600	-	-	337,182,100	-	12,710,100	1,986,668,900	114,535,800	-	1,872,133,100	2,056,358,050	0.653

Source: Municipal Tax Assessor

* A revaluation was enacted for 2007

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 the County Board of Taxation requests Treasury to order a reassessment

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

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

POINT PLEASANT BEACH SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Per \$100 of Assessed Valuation
Last ten fiscal years
UNAUDITED

Assessment Year	Pt. Pleasant Beach School District	Pt. Pleasant Beach Township	Ocean County	Total
2008	0.402	0.221	0.282	0.905
2009	0.418	0.226	0.292	0.936
2010	0.448	0.242	0.315	1.005
2011	0.464	0.262	0.318	1.044
2012	0.475	0.292	0.331	1.098
2013	0.637	0.393	0.414	1.444
2014	0.646	0.404	0.449	1.499
2015	0.657	0.409	0.440	1.506
2016	0.659	0.417	0.442	1.518
2017	0.653	0.424	0.434	1.511

Source: Tax Collector

POINT PLEASANT BEACH SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago
UNAUDITED

	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Jenkinson's	\$ 95,170,200	1	4.79%	\$ -	0	0.00%
Chef's International, Inc.	12,483,800	2	0.63%	-	0	0.00%
1106 Ocean Ave Inc.	12,088,500	3	0.61%	-	0	0.00%
Cameryn & Dalton	11,366,200	4	0.57%	-	0	0.00%
Tower Beacon Gardens	9,158,400	5	0.46%	-	0	0.00%
Senkle Corporation	8,080,200	6	0.41%	-	0	0.00%
Risden's Beach Corp.	7,384,500	7	0.37%	-	0	0.00%
Lammers, William	5,808,400	8	0.29%	-	0	0.00%
Lombardi Residential	4,917,800	9	0.25%	-	-	0.00%
Daniel Cohen	4,544,900	10	0.23%	-	0	0.00%
Total	\$ 171,002,900		8.61%	\$ -		0.00%

Source: Municipal Tax Assessor

POINT PLEASANT BEACH SCHOOL DISTRICT
Municipal Property Tax Levies and Collections
Last ten years
UNAUDITED

<u>Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of tax Levy Collected</u>
2008	23,221,858	22,633,123	97.46%
2009	23,890,944	23,167,721	96.97%
2010	25,519,529	24,779,817	97.10%
2011	25,930,644	25,336,851	97.71%
2012	27,125,914	26,239,124	96.73%
2013	27,126,805	26,739,057	98.57%
2014	29,051,282	28,613,337	98.49%
2015	29,366,244	29,179,615	98.68%
2016	29,956,331	29,672,370	99.05%
2017	30,206,464	-	0.00%

Source: Ocean County Board of Taxation

POINT PLEASANT BEACH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
UNAUDITED

Year Ended June 30,	Governmental Activities		Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Capital Leases			
2007	9,227,156	-	-	9,227,156	0.004374912	40,368
2008	8,615,419	-	327,771	8,943,190	0.46232944%	41,347
2009	7,978,682	-	240,348	8,219,030	0.49412157%	40,612
2010	7,316,947	-	164,240	7,481,187	0.54388428%	40,689
2011	5,171,736	-	197,430	5,369,166	0.78449800%	42,121
2012	5,953,473	-	290,236	6,243,709	0.68894947%	43,016
2013	5,171,736	-	197,430	5,369,166	0.80485498%	43,214
2014	4,365,000	-	500,710	4,865,710	0.00000000%	-
2015	3,530,000	-	297,801	3,827,801	0.00000000%	-
2016	5,175,000	-	200,977	5,375,977	0.00000000%	-
2017	11,685,000	-	101,730	11,786,730	0.00000000%	-

Note: GASB 44 requires this schedule to list out ten years of data, however only the years listed above are available. As the information becomes available it will be shown until the full ten years is disclosed.

