

SCHOOL DISTRICT
OF
BEACH HAVEN
OF OCEAN COUNTY

BEACH HAVEN BOARD OF EDUCATION
BEACH HAVEN, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Beach Haven School District
of Ocean County

Beach Haven, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

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

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INTRODUCTORY SECTION

BEACH HAVEN BOARD OF EDUCATION

Eighth and Beach Avenue
Beach Haven, New Jersey 08008

December 14, 2018

Mrs. Irene Hughes, President
Members of the Board of Education
Beach Haven School District
Beach Haven, New Jersey 08008

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Beach Haven School District for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Beach Haven School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

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

REPORTING ENTITY AND ITS SERVICES

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

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017/2018	68	-1%
2016/2017	69	6%
2015/2016	65	0%
2014/2015	65	-8%
2013/2014	80	8%
2012/2013	64	-1%
2011/2012	65	-9%

ECONOMIC CONDITION AND OUTLOOK

The Beach Haven School District has a stable year-round population. The primary industry is tourism which significantly increases the population during the summer.

MAJOR INITIATIVES

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

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

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

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

ACCOUNTING SYSTEM AND REPORTS

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

DEBT ADMINISTRATION

The District has no outstanding debt as of June 30, 2018.

RISK MANAGEMENT

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

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Jump, Perry & Company, LLP was appointed by the Beach Haven Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

ACKNOWLEDGEMENTS

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

Respectfully Submitted,

Richard Starodub

Mr. Richard Starodub
Interim Superintendent

Steven Terhune

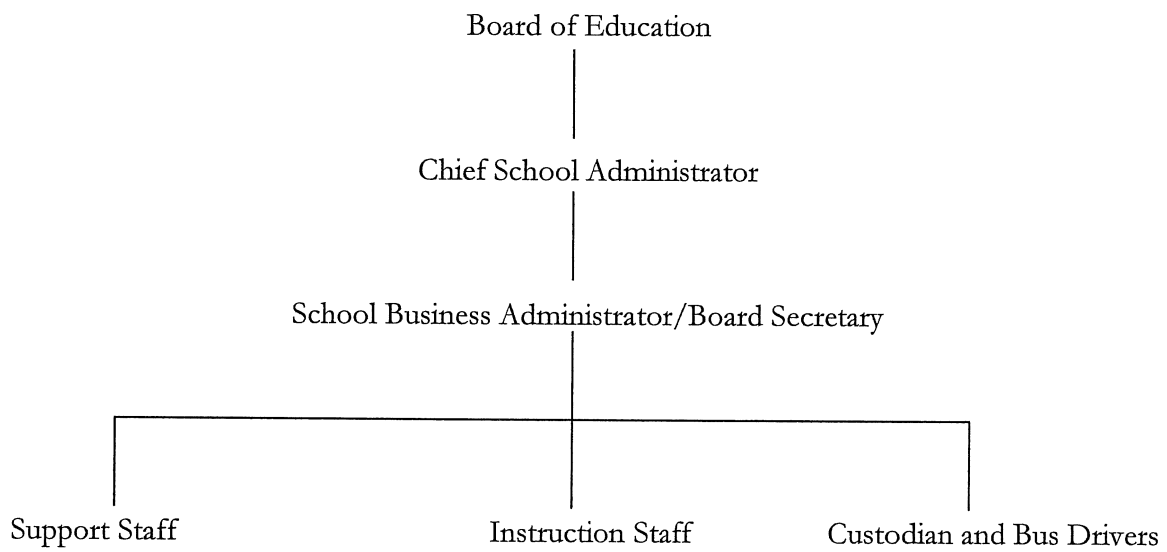
Mr. Steven Terhune
School Business Administrator/
Board Secretary

Borough of Beach Haven Board of Education

Beach Haven, New Jersey

June 30, 2018

Organization Chart



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

Roster of Officials
June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Irene Hughes, President	2019
Jen Tomlinson, Vice President	2020
Jean Frazier	2019
Carol Labin	2018
Meredith O'Donnell	2020

Other Officials

Carl Krushinski - Superintendent of Schools

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

Beach Haven School District
Consultants and Advisors

Attorney

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

Audit Firm

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

Official Depositories

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beach Haven School District in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beach Haven School District in the County of Ocean, State of New Jersey as of June 30, 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 basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are 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 and budgetary comparison information, and the schedules related to accounting and reporting for pensions and post-retirement 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 Beach Haven School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

Other Information (continued)

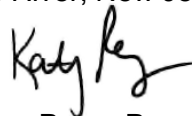
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of the Beach Haven School District in the County of Ocean, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beach Haven School District in the County of Ocean, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted

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



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

Toms River, New Jersey
January 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Beach Haven School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

Unaudited

The discussion and analysis of Beach Haven School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

Financial Highlights

Key financial highlights for June 30, 2018 are as follows:

Net position totaled \$3,208,914, which represents a 5.65 percent increase from June 30, 2017.

