

BAYSHORE JOINTURE COMMISSION

Tinton Falls, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BAYSHORE JOINTURE COMMISSION

TINTON FALLS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by

**BAYSHORE JOINTURE COMMISSION
Finance Department**

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INTRODUCTORY SECTION

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Bayshore Jointure Commission
The Shore Center for Students with Autism



February 8, 2019

Honorable President and
Members of the Board of Directors
Bayshore Jointure Commission

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Bayshore Jointure Commission (Commission) for the fiscal year ended June 30, 2018, is hereby submitted. This CAFR includes the Commission's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors (Board). To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission'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 Commission's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Commission's financial position and operating results and other schedules. The statistical section includes selected financial information. The Commission is not required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)* or the New Jersey State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.

REPORTING ENTITY AND ITS SERVICES: The Bayshore Jointure Commission is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the Commission are included in this report. The Bayshore Jointure Commission and

the Member Districts constitute the Commission's reporting entity. The Bayshore Jointure Commission, which was established by the State Board of Education upon the recommendation of Education Commissioner Gagliardi on August 1, 2001, included eight Bayshore Districts: Atlantic Highlands, Hazlet, Henry Hudson Regional, Highlands, Keansburg, Keyport, Union Beach and Matawan-Aberdeen Regional. The Jointure was formed as an outgrowth of the Bayshore Consortium, which had been in existence for over 12 years. The Commission provided staff development including SRA training, hosted a Bayshore honors band, transportation, nursing, parent and sibling groups, an autism conference and several other educational services. The Commission relocated to 100 Tornillo Way in July 2010. This program addresses the needs for children on the autism spectrum.

ECONOMIC CONDITION AND OUTLOOK: The communities involved in the Jointure Commission share many similarities that are unique to them. The following synopses have been provided by the participating school districts:

ATLANTIC HIGHLANDS

Although Atlantic Highlands is a stable, older, year-round community, we have witnessed a heightened interest in property ownership with property values remaining stable. This is also evidenced in an increase in the ratables and the renovation of the main business district. The appeal of this shoreline community is due in part, to its proximity to Manhattan and the prosperous harbor.

Atlantic Highlands Elementary School continues to provide an exceptional educational experience for all students. The breadth of programs from special education to gifted and talented meets each child's unique needs. The school demonstrates a continuing emphasis on curriculum alignment to the core curriculum content standard in Language Arts Literacy, Reading and Mathematics.

HAZLET TOWNSHIP

Hazlet Township is a suburban community of approximately 22,000 residents located in Monmouth County in the coastal region of central New Jersey. The school community is a preschool through twelfth grade district comprised of almost 3,000 students. Our schools consist of an early child learning center for preschool and kindergarten, three first through fourth grade schools, two schools serving students in grades five and six, one middle school and one high school.

Our entire school community is committed to developing the unique abilities of each child. We strive to inspire our students to achieve personal excellence, as well as to realize his/her full potential. It is our desire that each student will become a lifelong learner and ultimately, a productive citizen of our community, State and Country.

District Goals:

- Academic Excellence
- Highly Effective Professional Staff
- Effective Communication with all Stakeholders

The Hazlet Township School District is also District-wide accredited by the Middle States Association of Colleges and Schools, Commissions on Elementary and Secondary Schools. Currently, we are the only school district in Monmouth County to achieve this prestigious distinction

HENRY HUDSON REGIONAL SCHOOL DISTRICT

The District, located in Monmouth County, is comprised of the towns of Atlantic Highlands and Highlands. These are settled residential communities with limited amounts of industry. Atlantic Highlands is a stable community with few apartments or condominiums. Highlands Borough is also a stable community with seventy-five percent (75%) of the condominiums owner-occupied. Both towns have a large senior citizen population. The Borough of Highlands has developed a Highlands Business Improvement District, which is funded by the business taxpayers.

An increased positive perception of the District in the communities has increased community support.

HIGHLANDS

Highlands Borough, created in 1900 by an Act of the New Jersey Legislature, is in Monmouth County on the Shrewsbury River at the easterly tip of Central New Jersey encompassing .067 square miles. Adjacent to Sandy Hook Bay, Highlands offers magnificent views of the Atlantic Ocean, Sandy Hook, New York City, New York Harbor, and the Verazzano Narrows Bridge. The area of Highlands located along the waterfront is comprised mainly of marinas, restaurants, residences and seasonal homes many of which are being converted into year-round homes. The mountainous areas contain mostly residences, condominiums and hotels; historic Twin Lights, located atop one of the hills of Highlands, is one of the highest points along the Atlantic Coast.

At one time Highlands residents relied solely on the clamming and commercial fishing industries for income. Later, these industries plus numerous restaurants (some of which are the most notable in the State), continue to represent a large share of resident employment. Clamming and fishing, however, are somewhat seasonal and many restaurants have fallen on hard times; accordingly, the economic conditions are relatively unsteady. During the past two decades, improved land and water transportation services have resulted in a "commuter" segment of the population who reside mainly in townhouses and condominiums built during this time. This population does not have school age children.

Today, Highlands is re-establishing the character of the town by promoting its seafood restaurants, ferry service, and water-dependent industries such as commercial, recreation fishing and clamming. In June 1995, after years of planning, the Highlands clam depurification plant was officially opened and has generated significant employment in the area. With regard to revitalizing the Highlands business area, a Commercial Loan and Grant Program, available through the Neighborhood Preservation Program, has assisted commercial property and business operators in financing physical improvements to their businesses, particularly façade improvements.

KEANSBURG

The Keansburg area is beginning to experience increases in their property assessments, which is reflected in their taxing ability. Keansburg has experienced a loss of \$30 million in ratables which will affect the Borough's ability to raise tax revenue.

Keansburg School District was designated one of the 31 Abbott Special Needs Districts in the State of New Jersey. State Aid represents approximately 76.5% of their revenues. The socio-economic structure of Keansburg represents low-income households, evident by the free and reduced lunch count which is 71.94% of the student population.

The future outlook for Keansburg School District financing continues to primarily depend upon the ability and the willingness of the Governor and State legislature to provide adequate funding for Special Needs Pre-K through grade 12 education and on the availability of State tax revenues.

KEYPORT

The Keyport School District encompasses the Borough of Keyport located in northern Monmouth County, New Jersey. The Keyport School District received students from Union Beach attend Keyport High School. The Borough of Union Beach is situated on the eastern border of the Borough of Keyport.

The Keyport School District has served the Borough of Keyport since 1871. The Keyport Grammar School was constructed in 1892. The High School was constructed in 1927. In 1937, 1952, and 1966 additions were made to the original building. In 1958, the Keyport Central School was constructed to provide educational opportunities to students in grades K-8. In September 1999, the eighth grade was moved to the high school building because of overcrowding at the Central School. To supplement this building, a new kindergarten room was added to Central School and a new Fitness Center was added to Keyport High School. Currently, the educational needs of the children of Keyport are provided by the Central School and Keyport High School.

The District is governed by a ten-member Board of Education, including a representative from the Borough of Union Beach and a non-voting student representative. Keyport members are elected by the residents of the Borough. The Union Beach representative is appointed by the Union Beach Board of Education. The members serve alternating terms.

MATAWAN/ABERDEEN REGIONAL

The Matawan-Aberdeen Regional School District has an enrollment of approximately 3,783 students. It is comprised of the following K-3 elementary schools: Cliffwood Elementary, Ravine Drive and Strathmore Elementary. Lloyd Road Elementary serves grades 4-5, Matawan Avenue Middle serves grades 6-8 and Matawan Regional High School serves grades 9-12.

The Township of Aberdeen and the Borough of Matawan are in the center of New Jersey, in the northern part of Monmouth County and are halfway between New York and Philadelphia. Within a forty-five-minute drive to the north and the east is Manhattan Borough in New York City. Taking a westerly route, the semi-rural areas of New Jersey is a similar drive away to Philadelphia. These municipalities are located near one of New Jersey's largest commercial/industrial areas as well as proximity to air, train, highway and public transportation access.

These very stable municipalities are almost completely developed and are primarily residential communities. The Garden State Parkway, which passes directly through the District, provides access to all parts of the State because of its connections with the New Jersey Turnpike. Commercial and mass transit rail services are provided by a station operated by the New Jersey Transit located in the Borough of Matawan.

The Matawan-Aberdeen Regional School District is governed by a nine-member Board of Education and a non-voting student member. Three Board members are elected by Matawan Borough and six by Aberdeen residents. They all serve three-year terms.

OCEAN TOWNSHIP

Ocean Township became a member district in September 2010. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. District enrollment is approximately 3,800. Housing in Ocean Township has been affected by the economy; the real estate market continues to be slowed. There are also an increasing number of homes as seasonal rentals resulting in lower student enrollment. The district operates a high school, and intermediate school and three elementary schools.

MIDDLETOWN TOWNSHIP

Middletown Township with a population of approximately 66,000 residents is the 16th largest township in the state. Portions of the original township were taken to form Colts Neck, Hazlet, Atlantic Highlands, Highlands and Keansburg townships.