POINT PLEASANT BEACH SCHOOL DISTRICT
Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita
Last ten fiscal years
UNAUDITED

<u>Fiscal Year Ended June 30, _</u>	<u>School District Population</u>	<u>Net Assessed Valuation Taxable</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2008	5,429	2,149,149,181	8,615,419	0.40%	1,587
2009	5,445	2,149,149,181	7,978,682	0.37%	1,465
2010	4,670	2,149,149,181	7,316,947	0.34%	1,567
2011	4,677	2,532,643,224	6,715,210	0.27%	1,436
2012	4,680	2,303,771,826	5,953,473	0.26%	1,272
2013	4,646	1,875,849,200	5,953,473	0.32%	1,281
2014	4,640	1,928,553,100	11,640,000	0.60%	2,509
2015	4,640	1,928,553,100	11,640,000	0.60%	2,509
2016	4,665	1,974,515,000	9,640,000	0.49%	2,066
2017	4,665	1,986,668,900	11,685,000	0.59%	2,505

Source: Assessed valuations were provided by the Abstract of Ratables,
County Board of Taxation.
School district population data was provided by the
U.S. Bureau of the Census, Population Division.

POINT PLEASANT BEACH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
General Debt	\$ 25,820,213	0.000%	\$ -
Water, Sewer and Utility	5,174,789	0.000%	\$ -
Subtotal, overlapping debt			30,995,002
District Direct Debt			<u>11,685,000</u>
Total direct and overlapping debt			<u><u>\$ 42,680,002</u></u>

Sources: Statutory Audits of Local Government Units and Ocean County Department of Finance.

POINT PLEASANT BEACH SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years
UNAUDITED

Equalized valuation basis	
	2017 1,986,668,900
	2016 1,974,515,000
	2015 1,928,553,100
	[A] <u>\$ 5,889,737,000</u>
	[A/3] \$ 1,963,245,667
Debt limit (4 % of average)	[B] 78,529,827 ^a
Total Net Debt Applicable	[C] -
Legal debt margin	[B-C] <u>\$ 78,529,827</u>

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 46,467,378	46,467,378	46,467,378	33,346,580	96,004,305	31,297,302	30,490,459	35,076,819	37,072,884	78,529,827
Total net debt applicable to limit	<u>7,674,058</u>	<u>7,316,947</u>	<u>7,316,947</u>	<u>6,715,210</u>	<u>5,953,473</u>	<u>5,171,736</u>	<u>4,365,000</u>	<u>3,530,000</u>	<u>5,175,000</u>	<u>11,685,000</u>
Legal debt margin	<u>\$ 38,793,320</u>	<u>\$ 39,150,431</u>	<u>\$ 39,150,431</u>	<u>26,631,370</u>	<u>\$ 90,050,832</u>	<u>\$ 26,125,566</u>	<u>\$ 26,125,459</u>	<u>\$ 31,546,819</u>	<u>\$ 31,897,884</u>	<u>\$ 66,844,827</u>
Total net debt applicable to the limit as a percentage of debt limit	16.51%	15.75%	15.75%	20.14%	6.20%	16.52%	14.32%	10.06%	13.96%	14.88%

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 NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

Note: GASB 44 requires this schedule to list out ten years of data, however only the years listed above are available. As the information becomes available it will be shown until the full ten years is disclosed.

POINT PLEASANT BEACH SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	5,429	224,375,141	41,329	4.30%
2009	5,445	216,416,970	39,746	7.10%
2010	4,665	186,133,500	39,900	9.60%
2011	4,651	192,830,460	41,460	9.30%
2012	4,640	197,195,360	42,499	8.00%
2013	4,603	195,963,519	42,573	6.30%
2014	4,567	202,596,687	44,361	5.90%
2015	4,552	210,856,457	46,109	4.60%
2016	4,544	-	-	0.00%
2017	-	-	-	0.00%

Source:

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

POINT PLEASANT BEACH SCHOOL DISTRICT
Principal Employers,
Current Year and Nine Years Ago
UNAUDITED

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
N/A		1	0.00%			0.00%
		2	0.00%			0.00%
		3	0.00%			0.00%
		4	0.00%			0.00%
		5	0.00%			0.00%
		6	0.00%			0.00%
		7	0.00%			0.00%
		8	0.00%			0.00%
		9	0.00%			0.00%
		10	0.00%			0.00%
		-	-			-
		-	-			-
		-	-			-
	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

Source:

POINT PLEASANT BEACH SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
UNAUDITED