General revenues accounted for \$2,085,302 in revenue or 93.96 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$134,061 or 6.04 percent of total revenues of \$2,219,363.

Total assets increased by \$175,094 as current assets increased by \$250,291 and capital assets, net decreased by \$75,197.

The School Board had \$2,047,855 in expenses; only \$134,061 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,085,302 were adequate to provide for these programs.

Among major funds, the General Fund had \$2,176,131 in revenues and \$1,925,840 in expenditures and transfers. The General Fund's balance increased \$250,291 over June 30, 2017. The General Fund's balance is \$1,147,992.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the School Board to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2018?" The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets, liabilities, deferred outflows of resources, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the School Board's Most Significant Funds

Fund Financial Statement

The Analysis of the School Board's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental fund is the General Fund.

Governmental Funds

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

Enterprise Fund

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

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

The School Board as a Whole

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

Table 1 provides a summary comparison of the School Board's net position for June 30, 2018 and 2017.

Table 1

Net Position as of June 30, 2018 and June 30, 2017

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 1,147,992	\$ -	\$ 1,147,992	\$ 897,701	\$ -	\$ 897,701
Capital assets, net	2,399,360	-	2,399,360	2,474,557	-	2,474,557
Total assets	3,547,352	-	3,547,352	3,372,258	-	3,372,258
Deferred outflow of resources	167,473	-	167,473	197,787	-	197,787
Liabilities:						
Current liabilities	-	-	-	-	-	-
Long-term liabilities outstanding	427,817	-	427,817	532,639	-	532,639
Total liabilities	427,817	-	427,817	532,639	-	532,639
Deferred inflow of resources	78,094	-	78,094	-	-	-
Net position:						
Net investment in capital assets	2,399,360	-	2,399,360	2,474,557	-	2,474,557
Restricted	920,960	-	920,960	667,876	-	667,876
Unrestricted	(111,406)	-	(111,406)	(105,027)	-	(105,027)
Total Net Position	\$ 3,208,914	\$ -	\$ 3,208,914	\$ 3,037,406	\$ -	\$ 3,037,406

The School Board's combined net position was \$3,208,914 on June 30, 2018. This is a change of 5.65% from the previous year.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2018 and 2017.

Table 2

Changes in Net Position

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Operating and capital grants and contributions	\$ 134,061	\$ -	\$ 134,061	\$ 99,844	\$ -	\$ 99,844
General revenues:						
Property taxes	1,811,354	-	1,811,354	1,811,354	-	1,811,354
Federal and state aid	267,218	-	267,218	227,508	-	227,508
Investment earnings	-	-	-	-	-	-
Miscellaneous	6,730	-	6,730	21,301	-	21,301
Total revenues	2,219,363	-	2,219,363	2,160,007	-	2,160,007
Expenses						
Instructional services	781,861	-	781,861	743,882	-	743,882
Support services	1,265,994	-	1,265,994	1,463,313	-	1,463,313
Total expenses	2,047,855	-	2,047,855	2,207,195	-	2,207,195
Change in net position	171,508	-	171,508	(47,188)	-	(47,188)
Net position - beginning	3,037,406	-	3,037,406	3,084,594	-	3,084,594
Net position (deficit) - ending	\$ 3,208,914	\$ -	\$ 3,208,914	\$ 3,037,406	\$ -	\$ 3,037,406

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

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

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

Expenses for Fiscal Year June 30, 2018

Governmental Activities

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

Table 3

Governmental Activities

	2018		2017	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 781,861	\$ 781,861	\$ 743,882	\$ 743,882
Support Services:				
Pupils and Instructional Staff	459,932	325,871	425,647	325,803
General Administration, School Administration, Business Operation and Maintenance of Facilities	763,115	763,115	1,004,634	1,004,634
Pupil Transportation	42,947	42,947	33,032	33,032
Interest and Fiscal Charges	-	-	-	-
Total Expenses	\$ 2,047,855	\$ 1,913,794	\$ 2,207,195	\$ 2,107,351

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

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

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

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

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

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

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

The School Board's Funds

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

As the School Board completed the fiscal year ended June 30, 2018, it reported a combined fund balance of \$1,147,992, which is a increase of \$250,291. The Reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018.