The Middletown Township Public Schools serve students in pre-kindergarten through 12th grade in seventeen public schools, which are comprised of twelve elementary schools, three middle schools and two high schools.

Middletown reflects the area's rich history including dense residential neighborhoods, maritime activities and access to the natural beauty of the Raritan Bayshore coastline.

UNION BEACH

The Union Beach School District services the educational needs of children in grades Pre-K through 8. The district offers a full day Kindergarten program and current enrollment is approximately 600 students in grades Pre-K through 8th

grade. The Union Beach School district offers a half-day integrated pre-school program for three-and four-year olds who are residents of Union Beach. The program is designed to bring preschoolers, with and without special needs, together in an integrated environment. This educational program continues to achieve high academic, social and emotional benchmarks under the guidance and tutelage of our experienced faculty and staff. Our school district has recognized the importance of this early learning opportunity and has taken steps to ensure its continued viability for our families.

During the 2012-2013 school year, Memorial School was devastated by superstorm Sandy. The town of Union Beach was one of the hardest hit communities in Monmouth County. 85% of the homes in Union Beach suffered damage as a result of Sandy. Today, families continue to struggle to rebuild and some students remain displaced with the full intention to rebuild and one reside in Union Beach.

Our students continue to improve academically. Many of our faculty and staff have advanced degrees. The turnover rate for teachers is extremely small as many of our professional staff stay on for at least ten years or more. Student attendance rate has always been consistent with the state average despite the circumstances of the storm in the 2012-2013 school year.

The town of Union Beach is roughly 1 ½ miles and is located along the Raritan Bay. This shore area is nearly fully developed. Presently many first-time buyers are purchasing the smaller shore bungalows and enlarging them in order to take advantage of this town's wonderful location along the water. All in all, the Union Beach School District and Borough are truly hidden gems along the Raritan Bay. We are proud of our many accomplishments. The focus of our efforts continues to be the achievement of the vision set forth by the Board of Education, which commits itself to the academic achievement of all students.

The students and staff of Memorial School are proud of their school and know that strong community support is a key ingredient to the success of any school. We thank the community for its support and look forward to its continued support of our outstanding school.

MAJOR INITIATIVES: The Bayshore Jointure Commission employs a guidance counselor, expand the use of behaviorist in connection with outside training for our staff and families, and increased field trips and pre-vocational services. Focus is being placed on expanded vocational services for older students, infused technology and offering all we can for our learners. Lecture programs for parents on topics related to autism and special education are very successful. Management of the school is now handled daily by a principal and vice-principal while central office management is addressed through shared services agreements.

INTERNAL ACCOUNTING CONTROLS: Management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission 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 State assistance, the Commission 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 Commission management.

The Commission has retained Strauss Esmay Associates to assist in the revision and adoption of the District Policy Manual and Regulations.

A Standard Operating Procedures Manual is maintained by the District.

BUDGETARY CONTROLS: In addition to internal accounting controls, the Commission maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, which is approved and funded by the districts comprising the Jointure Commission. Annual appropriated budgets are adopted for the General and Special Revenue funds. The final budget amount, as amended for the fiscal year, is reflected in the financial section. An encumbrance account system is used to record outstanding purchase commitments on a line item basis.

ACCOUNTING SYSTEM AND REPORTS: The Commission's accounting records reflect Generally Accepted Accounting Principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Commission 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.

FINANCIAL INFORMATION AT FISCAL YEAR END

As demonstrated by the various statements and schedules listed in the financial section of this report, the Commission continues to meet its responsibility for sound financial management. Readers should refer to the Management Discussion and Analysis for a summary of the financial statements in relation to the prior.

CASH MANAGEMENT: The investment policy of the Jointure Commission is guided in large part by State statute as detailed in "Notes to the Financial Statements", Note 2. The Commission has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA").

under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

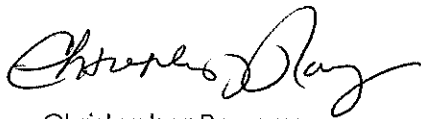
RISK MANAGEMENT: The Jointure Commission carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A schedule of Insurance Coverage is found in the support schedules.

OTHER INFORMATION:

Independent Audit – State of New Jersey statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Holman Frenia Allison, P.C. Certified Public Accountants and Consultants was selected by the Bayshore Jointure Commission. The audit was designed to meet the requirements set forth in State statutes and *Government Auditing Standards*. The auditor's reports on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bayshore Jointure Commission for their concern in providing fiscal accountability to the citizens and taxpayers of the school districts it serves and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

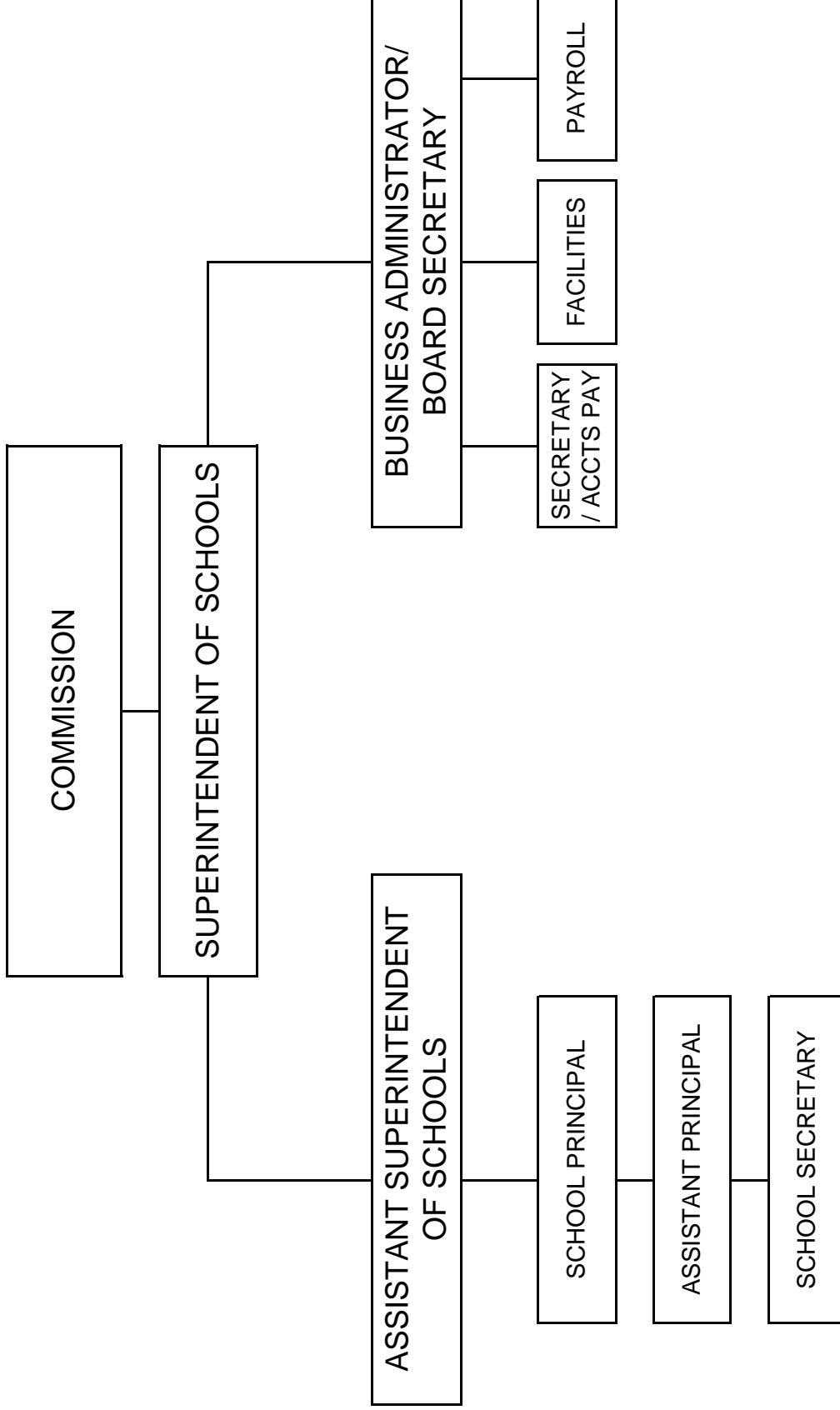


Christopher Rooney
Superintendent



Christopher J. Mullins
School Business Administrator

BAYSHORE JOINTURE COMMISSION ORGANIZATIONAL CHART



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BAYSHORE JOINTURE COMMISSION
Tinton Falls, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2018

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Mr. Joseph Annibale, President	June 30, 2018
Dr. Lisa Savoia, Vice President	June 30, 2018
Dr. Denise Ricciardi	June 30, 2018
Dr. William George	June 30, 2018
Dr. Scott Ridley	June 30, 2018

OTHER OFFICIALS

Mr. Christopher Rooney, Superintendent
Mr. Christopher Mullins, Business Administrator/Board Secretary
Mr. Michael Gross, Attorney

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BAYSHORE JOINTURE COMMISSION
Tinton Falls, New Jersey