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	69.5	69.5	70	66	67	64	64	65	63	64
Special education teachers	14.0	14.0	14	16	18.5	18	18	17	18.6	20
Other special education										
Vocational										
Other instruction	20.1	22.0	19	16	17.5	24	25	27	25.5	20
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	6.0	7.0	9	7	7	7	7	7	7	7
General administration	1.0	1.0	1	1	1	1	1	1	1	1
School administrative services	4.0	4.0	4	4	3	3	3	3.5	4	5
Other administrative services	6.5	6.5	6.5	6.5	4	3	3	3	3	3
Central services										
Administrative Information Technology	1.0	1.0	1	1	1	1	1	1	1	1
Plant operations and maintenance	13.0	12.0	12	10	10.5	11	10	10.5	9	10
Pupil transportation	2.0	2.0	3	3	2	2	2	2	2	2
Other support services	8.0	8.0	8	8	8	13.5	13.5	13.5	13.5	13.5
Special Schools										
Food Service										
Child Care										
Total	145.1	147.0	147.5	138.5	139.5	147.5	147.5	150.5	147.6	146.5

POINT PLEASANT BEACH SCHOOL DISTRICT
 Operating Statistics,
 Last Ten Fiscal Years
 UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	851.0	12,964,011	15,234	17.46%	83.50	10.2:1	838.2	791.3	4.12%	94.40%
2009	800.0	12,981,613	16,227	6.52%	83.50	9.6:1	872.2	826.7	4.06%	94.78%
2010	897.0	13,371,431	14,907	-8.14%	84.00	10.7:1	885.9	837.9	1.57%	94.58%
2011	894.0	13,405,872	14,995	0.59%	82.00	10.9:1	894.7	843.7	0.99%	94.30%
2012	916.0	13,757,900	15,020	0.16%	85.50	10.7:1	877.3	833.4	-1.94%	95.00%
2013	871.0	14,452,485	16,593	10.48%	82.00	10.6:1	812.1	809.7	-7.43%	99.70%
2014	843.0	14,580,634	17,296	4.24%	82.00	10.3:1	824.6	774.9	1.54%	93.97%
2015	848.0	15,195,082	17,919	3.60%	82.00	10.3:1	847.0	800.1	2.72%	94.46%
2016	830.0	15,786,894	19,020	6.15%	81.60	10.2:1	822.3	773.9	-2.92%	94.12%
2017	830.0	16,378,825	19,734	10.13%	84.00	9:9:1	798.8	752.0	-5.69%	94.14%

Sources: District records

POINT PLEASANT BEACH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
UNAUDITED

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District Building										
<u>Elementary</u>										
G. Harold Antrim Elementary School										
Square Feet	68,200	68,200	68,200	68,200	68,200	68,200	68,200	68,200	68,200	68,200
Capacity (students)	615	615	615	615	615	615	615	615	615	615
Enrollment	498	478	500	500	494	482	473	450	431	417
<u>High School</u>										
Point Pleasant Beach High School										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
Capacity (students)	580	580	580	580	580	580	580	580	580	580
Enrollment	363	397	417	416	422	389	370	398	399	413

Number of Schools at June 30, 2015

- Elementary = 1
- Middle School = 0
- Senior High School = 1

Source: District Facilities Office

POINT PLEASANT BEACH SCHOOL DISTRICT
 Schedule of Required Maintenance
 For the Fiscal Year Ended June 30, 2017
 Undistributed Expenditures - required
 Maintenance For School Facilities
 11-000-261-XXX
 UNAUDITED

		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
School Facilities:	Project # (s)										
G. Harold Antrim Elementary School	N/A	71,344	81,600	34,861	46,016	43,903	60,526	78,498	36,335	45,306	71,884
Point Pleasant Beach High School	N/A	11,083	12,676	52,290	40,806	65,854	53,674	117,748	54,503	67,959	47,709
		-	-	-							
Total School Facilities		<u>82,427</u>	<u>94,276</u>	<u>87,151</u>	<u>86,822</u>	<u>109,757</u>	<u>114,200</u>	<u>196,246</u>	<u>90,838</u>	<u>113,265</u>	<u>119,593</u>
Other Facilities		-	-	-							
Grand Total		<u>\$ 82,427</u>	<u>\$ 94,276</u>	<u>\$ 87,151</u>	<u>\$ 86,822</u>	<u>\$ 109,757</u>	<u>\$ 114,200</u>	<u>\$ 196,246</u>	<u>\$ 90,838</u>	<u>\$ 113,265</u>	<u>\$ 119,593</u>