CONSULTANTS AND ADVISORS

INSURANCE AGENT

New Jersey School Boards Association
Burlington, New Jersey

AUDIT FIRM

Holman Frenia Allison, P.C.
912 Highway 33
Freehold, New Jersey 07728

ATTORNEY

Michael Gross
Red Bank, New Jersey

OFFICIAL DEPOSITORY

Bank of America
Matawan, New Jersey

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FINANCIAL SECTION

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INDEPENDENT AUDITORS REPORT

Honorable President and Members
of the Board of Education
Bayshore Jointure Commission
County of Monmouth
Tinton Falls, NJ 07712

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission, County of Monmouth, State of New Jersey, as of and for the fiscal year ended, June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission, County of Monmouth, State of New Jersey, as of June 30, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* , we have also issued our report dated February 8, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2407

February 8, 2019
Toms River, New Jersey

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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**BAYSHORE JOINTURE COMMISSION
MONMOUTH COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

UNAUDITED

This discussion and analysis of Bayshore Jointure Commission's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District'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 District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ◆ General revenues and special items accounted for \$4,786,725 in revenue or 77.85% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,362,117 or 22.15% of total revenues of \$6,148,842.
- ◆ Total assets of governmental activities increased by \$705,789.
- ◆ The Governmental Activities of the School District had \$5,490,111 in expenses; \$1,362,117 of these expenses were offset by program specific charges for services, grants or contributions. General revenues and special items of \$4,786,725 were adequate to provide for these programs.
- ◆ The General Fund had \$3,527,271 in revenues; \$3,022,413 in expenditures; and \$13,636 in cancellations of prior years' payable. The General Fund's balance increased \$518,494 over 2017.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the Bayshore Jointure Commission, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, “How did we do financially during 2018?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

- ◆ **Governmental Activities** – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The District does not have any business-type activities.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds is included in the 2017-18 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary comparison of the School District's net position for 2018 and 2017.

TABLE I - STATEMENT OF NET POSITION

	June 30, 2018		June 30, 2017	
	Governmental Activities	Total	Governmental Activities	Total
Current and other assets	\$ 3,729,701	\$ 3,729,701	\$ 3,011,840	\$ 3,011,840
Capital assets, net	-	-	12,072	12,072
Total assets	3,729,701	3,729,701	3,023,912	3,023,912
Deferred outflow of resources	833,136	833,136	1,326,003	1,326,003
Long-term liabilities	2,051,999	2,051,999	3,259,472	3,259,472
Other liabilities	35,000	35,000	76,716	76,716
Total liabilities	2,086,999	2,086,999	3,336,188	3,336,188
Deferred inflow of resources	803,380	803,380	-	-
Invested in capital assets, net	-	-	12,072	12,072
Unrestricted	1,672,458	1,672,458	1,001,655	1,001,655
	<u>\$ 1,672,458</u>	<u>\$ 1,672,458</u>	<u>\$ 1,013,727</u>	<u>\$ 1,013,727</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2018 and 2017.

TABLE II – CHANGES IN NET POSITION

	Governmental Activities		Total	
	2018	2017	2018	2017
Revenues				
Program Revenue:				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Operating Grants	1,362,117	405,424	1,362,117	405,424
General Revenues:				
Tuition	4,735,746	4,363,247	4,735,746	4,363,247
Miscellaneous	37,343	30,000	37,343	30,000
Total Revenues	<u>6,135,206</u>	<u>4,798,671</u>	<u>6,135,206</u>	<u>4,798,671</u>
Expenses				
Instructional Services	3,101,824	2,040,133	3,101,824	2,040,133
Support Services	2,129,073	2,358,831	2,129,073	2,358,831
Special Schools	259,214	145,754	259,214	145,754
Unallocated Depreciation	-	1,452	-	1,452
Total Expenses	<u>5,490,111</u>	<u>4,546,170</u>	<u>5,490,111</u>	<u>4,546,170</u>
Cancellation of Prior Year Payables	13,636	(14,332)	13,636	(14,332)
Change in Net Position	<u>\$ 658,731</u>	<u>\$ 238,169</u>	<u>\$ 658,731</u>	<u>\$ 238,169</u>

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 cost 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 III – GOVERNMENTAL ACTIVITIES

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 3,101,824	\$ 2,267,201	\$ 2,040,133	\$ 2,039,521
Support Services:				
Pupil & Instructional Staff	962,126	749,624	603,351	603,351
General, School & Business Admin	717,931	559,364	438,972	438,972
Operation & Maintenance of Facilities	422,874	329,475	275,302	275,302
Pupil Transportation	26,142	20,368	18,202	18,202
Unallocated Benefits	-	-	1,023,004	618,192
Other	259,214	201,962	147,206	147,206
Total Expenses	<u>5,490,111</u>	<u>4,127,994</u>	<u>4,546,170</u>	<u>4,140,746</u>

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

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

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

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

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

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

Other includes Special School expenses and depreciation expense on capital assets.

The School District's Funds

Information about the School District's major funds is included in the 2017-18 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and transfers of \$3,528,094, expenditures of \$3,023,236 and other financing uses of \$13,636 as demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 16/17</u>	<u>Percent Change</u>
Local Sources	\$ 3,181,843	90.2%	\$ 272,879	9.4%
State Sources	346,251	9.8%	56,065	19.3%
Total Revenues	<u>\$ 3,528,094</u>	<u>100.0%</u>	<u>\$ 328,944</u>	<u>10.3%</u>

The increase in Local Sources is due to an increase in the tuition charges.

The increase in State Sources is due to an increase in on-behalf revenues related TPAF pensions and post-retirement medical contributions.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2018.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 16/17</u>	<u>Percent Change</u>
Instruction	\$ 767,213	25.4%	\$ (9,624)	1.2%
Undistributed Expenditures	2,256,023	74.6%	192,926	9.4%
Total Expenses	<u>\$ 3,023,236</u>	<u>100.0%</u>	<u>\$ 183,302</u>	<u>6.5%</u>

The decrease in Current - Instruction is related to a reduction in expenditures on salaries and supplies based on a lower enrollment and less staff required.

The increase in Current - Undistributed Expenditures is attributed to an increase in Student and Instruction Related Services.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

General Fund Budgeting Highlights (continued)

During the course of the fiscal year 2018, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student expenses both in regular education and special education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.
- ◆ Additional needs for technology and textbooks.

While the School District's final budget for the General Fund anticipated no change in surplus funds, the actual results for the year show a \$518,494 increase in surplus funds as of June 30, 2018.

Capital Assets

At the end of the fiscal year 2018, the School District had \$0 invested in capital assets.

TABLE IV – CAPITAL ASSETS (NET OF DEPRECIATION) AT JUNE 30, 2018 & 2017

	<u>2018</u>	<u>2017</u>
Vehicles	\$ 0	\$ 3,731
Machinery and Equipment	<u>0</u>	<u>8,341</u>
Total	<u>\$ 0</u>	<u>\$ 12,072</u>

Debt Administration

At June 30, 2018, the School District had no outstanding debt.

For the Future

The Bayshore Jointure Commission provides an autistic education program to member and non-member districts throughout the State of New Jersey.

During the budget process in the spring, it was a concern to the Administration and Board of Education how future budgets would be financed and affect our sending districts. Therefore, during the past year and continuing into the present, the Board of Education and Administration have conducted a program review of costs centers in the School District to determine where cost savings may be effectuated.

In conclusion, the Bayshore Jointure Commission has committed itself to financial excellence for many years. In addition, the Commission's system for financial planning, budgeting and internal financial controls is well-regarded. The Commission plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide member and non-member districts throughout the State of New Jersey with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Christopher J. Mullins, School Business Administrator/Board Secretary at Bayshore Jointure Commission, 100 Tornillo Way, Tinton Falls, New Jersey 07712.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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**BAYSHORE JOINTURE COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS	GOVERNMENTAL ACTIVITIES	JUNE 30, 2018
Cash & Cash Equivalents	\$ 3,456,959	\$ 3,456,959
Receivables - Other, Net (Note 3)	272,742	272,742
	<hr/>	<hr/>
Total Assets	3,729,701	3,729,701
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to Pensions (Note 7)	833,136	833,136
	<hr/>	<hr/>
Total Deferred Outflow of Resources	833,136	833,136
	<hr/>	<hr/>
Total Assets and Deferred Outflow of Resources	4,562,837	4,562,837
	<hr/>	<hr/>
LIABILITIES		
PERS Pension Payable	35,000	35,000
Noncurrent Liabilities (Note 6):		
Due Beyond One Year	2,051,999	2,051,999
	<hr/>	<hr/>
Total Liabilities	2,086,999	2,086,999
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Related to Pensions (Note 7)	803,380	803,380
	<hr/>	<hr/>
Total Deferred Inflows of Resources	803,380	803,380
	<hr/>	<hr/>
Total Liabilities and Deferred Inflows of Resources	2,890,379	2,890,379
	<hr/>	<hr/>
NET POSITION		
Unrestricted	1,672,458	1,672,458
	<hr/>	<hr/>
Total Net Position	\$ 1,672,458	\$ 1,672,458
	<hr/>	<hr/>

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

**BAYSHORE JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	JUNE 30, 2018
Governmental Activities:					
Instruction:					
Special Education	\$ 3,080,790	\$ -	\$ 824,606	\$ (2,256,184)	\$ (2,256,184)
Other Special Instruction	4,585	-	2,184	(2,401)	(2,401)
Other Instruction	16,449	-	7,833	(8,616)	(8,616)
Support Services & Undistributed Costs:					
Health Services	116,260	-	25,678	(90,582)	(90,582)
Student & Instruction Related Services	845,866	-	186,824	(659,042)	(659,042)
School Administrative Services	392,179	-	86,619	(305,560)	(305,560)
Other Administrative Services	325,752	-	71,948	(253,804)	(253,804)
Plant Operations & Maintenance	422,874	-	93,399	(329,475)	(329,475)
Pupil Transportation	26,142	-	5,774	(20,368)	(20,368)
Special Schools	259,214	-	57,252	(201,962)	(201,962)
Total Governmental Activities	5,490,111	-	1,362,117	(4,127,994)	(4,127,994)
Total Primary Government	\$ 5,490,111	\$ -	\$ 1,362,117	(4,127,994)	(4,127,994)
General Revenues:					
Tuition				4,735,746	4,735,746
Miscellaneous Income				37,343	37,343
Total General Revenues				4,773,089	4,773,089
Special Items:					
Cancellation of Prior Year Payables				13,636	13,636
Total General Revenues, Special Items, Extraordinary Items & Transfers				4,786,725	4,786,725
Change In Net Position				658,731	658,731
Net Position - Beginning				1,013,727	1,013,727
Net Position - Ending				\$ 1,672,458	\$ 1,672,458

B. Fund Financial Statements

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Governmental Funds

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**BAYSHORE JOINTURE COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	<u>TOTALS</u> JUNE 30, 2018
ASSETS			
Cash & Cash Equivalents	\$ 1,321,961	\$ -	\$ 1,321,961
Accounts Receivable:			
Other	160,000	-	160,000
	\$ 1,481,961	\$ -	\$ 1,481,961
Total Assets	\$ 1,481,961	\$ -	\$ 1,481,961
LIABILITIES & FUND BALANCES			
Liabilities:			
Unearned Revenues	\$ -	\$ -	\$ -
	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Committed for:			
Other Purposes	14,749	-	14,749
Assigned for:			
Designated for Subsequent Year's Expenditures	163,120	-	163,120
Unassigned	1,304,092	-	1,304,092
	1,481,961	-	1,481,961
Total Fund Balances	1,481,961	-	1,481,961
Total Liabilities & Fund Balances	\$ 1,481,961	\$ -	-

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Accrued Pension contributions for the June 30, 2018 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in Accounts Payable in the Government-Wide Statement of Net Position. (35,000)

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore are not reported in the funds.

Deferred Outflows related to pensions 833,136
Deferred Inflows related to pensions (803,380)

Internal Service Funds are used by the District to charge the cost of the District's personal aides and additional services to the individual funds. The assets and liabilities of the Internal Service Funds are included with Governmental Activities. 2,247,740

Long-term liabilities, including net pension liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. (2,051,999)

Net Position of Governmental Activities \$ 1,672,458

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

BAYSHORE JOINTURE COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS <u>JUNE 30,</u> 2018
Revenues:			
Local Sources:			
Tuition	\$ 3,143,677	\$ -	\$ 3,143,677
Miscellaneous	37,343	823	38,166
Total Local Sources	<u>3,181,020</u>	823	<u>3,181,843</u>
State Sources	<u>346,251</u>	-	<u>346,251</u>
Total Revenues	<u>3,527,271</u>	823	<u>3,528,094</u>
Expenditures:			
Current Expense:			
Special Education Instruction	757,173	823	757,996
Other Special Instruction	2,009	-	2,009
Other Instruction	7,208	-	7,208
Support Services:			
Health Services	75,783	-	75,783
Student & Instruction Related Services	551,367	-	551,367
Educational Media Services/ School Administrative Services	255,637	-	255,637
Other Administrative Services	212,337	-	212,337
Plant Operations & Maintenance	275,645	-	275,645
Pupil Transportation	17,040	-	17,040
Employee Benefits	699,249	-	699,249
Special Schools	168,965	-	168,965
Total Expenditures	<u>3,022,413</u>	823	<u>3,023,236</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>504,858</u>	-	<u>504,858</u>
Other Financing Sources/(Uses):			
Cancellation of Prior Year Payable	<u>13,636</u>	-	<u>13,636</u>
Total Other Financing Sources/(Uses)	<u>13,636</u>	-	<u>13,636</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	518,494	-	518,494
Fund Balance - July 1	<u>963,467</u>	-	<u>963,467</u>
Fund Balance - June 30	<u>\$ 1,481,961</u>	\$ -	<u>\$ 1,481,961</u>

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

**BAYSHORE JOINTURE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds \$ 518,494

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	\$ (6,618)	
Adjustment to Capital Assets	<u>(5,454)</u>	(12,072)

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

District Pension Contributions	81,196	
Pension Expense	<u>(167,433)</u>	(86,237)

In the statement of activities, internal service fund revenue and expenses are reported as a governmental activity. However, they are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds (from B-5)

241,083

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

Prior Year	9,170	
Current Year	<u>(11,707)</u>	(2,537)

Change in Net Position of Governmental Activities

\$ 658,731

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

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Proprietary Funds

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BAYSHORE JOINTURE COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

ASSETS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS		TOTALS
	ADDITIONAL SERVICES	DISTRICT AIDES	JUNE 30, 2018
Current Assets:			
Cash & Cash Equivalents	\$ 545,601	\$ 1,589,397	\$ 2,134,998
Intergovernmental Receivables	28,742	84,000	112,742
Total Current Assets	<u>574,343</u>	<u>1,673,397</u>	<u>2,247,740</u>
Total Assets	<u>574,343</u>	<u>1,673,397</u>	<u>2,247,740</u>
NET POSITION			
Unrestricted	<u>574,343</u>	<u>1,673,397</u>	<u>2,247,740</u>
Total Net Position	<u>\$ 574,343</u>	<u>\$ 1,673,397</u>	<u>\$ 2,247,740</u>

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

**BAYSHORE JOINTURE COMMISSION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES		TOTALS
	INTERNAL SERVICE FUNDS		
	ADDITIONAL SERVICES	DISTRICT AIDES	JUNE 30, 2018
Operating Revenues:			
Charges for Services	\$ 135,634	\$ 1,456,435	\$ 1,592,069
Total Operating Revenue	135,634	1,456,435	1,592,069
Operating Expenses:			
Salaries	-	646,090	646,090
Payroll Taxes & Benefits	-	559,135	559,135
Other Purchased Services	145,761	-	145,761
Total Operating Expenses	145,761	1,205,225	1,350,986
Operating Income	(10,127)	251,210	241,083
Change in Net Position	(10,127)	251,210	241,083
Total Net Position - Beginning	584,470	1,422,187	2,006,657
Total Net Position - Ending	\$ 574,343	\$ 1,673,397	\$ 2,247,740

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

**BAYSHORE JOINTURE COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES		TOTALS
	INTERNAL SERVICE FUNDS		JUNE 30, 2018
	ADDITIONAL SERVICES	DISTRICT AIDES	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 554,593	\$ 2,054,097	\$ 2,608,690
Payments to Employees	-	(646,090)	(646,090)
Payment to Employee Benefits	-	(559,135)	(559,135)
Payments to Vendors	(145,761)	-	(145,761)
Net Cash Flows From Operating Activities	<u>408,832</u>	<u>848,872</u>	<u>1,257,704</u>
Net Change in Cash & Cash Equivalents	408,832	848,872	1,257,704
Cash & Cash Equivalents, July 1	<u>136,769</u>	<u>740,525</u>	<u>877,294</u>
Cash & Cash Equivalents, June 30	<u>\$ 545,601</u>	<u>\$ 1,589,397</u>	<u>\$ 2,134,998</u>

Reconciliation of Operating Income to Net Cash Flows From Operating Activities:

Operating Income	\$ (10,127)	\$ 251,210	\$ 241,083
Adjustments to Reconcile Operating Income to Net Cash Cash Flows Operating Activities:			
Change in Assets & Liabilities:			
(Increase)/Decrease in Interfund Receivable	414,477	578,760	993,237
(Increase)/Decrease in Accounts Receivable	4,782	22,652	27,434
(Decrease)/Increase in Unearned Revenue	(300)	(3,750)	(4,050)
Net Cash Flows From Operating Activities	<u>\$ 408,832</u>	<u>\$ 848,872</u>	<u>\$ 1,257,704</u>

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Fiduciary Fund

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**BAYSHORE JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	AGENCY	TOTALS
ASSETS	PAYROLL	JUNE 30, 2018
Cash & Cash Equivalents	\$ 49,260	\$ 49,260
Total Assets	\$ 49,260	\$ 49,260
LIABILITIES		
Payroll Deductions and Withholdings	\$ 32,351	\$ 32,351
Accrued Salaries	16,909	16,909
Total Liabilities	\$ 49,260	\$ 49,260

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

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BAYSHORE JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The Bayshore Jointure Commission was established on August 1, 2001 and consists of nine Bayshore Districts: Atlantic Highlands, Hazlet, Henry Hudson Regional, Highlands, Keansburg, Keyport, Union Beach, Matawan-Aberdeen Regional and Ocean Township (Monmouth County). The Jointure was formed as an outgrowth of the Bayshore Consortium, which had been in existence for over twelve years. The general purpose of the Commission is to provide services for the consortium of school districts comprising it that are more economically and efficiently provided on a collective basis. The Commission has been established pursuant to the laws of the State of New Jersey (NJSA 18A:6, et seq.).