*School Facilities as defined under EFCFA
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)

POINT PLEASANT BEACH SCHOOL DISTRICT
Insurance Schedule
June 30, 2017
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Multi Peril Package Policy		
Property - NJ School Board Insurance		
Blanket Building and Contents	\$ 450,000,000	5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Papers and Records	10,000,000	5,000
Demolition & Increased Costs of Construction	25,000,000	5,000
Fire Department Service Charge/Arson Reward	10,000	5,000
Flood Zones A & V	25,000,000	500,000
Flood Zone B	75,000,000	10,000
Earthquake	50,000,000	-
Terrorism	1,000,000	-
General Liability - New Jersey School Boards		
Comprehensive General Liability	16,000,000	-
Bodily Injury, Property Damage, Sexual Abuse	16,000,000	-
Each Occurrence	-	-
Sexual Abuse	16,000,000	-
Medical Expense	10,000	100
Employee Benefits Programs	16,000,000	1,000
Crime - NJ School Boards		
Employee Dishonesty	250,000	1,000
Forgery or Alteration	250,000	1,000
Money and Securities	25,000	500
Money Orders/Counterfeit	25,000	500
Computer Fraud	250,000	1,000
Automobile - NJSBAIG		
Comprehensive Automobile Liability	16,000,000	-
Uninsured/Underinsured Motorist	1,000,000	-
Personal Injury Protection	250,000	-
Garage keepers Liability	1,000,000	-
Comprehensive & Collision Deductibles		1,000
Inland Marine		
Blanket Hardware/Software	1,000,000	1,000
Flood	1,000,000	500,000
Errors and Omissions - N.J. School Boards		
Association Insurance Group	16,000,000	5,000
Boiler and Machinery - N.J. School Boards		-
Association Insurance Group	100,000,000	5,000
Umbrella Liability - N.J. School Boards		
Association Insurance Group		
CAP - Fireman's Fund		
Limit of Liability	50,000,000	-
Workers Compensation - NJ School Boards		
Section A	Statutory	
Section B	2,000,000	Each Accident
	2,000,000	Each Employee
	2,000,000	Aggregate Limit
Student Accident Insurance		
Maximum Benefit Blanket Athletic Coverage		
Including Football	5,000,000	
Public Official Bonds - Selective Insurance Co.		
Barbara Lane Scharmann, Treasurer	200,000	
Brian Savage, Business Administrator/ Board Secretary	200,000	
Flood Insurance		
299 Cooks Lane	500,000	5,000
	500,000	5,000
	500,000	5,000
	500,000	5,000

Source: District Records

SINGLE AUDIT SECTION

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

Honorable President and
Members of the Board of Education
Point Pleasant Beach
County of Ocean
Pt. Pleasant 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Board of Education of the Point Pleasant Beach in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Board of Education of the Point Pleasant Beach basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

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

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

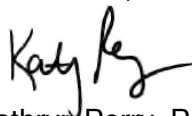
As part of obtaining reasonable assurance about whether the Board of Education of Point Pleasant Beach financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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 Division of 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 in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted

Jump, Perry and Company, LLP
Toms River, New Jersey



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

Toms River, New Jersey
November 20, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and
Members of the Board of Education
Point Pleasant Beach
County of Ocean
Pt. Pleasant Beach, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited Point Pleasant Beach School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Point Pleasant Beach's major federal programs for the year ended June 30, 2017. Point Pleasant Beach's major federal 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Point Pleasant Beach's major federal and 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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. Those standards, the Uniform Guidance and the New Jersey OMB 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about Point Pleasant Beach'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 federal and state program. However, our audit does not provide a legal determination of Point Pleasant Beach's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Point Pleasant Beach 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 federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Point Pleasant Beach 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 Point Pleasant Beach's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB 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 Point Pleasant Beach'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 federal and 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 federal and 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 federal and 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.