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

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

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

Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2018.

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements (continued)

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements (continued)

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

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities would be combined with the governmental activities in the Government-Wide financial statements.

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

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

The School District reports the following major proprietary funds:

Internal Service Fund – The Internal Service fund accounts for the financial transactions related to the District Personal Aides and Additional Services of the School District.

Fiduciary Fund Financial Statements

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

The School District reports the following fiduciary funds:

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control

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

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

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

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

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

Encumbrances

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

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

Encumbrances (continued)

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

Cash, Cash Equivalents and Investments

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

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

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

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

Tuition Receivable/Payable

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

Interfund Receivables/Payables

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	10-20 Years
Buildings and Improvements	10-50 Years
Furniture and Equipmet	5-20 Years
Vehicles	5-10 Years

Compensated Absences

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Accrued Liabilities and Long-Term Obligations (continued)

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Pensions

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

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

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 8, 2019, the date the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

Recently Issued Accounting Pronouncements

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

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

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

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

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2018, the School District's bank balance of \$3,585,205 was exposed to custodial credit risk as follows:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 2. Deposits and Investments (continued)

Deposits (continued)

Insured under FDIC and GUDPA	\$	3,535,638
Uninsured and Uncollateralized		49,567
		\$ 3,585,205

Investments

The School District had no investments at June 30, 2018.

Note 3. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District’s governmental and business-type activities as of June 30, 2018, consisted of the following:

<u>Description</u>	Governmental Funds		Total Governmental <u>Activities</u>
	<u>General Fund</u>	<u>Internal Service Funds</u>	
Tuition	\$ 160,000	\$ -	\$ 160,000
Other	-	112,742	112,742
Total	\$ 160,000	\$ 112,742	\$ 272,742

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 4. Capital Assets (continued)

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2018</u>
Governmental Activities:				
Capital Assets being depreciated:				
Vehicles	\$ 41,799	\$ -	\$ (41,799)	\$ -
Equipment	18,082	-	(18,082)	-
Total Capital Assets being depreciated	<u>59,881</u>	-	<u>(59,881)</u>	-
Less: Accumulated Depreciation:				
Vehicles	(38,068)	(3,002)	41,070	-
Equipment	(9,741)	(3,616)	13,357	-
Total Accumulated Depreciation	<u>(47,809)</u>	<u>(6,618)</u>	<u>54,427</u>	-
Total Capital Assets being depreciated, net	<u>12,072</u>	<u>(6,618)</u>	<u>(5,454)</u>	-
Total Governmental Activities Capital Assets, net	<u>\$ 12,072</u>	<u>\$ (6,618)</u>	<u>\$ (5,454)</u>	<u>\$ -</u>

Note 5. Interfund Receivables, Payables and Transfers

There were no individual fund receivables/payables balances at June 30, 2018.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 4,050
Internal Service Fund	<u>4,050</u>	<u>-</u>
	<u>\$ 4,050</u>	<u>\$ 4,050</u>

Note 6. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance July 1, 2017	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2018	Balance Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 9,170	\$ 2,537	\$ -	\$ 11,707	\$ -
Net Pension Liability	3,250,302	-	1,210,010	2,040,292	-
	<u>\$ 3,259,472</u>	<u>\$ 2,537</u>	<u>\$ 1,210,010</u>	<u>\$ 2,051,999</u>	<u>\$ -</u>

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 6. Long-Term Obligations (continued)

Bonds Authorized but not Issued

As of June 30, 2018, the School District had no bonds authorized but not issued.

Note 7. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

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

payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2018, the School District reported a liability of \$2,040,292 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The School District's proportion measured as of June 30, 2017, was .0087647448%, which was a decrease of .00022096550% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$167,434 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 48,042	\$ -
Changes of Assumptions	411,049	409,542
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,893	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	325,152	393,838
School District contributions subsequent measurement date	<u>35,000</u>	<u>-</u>
	<u>\$ 833,136</u>	<u>\$ 803,380</u>

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

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

\$35,000 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Client Year Ending	
<u>June 30,</u>	<u>Amount</u>
2019	\$ 98,503
2020	120,963
2021	68,319
2022	(202,576)
2023	<u>(90,453)</u>
	<u>\$ (5,244)</u>

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
 Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

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

asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2017, calculated using the discount rate of 5.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

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

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 2,531,121</u>	<u>\$ 2,040,292</u>	<u>\$ 1,631,371</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 5,396,431,901	\$ 7,815,204,785
Collective Deferred Inflows of Resources	4,672,602,040	-
Collective Net Pension Liability	23,278,401,588	29,617,131,759
 School District's portion	 0.00876%	 0.01097%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

Note 7. Pension Plans (continued)

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

The following represents the membership tiers for TPAF:

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

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

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

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$6,870,981. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was .0101907643%, which was an increase of .0013435171% from its proportion measured as of June 30, 2016.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

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

For the fiscal year ended June 30, 2018, the School District recognized \$475,987 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 4.25% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 7. Pension Plans (Continued)

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

	At 1% Decrease <u>(3.25%)</u>	At Current Discount Rate <u>(4.25%)</u>	At 1% Increase <u>(5.25%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 8,162,941.00	\$ 6,870,981.00	\$ 5,806,659.00

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 14,353,461,035.00	\$ 17,581,004,496.00
Collective Deferred Inflows of Resources	\$ 11,992,821,439.00	\$ 300,836,088.00
Collective Net Pension Liability	\$ 67,670,209,171.00	\$ 79,028,907,033.00
School District's portion	0.03749%	0.03432%

C. Defined Contribution Retirement Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (Continued)

Note 7. Pension Plans (Continued)

C. Defined Contribution Retirement Plan (DCRP) (continued)

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

Note 8. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$3,721,454.00. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.0069378542%, which was an increase of 0.0006245698% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$787,454.00 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 4,417,634.39	\$ 3,721,454.00	\$ 3,169,237.10
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200.00	\$ 53,639,841,858.00	\$ 45,680,364,953.00
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 4,374,077.33	\$ 3,651,085.00	\$ 3,081,997.36
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084.00	\$ 57,831,784,184.00	\$ 48,817,654,566.00

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 3,060,536.16	\$ 3,721,454.00	\$ 4,599,145.11
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560.00	\$ 53,639,841,858.00	\$ 66,290,599,457.00
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 2,995,816.90	\$ 3,651,085.00	\$ 4,527,116.01
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164.00	\$ 57,831,784,184.00	\$ 71,707,778,970.00

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 99,843,255.00	\$ (99,843,255.00)
Change in Assumptions	-	(6,343,769,032.00)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242.00	-
	<u>\$ 1,290,216,497.00</u>	<u>\$ (6,443,612,287.00)</u>

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Other Post-Retirement Benefits (continued)

Additional Information (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	<u>(2,629,618,547.00)</u>
	<u>\$ (6,343,769,032.00)</u>

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	<u>June 30, 2016</u>
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>142,331.00</u>
	<u><u>366,078.00</u></u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	<u>(1,242,412,566.00)</u>
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	<u>57,831,784,184.00</u>
Total OPEB Liability (Ending)	<u>\$ 53,639,841,858.00</u>
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$158,256.00, \$84,841.00, \$102,214.00 and \$940.00, respectively.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 10. Risk Management

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

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

Note 11. Contingencies

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

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

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

Note 12. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2018, the liability for compensated absences reported on the government-wide Statement of Net Position was \$11,707. As of June 30, 2018 there was no liability for compensated absences in proprietary fund types.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 13. Commitments

The School District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as committed to other purposes in the amount of \$14,749.

Note 14. Fund Balances

General Fund – Of the \$1,481,961 General Fund fund balance at June 30, 2018, \$14,749 has been committed to other purposes and \$1,467,212 has been unassigned.

Internal Service Fund – Of the \$2,247,740 Internal Service Fund fund balance at June 30, 2018, \$2,247,740 is unrestricted.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Sources:						
Tuition	10-1300-000-000	\$ 2,860,000	\$ -	\$ 2,860,000	\$ 3,143,677	\$ 283,677
Miscellaneous	10-1000-000-000	-	-	-	37,343	37,343
Total Local Sources		2,860,000	-	2,860,000	3,181,020	321,020
State Sources:						
Nonbudgeted:						
On-Behalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	102,214	102,214
Normal Pension Contributions		-	-	-	158,256	158,256
Long-Term Disability Insurance		-	-	-	940	940
Reimbursed TPAF Social Security		-	-	-	84,841	84,841
Total State Sources		-	-	-	346,251	346,251
Total Revenues		2,860,000	-	2,860,000	3,527,271	667,271
Expenditures:						
Current Expense:						
Autism:						
Salaries of Teachers	11-214-100-101	839,870	(5,000)	834,870	699,051	135,819
Other Salaries for Instruction	11-214-100-106	112,637	(2,500)	110,137	18,500	91,637
Purchased Professional - Educational Services	11-214-100-320	21,178	-	21,178	-	21,178
Purchased Technical Services	11-214-100-340	500	-	500	-	500
General Supplies	11-214-100-610	33,600	2,200	35,800	25,245	10,555
Textbooks	11-214-100-640	13,700	-	13,700	9,243	4,457
Other Objects	11-214-100-891	7,000	-	7,000	5,134	1,866
Total Autism		1,028,485	(5,300)	1,023,185	757,173	266,012
Total Special Education		1,028,485	(5,300)	1,023,185	757,173	266,012
Vocational Programs - Local - Instruction:						
General Supplies	11-301-100-610	2,500	-	2,500	2,009	491
Total Vocational Programs - Local - Instruction		2,500	-	2,500	2,009	491
School Sponsored Cocurricular Activities:						
Supplies and Materials	11-401-100-600	5,500	1,708	7,208	7,208	-
Total School Sponsored Cocurricular - Activities		5,500	1,708	7,208	7,208	-
Total - Instruction		1,036,485	(3,592)	1,032,893	766,390	266,503
Undistributed Expenditures						
Health Services:						
Salaries	11-000-213-100	46,000	3,505	49,505	49,505	-
Purchased Professional & Technical Services	11-000-213-300	2,000	21,958	23,958	23,958	-
Supplies and Materials	11-000-213-600	2,500	-	2,500	2,320	180
Total Health Services		50,500	25,463	75,963	75,783	180

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	169,545	(2,800)	166,745	166,745	-
Purchased Professional - Educational Services	11-000-216-320	200,000	7,276	207,276	207,276	-
Supplies and Materials	11-000-216-600	3,500	56	3,556	3,499	57
Total Other Support Services - Students - Related Services		373,045	4,532	377,577	377,520	57
Other Support Services - Guidance - Extraordinary Services:						
Salaries	11-000-217-100	70,319	(16,006)	54,313	49,223	5,090
Total Other Support Services - Students - Extraordinary Services		70,319	(16,006)	54,313	49,223	5,090
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	37,000	-	37,000	35,963	1,037
Total Other Support Services - Students - Regular		37,000	-	37,000	35,963	1,037
Instructional Staff Training Services:						
Purchased Professional - Educational Services	11-000-223-320	77,500	7,500	85,000	81,750	3,250
Other Purchased Services	11-000-223-500	4,000	2,911	6,911	6,911	-
Total Instructional Staff Training Services		81,500	10,411	91,911	88,661	3,250
Support Services General Administration:						
Salaries	11-000-230-100	44,290	-	44,290	44,290	-
Legal Services	11-000-230-331	20,000	-	20,000	2,059	17,941
Audit Services	11-000-230-332	12,500	-	12,500	11,250	1,250
Other Purchased Professional Services	11-000-230-339	25,500	-	25,500	12,385	13,115
Purchased Technical Services	11-000-230-340	7,000	-	7,000	6,252	748
Other Purchased Services	11-000-230-500	4,000	535	4,535	4,535	-
Postage	11-000-230-530	2,500	5	2,505	2,505	-
Travel and Fees	11-000-230-580	1,500	42	1,542	1,542	-
Other Purchased Services (400-500 Series)	11-000-230-590	9,500	(1,187)	8,313	7,301	1,012
Miscellaneous Expenditures	11-000-230-890	500	-	500	452	48
BOE Membership Dues & Fees	11-000-230-895	1,600	(1,000)	600	-	600
Total Support Services General Administration		128,890	(1,605)	127,285	92,571	34,714
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	215,316	460	215,776	215,776	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	33,418	-	33,418	33,418	-
Travel and Fees	11-000-240-580			-	-	-
Supplies and Materials	11-000-240-600	4,500	16	4,516	3,803	713
Other Objects	11-000-240-800	1,000	-	1,000	1,000	-
Dues	11-000-240-890	1,850	-	1,850	1,640	210
Total Support Services School Administration		256,084	476	256,560	255,637	923

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ACCOUNT NUMBER	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Central Services:						
Purchased Technical Services	11-000-251-340	58,000	3,500	61,500	61,492	8
Supplies and Materials	11-000-251-600	1,500	601	2,101	1,654	447
Miscellaneous Expenditures	11-000-251-890	2,000	(500)	1,500	823	677
Total Central Services		61,500	3,601	65,101	63,969	1,132
Administration Information Technology:						
Purchased Technical Services	11-000-252-340	20,000	6,920	26,920	26,920	-
Supplies and Materials	11-000-252-600	32,262	11,669	43,931	28,877	15,054
Total Administration Information Technology		52,262	18,589	70,851	55,797	15,054
Other Operation & Maintenance of Plant:						
Cleaning, Repair & Maintenance Services	11-000-262-420	1,000	-	1,000	53	947
Rental of Land & Building	11-000-262-441	264,615	-	264,615	264,615	-
Insurance	11-000-262-520	8,000	-	8,000	4,044	3,956
General Supplies	11-000-262-610	12,000	-	12,000	6,933	5,067
Total Other Operation & Maintenance of Plant		285,615	-	285,615	275,645	9,970
Student Transportation Services:						
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	18,000	288	18,288	17,040	1,248
Total Student Transportation Services		18,000	288	18,288	17,040	1,248
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	25,000	10,145	35,145	20,145	15,000
Social Security	11-000-291-220	25,000	1,747	26,747	26,727	20
Other Retirement Contributions - PERS	11-000-291-241	35,000	(5,709)	29,291	19,483	9,808
Unemployment Compensation	11-000-291-250	30,000	(10,000)	20,000	4,139	15,861
Workmen's Compensation	11-000-291-260	20,000	1,769	21,769	21,769	-
Health Benefits	11-000-291-270	300,000	(7,000)	293,000	241,235	51,765
Tuition Reimbursements	11-000-291-280	16,000	(16,000)	-	-	-
Other Employee Benefits	11-000-291-290	9,000	12,500	21,500	19,500	2,000
Total Unallocated Benefits		460,000	(12,548)	447,452	352,998	94,454
Nonbudgeted:						
On-Behalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	102,214	(102,214)
Normal Pension Contributions		-	-	-	158,256	(158,256)
Long-Term Disability Insurance		-	-	-	940	(940)
Reimbursed TPAF Social Security		-	-	-	84,841	(84,841)
Total Undistributed Expenditures		1,874,715	33,201	1,907,916	2,087,058	(178,202)
Total Expenditures - Current Expense		2,911,200	29,609	2,940,809	2,853,448	88,301

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Schools						
Summer School - Instruction:						
Instruction:						
Salaries	13-422-100-101	60,000	(2,038)	57,962	57,962	-
Other Salaries for Instruction	13-422-100-106	60,000	(4,158)	55,842	55,842	-
General Supplies	13-422-100-610	3,000	(1,021)	1,979	1,979	-
Support Services						
Salaries	13-422-200-100	17,500	(4,485)	13,015	13,015	-
Other Salaries for Instruction	13-422-200-104	6,500	1,241	7,741	7,741	-
Purchased Professional and Technical Serv	13-422-200-300	40,000	(8,416)	31,584	31,584	-
Other Purchased Services	13-422-200-500	1,800	(958)	842	842	-
Total Special Schools		188,800	(19,835)	168,965	168,965	-
Total Expenditures		3,100,000	9,774	3,109,774	3,022,413	88,301
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)		(240,000)	(9,774)	(249,774)	504,858	755,572
Other Financing Sources/(Uses):						
Cancellation of Prior Year Payable		-	-	-	13,636	13,636
Total Other Financing Sources/(Uses)		-	-	-	13,636	13,636
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)		(240,000)	(9,774)	(249,774)	518,494	769,208
Fund Balances, July 1		963,467	-	963,467	963,467	
Fund Balances, June 30		\$ 723,467	\$ (9,774)	\$ 713,693	\$ 1,481,961	\$ 769,208

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 18,719
Less: Prior Year Encumbrances Cancelled	<u>(8,945)</u>
Total	<u>\$ 9,774</u>

RECAPITULATION OF FUND BALANCE

Committed Fund Balance:	
Year-End Encumbrances	\$ 14,749
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	163,120
Unassigned Fund Balance	<u>1,304,092</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,481,961</u>