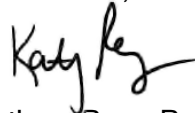
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Purpose of Report

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 the Uniform Guidance and New Jersey State OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

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



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

Toms River, New Jersey
November 20, 2017

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2016</u>	<u>Carryover Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior years' Balances</u>	<u>Deferred Revenue at June 30, 2017</u>	<u>(Accounts Receivable) at June 30, 2017</u>	<u>Due to Grantor at June 30, 2017</u>
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Enterprise Fund:											
Food Distribution Program	10.565	7/1/16-6/30/17	\$ 17,577	\$ -	\$ -	\$ 17,577	\$ (17,577)	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	10.555	7/1/16-6/30/17	57,919	-	-	53,650	(57,919)	-	-	(4,269)	-
National School Lunch Program	10.555	7/1/15-6/30/16	64,341	(5,000)	-	-	-	-	-	-	-
Total Enterprise Fund				(5,000)	-	71,227	(75,496)	-	-	(4,269)	-
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
I.D.E.A. Part B Basic Regular	84.027	9/1/15-8/31/16	223,466	2,271	(2,271)	-	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	9/1/16-8/31/17	218,145	-	-	194,989	(215,775)	-	-	(20,786)	-
I.D.E.A. Part B Preschool	84.173	9/1/16-8/31/17	6,933	-	-	-	(6,933)	-	-	(6,933)	-
Title I	84.010	9/1/16-8/31/17	112,771	-	-	53,687	(112,771)	-	-	(59,084)	-
Title II	84.168	9/1/15-8/31/16	20,324	1,343	(1,343)	-	-	-	-	-	-
Title II	84.168	9/1/16-8/31/17	19,081	-	-	-	(19,081)	-	-	(19,081)	-
Total Special Revenue Fund				3,614	(3,614)	248,676	(354,560)	-	-	(105,884)	-
Total Expenditures of Federal Financial Awards				\$ (1,386)	\$ (3,614)	\$ 319,903	\$ (430,056)	\$ -	\$ -	\$ (110,153)	\$ -

See accompanying notes to schedules of expenditures.