**BAYSHORE JOINTURE COMMISSION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	JUNE 30, 2018				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources	\$ -	\$ 823	\$ 823	\$ 823	\$ -
Total Revenues	-	823	823	823	-
EXPENDITURES:					
Instruction:					
General Supplies	-	823	823	823	-
Total Instruction	-	823	823	823	-
Total Expenditures	-	823	823	823	-
Total Outflows	-	823	823	823	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BAYSHORE JOINTURE COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FOR FISCAL YEAR ENDED JUNE 30, 2018**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 3,527,271	\$ 823
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 3,527,271	\$ 823
	<hr/> <hr/>	<hr/> <hr/>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 3,022,413	823
	<hr/>	<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	\$ 3,022,413	\$ 823
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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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BAYSHORE JOINTURE COMMISSION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS

	<u>Measurement Date Ended June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.00876%	0.01097%	0.00988%	0.00805%	0.00779%
District's Proportionate Share of the Net Pension Liability	\$ 2,040,292	\$ 3,250,302	\$ 2,218,841	\$ 1,507,452	\$ 1,489,685
District's Covered-Employee Payroll	\$ 636,852	\$ 582,344	\$ 695,441	\$ 534,371	Not Available
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	320.37%	558.14%	319.06%	282.10%	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS**

	<u>Year Ended June 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Contractually Required Contribution	\$ 81,196	\$ 97,495	\$ 84,979	\$ 66,375	\$ 58,730
District's Contribution in Relation to the Contractually Required Contribution	(81,196)	(97,495)	(84,979)	(66,375)	(58,730)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 682,195	\$ 636,852	\$ 582,344	\$ 695,441	\$ 534,371
District's Contributions as a Percentage of it's Covered-Employee Payroll	11.90%	15.31%	14.59%	9.54%	10.99%

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

BAYSHORE JOINTURE COMMISSION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS

	<u>Measurement Date Ended June 30.</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability associated with the District	\$ 6,870,981	\$ 6,959,808	\$ 3,961,281	\$ 4,093,919	\$ 4,121,625
District's Covered-Employee Payroll	\$ 916,591	\$ 1,082,636	\$ 950,700	\$ 861,221	Not Available
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST
EMPLOYMENT BENEFITS (GASB 75)**

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EXHIBIT M-1

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

	<u>2018</u>
District's Total OPEB Liability	
Service Cost	\$ 687,665
Interest Cost	122,480
Changes of Assumptions	(656,753)
Contributions: Member	3,174
Gross Benefit Payments	<u>(86,197)</u>
Net Change in District's Total OPEB Liability	70,369
District's Total OPEB Liability (Beginning)	<u>3,651,085</u>
District's Total OPEB Liability (Ending)	<u><u>\$ 3,721,454</u></u>
District's Covered Employee Payroll	\$ 1,851,328
District's Net OPEB Liability as a Percentage of Payroll	201%

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

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BAYSHORE JOINTURE COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98 % as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**BAYSHORE JOINTURE COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	NJSIB - SAFETY GRANT		2018
Revenues:			
Local Sources	\$	823	\$ 823
Total Revenues	\$	823	\$ 823
Expenditures:			
Instruction:			
Supplies	\$	823	\$ 823
Total Instruction		823	823
Total Expenditures	\$	823	\$ 823

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

Not Applicable

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Internal Service Fund

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**BAYSHORE JOINTURE COMMISSION
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018**

ASSETS	ADDITIONAL SERVICES	DISTRICT AIDES	2018
Current Assets:			
Cash & Cash Equivalents	\$ 545,601	\$ 1,589,397	\$ 2,134,998
Intergovernmental Receivables	28,742	84,000	112,742
	<hr/>		
Total Current Assets	574,343	1,673,397	2,247,740
	<hr/>		
Total Assets	574,343	1,673,397	2,247,740
	<hr/>		
NET POSITION			
Unrestricted	574,343	1,673,397	2,247,740
	<hr/>		
Total Net Position	\$ 574,343	\$ 1,673,397	\$ 2,247,740
	<hr/> <hr/>		

**BAYSHORE JOINTURE COMMISSION
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	ADDITIONAL SERVICES	DISTRICT AIDES	2018
Operating Revenues:			
Charges for Services	\$ 135,634	\$ 1,456,435	\$ 1,592,069
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	135,634	1,456,435	1,592,069
	<hr/>	<hr/>	<hr/>
Operating Expenses:			
Salaries	-	646,090	646,090
Payroll Taxes & Benefits	-	559,135	559,135
Other Purchased Services	145,761	-	145,761
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	145,761	1,205,225	1,350,986
	<hr/>	<hr/>	<hr/>
Operating Income	(10,127)	251,210	241,083
	<hr/>	<hr/>	<hr/>
Change in Net Position	(10,127)	251,210	241,083
	<hr/>	<hr/>	<hr/>
Total Net Position - Beginning	584,470	1,422,187	2,006,657
	<hr/>	<hr/>	<hr/>
Total Net Position - Ending	\$ 574,343	\$ 1,673,397	\$ 2,247,740
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**BAYSHORE JOINTURE COMMISSION
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	ADDITIONAL SERVICES	DISTRICT AIDES	2018
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 554,593	\$ 2,054,097	\$ 2,608,690
Payments to Employees	-	(646,090)	(646,090)
Payment to Employee Benefits	-	(559,135)	(559,135)
Payments to Vendors	(145,761)	-	(145,761)
	<hr/>		
Net Cash Flows From Operating Activities	408,832	848,872	1,257,704
	<hr/>		
Net Change in Cash & Cash Equivalents	408,832	848,872	1,257,704
	<hr/>		
Cash and Cash Equivalents, July 1	136,769	740,525	877,294
	<hr/>		
Cash and Cash Equivalents, June 30	\$ 545,601	\$ 1,589,397	\$ 2,134,998
	<hr/> <hr/>		

Reconciliation of Operating Income to Net Cash Flows From Operating Activities:

Operating Income	\$ (10,127)	\$ 251,210	\$ 241,083
Adjustments to Reconcile Operating Income to Net Cash Flows From by Operating Activities:			
Change in Assets & Liabilities:			
(Increase)/Decrease in Interfund Receivable	414,477	578,760	993,237
(Increase)/Decrease in Accounts Receivable	4,782	22,652	27,434
(Decrease)/Increase in Unearned Revenue	(300)	(3,750)	(4,050)
	<hr/>		
Net Cash Flows From Operating Activities	\$ 408,832	\$ 848,872	\$ 1,257,704
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H. Fiduciary Fund

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**BAYSHORE JOINTURE COMMISSION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

ASSETS	PAYROLL AGENCY	2018
Cash & Cash Equivalents	\$ 49,260	\$ 49,260
Total Assets	<u>\$ 49,260</u>	<u>\$ 49,260</u>
LIABILITIES		
Payroll Deductions and Withholdings	\$ 32,351	\$ 32,351
Accrued Salaries	16,909	16,909
Total Liabilities	<u>\$ 49,260</u>	<u>\$ 49,260</u>

**BAYSHORE JOINTURE COMMISSION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BALANCE JULY 1, 2017	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2018
Cash & Cash Equivalents	\$ 26,134	\$ 2,356,243	\$ 2,333,117	\$ 49,260
Total Assets	<u>\$ 26,134</u>	<u>\$ 2,356,243</u>	<u>\$ 2,333,117</u>	<u>\$ 49,260</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 12,260	\$ 958,215	\$ 938,124	\$ 32,351
Net Payroll	13,874	1,398,028	1,394,993	16,909
Total Liabilities	<u>\$ 26,134</u>	<u>\$ 2,356,243</u>	<u>\$ 2,333,117</u>	<u>\$ 49,260</u>

I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

Note that the Exhibits are presented for the last ten fiscal years.

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BAYSHORE JOINTURE COMMISSION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment in Capital Assets	\$ -	\$ 12,072	\$ 13,524	\$ 60,004	\$ 70,473	\$ 22,153	\$ 15,676	\$ 19,159	\$ 22,642	\$ 26,081
Restricted	-	-	-	-	-	-	-	-	-	135
Unrestricted	1,672,458	1,001,655	762,034	533,142	1,750,289	1,093,134	357,331	230,624	(10,287)	172,715
Total Governmental Activities	\$ 1,672,458	\$ 1,013,727	\$ 775,558	\$ 593,146	\$ 1,820,762	\$ 1,115,287	\$ 373,007	\$ 249,783	\$ 12,354	\$ 198,931
Government-Wide:										
Net Investment in Capital Assets	\$ -	\$ 12,072	\$ 13,524	\$ 60,004	\$ 70,473	\$ 22,153	\$ 15,676	\$ 19,159	\$ 22,642	\$ 26,081
Restricted	-	-	-	-	-	-	-	-	-	136
Unrestricted	1,672,458	1,001,655	762,034	533,142	1,750,289	1,093,134	357,331	230,624	(10,287)	172,715
Total Net Position	\$ 1,672,458	\$ 1,013,727	\$ 775,558	\$ 593,146	\$ 1,820,762	\$ 1,115,287	\$ 373,007	\$ 249,783	\$ 12,355	\$ 198,932

BAYSHORE JOINTURE COMMISSION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental Activities										
Instruction:										
Special Education	\$ 3,080,790	\$ 2,033,731	\$ 1,863,855	\$ 1,764,636	\$ 1,321,652	\$ 1,187,469	\$ 840,587	\$ 943,324	\$ 834,312	\$ 822,857
Other Special Instruction	4,585	2,611	2,251	313	-	-	-	-	-	-
Other Instruction	16,449	3,791	994	1,636	77	-	1,847	4,796	14,854	19,044
Support Services & Undistributed Costs:										
Health Services	116,260	86,368	81,832	54,652	-	-	-	-	-	-
Student & Instruction Related Services	845,866	516,983	445,825	614,036	1,486,197	1,193,591	1,659,398	1,514,716	971,039	1,198,567
School Administrative Services	392,179	246,293	251,277	201,376	226,200	216,698	197,021	228,104	138,081	133,411
Other Administrative Services	325,752	192,679	165,913	154,883	132,695	152,409	144,406	129,843	100,386	102,910
Plant Operations & Maintenance	422,874	275,302	277,973	279,732	275,346	247,899	258,516	197,997	149,914	137,582
Pupil Transportation	26,142	18,202	15,054	15,546	12,115	10,752	12,414	7,701	50,650	68,598
Employee Benefits	-	1,023,004	877,740	884,385	-	-	-	-	921,402	585,963
Special Schools	259,214	145,754	158,377	156,522	248,726	201,526	152,813	99,892	123,281	118,186
Unallocated Increase/(Decrease) in Compensated Absences	-	-	-	(3,500)	-	-	-	-	-	-
Adjustment to Capital Assets	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	1,452	1,452	10,469	9,362	3,483	3,483	3,483	3,483	8,033
Total Governmental Activities Expenses	\$ 5,490,111	\$ 4,546,170	\$ 4,142,543	\$ 4,134,686	\$ 3,712,370	\$ 3,213,827	\$ 3,270,485	\$ 3,129,856	\$ 3,307,402	\$ 3,195,151
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 1,362,117	\$ 405,424	\$ 406,297	\$ 351,101	\$ 219,953	\$ 169,442	\$ 143,535	\$ 128,748	\$ 131,666	\$ 123,018
Total Governmental Activities Program Revenues	\$ 1,362,117	\$ 405,424	\$ 406,297	\$ 351,101	\$ 219,953	\$ 169,442	\$ 143,535	\$ 128,748	\$ 131,666	\$ 123,018
Net/(Expense)/Revenue:										
Governmental Activities	\$ (4,127,994)	\$ (4,140,746)	\$ (3,736,246)	\$ (3,783,585)	\$ (3,492,417)	\$ (3,044,385)	\$ (3,126,950)	\$ (3,001,108)	\$ (3,175,736)	\$ (3,072,133)
Total District-Wide Net Expense	\$ (4,127,994)	\$ (4,140,746)	\$ (3,736,246)	\$ (3,783,585)	\$ (3,492,417)	\$ (3,044,385)	\$ (3,126,950)	\$ (3,001,108)	\$ (3,175,736)	\$ (3,072,133)

BAYSHORE JOINTURE COMMISSION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30.									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Tuition Received	\$ 4,735,746	\$ 4,363,247	\$ 4,003,109	\$ 4,116,923	\$ 4,192,012	\$ 3,771,328	\$ 3,246,354	\$ 3,257,839	\$ 2,967,707	\$ 2,904,871
Miscellaneous Income	37,343	30,000	94,967	3,537	5,880	4,270	3,820	697	21,408	(8,292)
Cancellation of Prior Year Receivables	13,636	(14,332)	-	(74,806)	-	-	-	-	-	-
Non-Cash Contributions	-	-	-	-	-	11,067	-	-	-	-
Total Governmental Activities	\$ 4,786,725	\$ 4,378,915	\$ 4,098,076	\$ 4,045,654	\$ 4,197,892	\$ 3,786,665	\$ 3,250,174	\$ 3,238,536	\$ 2,989,115	\$ 2,896,579
Change in Net Position:										
Governmental Activities	\$ 658,731	\$ 238,169	\$ 361,830	\$ 262,069	\$ 705,475	\$ 742,280	\$ 123,224	\$ 237,428	\$ (186,621)	\$ (175,554)
Total District	\$ 658,731	\$ 238,169	\$ 361,830	\$ 262,069	\$ 705,475	\$ 742,280	\$ 123,224	\$ 237,428	\$ (186,621)	\$ (175,554)

**BAYSHORE JOINTURE COMMISSION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136
Committed	14,749	18,719	850	7,239	-	-	-	-	-	-
Assigned	-	240,000	-	-	-	-	-	-	-	-
Unassigned	1,467,212	704,748	613,075	453,661	610,406	484,479	375,531	248,824	(10,287)	172,715
Total General Fund	\$ 1,481,961	\$ 963,467	\$ 613,925	\$ 460,900	\$ 610,406	\$ 484,479	\$ 375,531	\$ 248,824	\$ (10,287)	\$ 172,851
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BAYSHORE JOINTURE COMMISSION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
District Charges	\$ 3,143,677	\$ 2,878,352	\$ 2,705,652	\$ 2,857,313	\$ 2,924,726	\$ 2,551,326	\$ 2,322,173	\$ 2,449,074	\$ 2,326,699	\$ 2,037,413
Miscellaneous	38,166	30,612	29,790	3,537	64,669	4,270	3,820	697	21,408	8,028
State Sources	346,251	290,186	235,259	164,694	161,164	169,442	143,535	128,748	131,666	123,018
Total Revenue	3,528,094	3,199,150	2,970,701	3,025,544	3,150,559	2,725,038	2,469,528	2,578,519	2,479,773	2,168,459
Expenditures:										
Instruction	767,213	776,837	852,128	985,514	912,530	870,564	600,402	632,852	849,166	841,901
Undistributed Instruction	2,087,058	1,917,343	1,812,948	1,999,484	1,883,949	1,604,425	1,631,830	1,638,295	1,690,464	1,356,591
Special Schools	168,965	145,754	158,377	156,522	169,364	141,101	110,589	67,385	123,281	118,186
Capital Outlay	-	-	-	58,789	-	-	-	-	-	2,982
Total Expenditures	3,023,236	2,839,934	2,823,453	3,141,520	3,024,632	2,616,090	2,342,821	2,338,532	2,662,911	2,319,660
Excess (Deficiency) of Revenues Over/(Under) Expenditures	504,858	359,216	147,248	(115,976)	125,927	108,948	126,707	239,987	(183,138)	(151,201)
Other Financing Sources/(Uses):										
Cancellation of Prior Year Receivables	13,636	(9,674)	-	(33,530)	-	-	-	-	-	-
Transfers In	-	-	65,177	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	13,636	(9,674)	65,177	(33,530)	-	-	-	-	(16,320)	17,818
Net Change in Fund Balances	\$ 518,494	\$ 349,542	\$ 212,425	\$ (149,506)	\$ 125,927	\$ 108,948	\$ 126,707	\$ 239,987	\$ (199,458)	\$ (133,383)
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: District records

BAYSHORE JOINTURE COMMISSION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDED JUNE 30,	INTEREST ON INVESTMENTS	MISCELLANEOUS	TOTAL
2018	\$ -	\$ 37,343	\$ 37,343
2017	-	30,000	30,000
2016	-	29,790	29,790
2015	-	3,037	3,037
2014	-	64,669	64,669
2013	-	4,270	4,270
2012	-	3,820	3,820
2011	-	697	697
2010	-	21,408	21,408
2009	-	8,028	8,028

Source: District Records

Operating Information

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

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BAYSHORE JOINTURE COMMISSION
INSURANCE SCHEDULE
June 30, 2018

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Commercial Package Policy		
New Jersey School Boards Association		
Insurance Group:		
Property - Blanket Real and Personal	\$ 200,000	\$ 1,000
Electronic Data Processing	50,000	1,000
Equipment Breakdown	100,000,000	1,000
Flood	50,000,000	10,000
Comprehensive General Liability	6,000,000	-
Automobile	6,000,000	-
School Leaders' Errors and Omissions		
New Jersey School Boards Associations		
Insurance Group:		
Coverage A	6,000,000	5,000
Coverage B	Each Claim 100,000	-
	Each policy period 300,000	5,000
Officials' Bonds		
Selective Insurance		
Board Secretary / School Business Administrator	75,000	500
Workers' Compensation and Employers' Liability		
New Jersey School Boards Association		
Insurance Group	1,718,594	-

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Bayshore Jointure Commission
County of Monmouth
Tinton Falls, NJ 07712

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 8, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2407

Toms River, New Jersey
February 8, 2019

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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

State Financial Assistance - NOT APPLICABLE

Dollar threshold used to determine Type A programs _____

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

Internal control over major programs:

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

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

NOT APPLICABLE

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings

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

None.

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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

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

FEDERAL AWARDS

N/A - No Federal Single Audit performed.

STATE FINANCIAL ASSISTANCE

N/A - No State Single Audit performed.

**BAYSHORE JOINTURE COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2018**

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.