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

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2016							Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2017	(Accounts Receivable) at June 30, 2017	Due to Grantor at June 30, 2017	MEMO	
			Award Amount	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Budgetary Receivable						Total Expenditures	
State Department of Agriculture:																
Enterprise Fund:																
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/15-6/30/16	\$ 2,066	\$ (148)	\$ -	\$ -	\$ 148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16-6/30/17	1,752	-	-	-	1,628	(1,752)	-	-	-	(124)	-	-	-	1,752
Total Enterprise Fund				(148)	-	-	1,776	(1,752)	-	-	-	(124)	-	-	-	1,752
State Department of Education:																
General Fund:																
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	395,137	(33,587)	-	-	33,587	-	-	-	-	-	-	-	-	-
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	400,732	-	-	-	-	(400,732)	-	-	-	-	-	34,244	400,732	
Extraordinary Aid	17-495-034-5120-011	7/1/16-6/30/17	30,905	-	-	-	-	(30,905)	-	-	(30,905)	-	30,905	30,905	-	
Extraordinary Aid	16-495-034-5120-011	7/1/15-6/30/16	51,255	(51,255)	-	-	51,255	-	-	-	-	-	-	-	-	
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	62,548	(5,317)	-	-	5,317	-	-	-	-	-	-	-	-	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	63,340	-	-	-	-	(63,340)	-	-	-	-	5,412	63,340		
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	388	(33)	-	-	33	-	-	-	-	-	-	-	-	
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	388	-	-	-	-	(388)	-	-	-	-	33	388		
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	10,732	(912)	-	-	912	-	-	-	-	-	-	-	-	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	12,489	-	-	-	-	(12,489)	-	-	-	-	1,067	12,489		
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	6,330	(538)	-	-	538	-	-	-	-	-	-	-	-	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	6,330	-	-	-	-	(6,330)	-	-	-	-	541	6,330		
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	6,330	(538)	-	-	538	-	-	-	-	-	-	-	-	
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	6,330	-	-	-	-	(6,330)	-	-	-	-	541	6,330		
Professional learning community aid	17-495-034-5120-101	7/1/16-6/30/17	6,790	-	-	-	-	(6,790)	-	-	-	-	580	6,790		
On-behalf TPAF Pension Contribution	17-100-034-5095-002	7/1/16-6/30/17	730,894	-	-	-	730,894	(730,894)	-	-	-	-	-	730,894		
On-Behalf TPAF Post-Retirement Medic	17-100-034-5095-001	7/1/16-6/30/17	609,001	-	-	-	609,001	(609,001)	-	-	-	-	-	609,001		
On-Behalf TPAF Long-Term Disability In	17-100-034-5095-004	7/1/16-6/30/17	1,218	-	-	-	1,218	(1,218)	-	-	-	-	-	1,218		
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/15-6/30/16	296,466	-	-	-	296,466	(296,466)	-	-	-	-	-	296,466		
Total General Fund				(92,180)	-	-	1,729,759	(2,164,883)	-	-	(30,905)	-	73,323	2,164,883		
Special Revenue Fund:																
Chapter 192/193	16-100-034-5120-067	7/1/15-6/30/16	74,736	-	6,675	-	-	-	(6,675)	-	-	-	-	-	-	
Chapter 192/193	17-100-034-5120-067	7/1/16-6/30/17	84,473	-	-	-	84,473	(84,473)	-	-	-	-	-	84,473		
Security	17-100-034-5120-068	7/1/16-6/30/17	10,150	-	-	-	10,150	(10,150)	-	-	-	-	-	10,150		
Technology	16-100-034-5120-372	7/1/15-6/30/16	5,772	-	12	-	-	-	(12)	-	-	-	-	-		
Technology	17-100-034-5120-373	7/1/16-6/30/17	5,278	-	-	-	5,278	(5,277)	-	-	-	1	-	5,277		
Textbooks	17-100-034-5120-064	7/1/16-6/30/17	11,701	-	-	-	11,701	(11,701)	-	-	-	-	-	11,701		
Nursing	17-100-034-5120-070	7/1/16-6/30/17	18,270	-	-	-	18,270	(18,270)	-	-	-	-	-	18,270		
Nursing	16-100-034-5120-070	7/1/15-6/30/16	19,980	-	3,678	-	-	-	(3,678)	-	-	-	-	-		
Total Special Revenue Fund				-	10,365	-	129,872	(129,871)	(10,365)	-	-	1	-	129,871		
Total State Financial Assistance for testing			\$	(92,328)	\$ 10,365	\$ -	\$ 1,861,407	\$ (2,296,506)	\$ (10,365)	\$ -	\$ (31,029)	\$ 1	\$ 73,323	\$ 2,296,506		
State Financial Assistance Not Subject to Single Audit Determination																
				-	-	-	1,341,113	(1,341,113)	-	-	-	-	-	-	1,341,113	
Total State Financial Assistance			\$	(92,328)	\$ 10,365	\$ -	\$ 520,294	\$ (955,393)	\$ (10,365)	\$ -	\$ (31,029)	\$ 1	\$ 73,323	\$ 3,637,619		

See accompanying notes to schedules of expenditures.

Point Pleasant Beach School District

Notes to Schedules of Expenditures of Awards and Financial Assistance

June 30, 2017

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

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 are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Point Pleasant Beach School District

Notes to Schedules of Expenditures of Awards and
Financial Assistance (continued)

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(732,387) for the general fund and \$- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	1,432,496	\$ 1,432,496
Special Revenue Fund	354,560	129,871	484,431
Food Service Fund	<u>75,496</u>	<u>1,752</u>	<u>77,248</u>
Total awards and financial assistance	<u>\$ 430,056</u>	<u>1,564,119</u>	<u>\$ 1,994,175</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

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

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

Point Pleasant 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 Statement Section

Type of auditor’s report issued: Unmodified opinion

Internal control over financial reporting:

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

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

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

Federal Awards Section - N/A

Internal Control over major programs: N/A

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

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

Type of auditor’s report issued on compliance for major programs: N/A

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

Identification of major programs:

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

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

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

Point Pleasant 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 Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ none reported

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

Internal Control over major programs:

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

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

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

Identification of major programs:

GMIS Number(s)	Name of State Program
State Aid-Public (Cluster)	
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness
495-034-5120-101	Professional Learning Community Aid

Section II - Financial Statement Findings

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

Section III - State Award Findings and Questioned Costs

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

Point Pleasant Beach School District
Summary Schedule of Prior-Year Audit Findings
For the Fiscal Year Ended June 30, 2017

STATUS OF PRIOR YEAR FINDINGS

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