<u>Revenue</u>	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,818,084	81.92 %	\$ (14,571)	(0.80)%
State Sources	358,047	16.13	60,791	20.45
Federal Sources	<u>43,232</u>	<u>1.95</u>	<u>13,136</u>	<u>43.65</u>
Total	<u>\$ 2,219,363</u>	<u>100.00 %</u>	<u>\$ 59,356</u>	<u>2.75 %</u>

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

<u>Expenditures</u>	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 781,861	39.72 %	\$ 37,979	5.11 %
Undistributed Expenditures	1,187,135	60.29	(123,939)	(9.45)
Capital Outlay	<u>76</u>	<u>-</u>	<u>(88,180)</u>	<u>(99.91)</u>
Total	<u>\$ 1,969,072</u>	<u>100.01 %</u>	<u>\$ (174,140)</u>	<u>(8.13)%</u>

General Fund Budgeting Highlights

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

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

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

The General Fund finished the fiscal year approximately \$274,165 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$(9,201) less than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are Capital Reserve \$752,960, Maintenance Reserve \$143,000 and Emergency Reserve \$-. These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District

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

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

The excesses will be carried forward into the beginning fund balance from the 2017-2018 fiscal year and will be used to reduce the local tax levy for the 2019-2020 fiscal year.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2018, the School Board had \$2,399,360 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2018 and June 30, 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 99,516	\$ 99,516	\$ -	\$ -	\$ 99,516	\$ 99,516
Construction in Progress	-	-	-	-	-	-
Building and Improvements	2,253,586	2,319,477	-	-	2,253,586	2,319,477
Machinery and Equipment	46,258	55,564	-	-	46,258	55,564
Total	\$ 2,399,360	\$ 2,474,557	\$ -	\$ -	\$ 2,399,360	\$ 2,474,557

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

Debt Administration. The District's long-term liabilities are as follows for the governmental and business-type activities :

	June 30, 2018	June 30, 2017
Pension Liability-PERS	\$ 389,057	\$ 486,304
Compensated Absences payable	<u>38,760</u>	<u>46,335</u>
Total long-term liabilities	\$ <u>427,817</u>	\$ <u>532,639</u>

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

Economic Factors and Next Year's Budget

For the 2017-2018 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 18.08% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 81.92% of total revenue is from local sources.

The \$(111,406) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

The 2017-2018 budget was adopted in March 2017 based in part on the state education aid the School Board anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Borough of Beach Haven for increased aid.

The School Board anticipates a slight increase in enrollment for the 2018-2019 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the School School Board's Financial Management

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

BASIC FINANCIAL STATEMENTS

BEACH HAVEN SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,083,472	\$ -	\$ 1,083,472
Restricted cash-capital reserve	18,607	-	18,607
Receivables - state	2,681	-	2,681
Receivables - federal	43,232	-	43,232
Capital assets, non-depreciable	99,516	-	99,516
Capital assets, depreciable, net:	2,299,844	-	2,299,844
Total assets	<u>3,547,352</u>	<u>-</u>	<u>3,547,352</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	167,473	-	167,473
Total deferred outflows of resources	<u>167,473</u>	<u>-</u>	<u>167,473</u>
LIABILITIES			
Accounts payable	-	-	-
Unearned revenue	-	-	-
Noncurrent liabilities:			
Due within one year	-	-	-
Due beyond one year	427,817	-	427,817
Total liabilities	<u>427,817</u>	<u>-</u>	<u>427,817</u>
NET POSITION			
Net investment in capital assets	2,399,360	-	2,399,360
Restricted for:			
Capital projects	752,960	-	752,960
Other purposes	168,000	-	168,000
Unrestricted	(111,406)	-	(111,406)
Total net position	<u>\$ 3,208,914</u>	<u>\$ -</u>	<u>\$ 3,208,914</u>

BEACH HAVEN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 706,893	\$ -	\$ -	\$ -	\$ (706,893)	\$ -	\$ (706,893)
Special schools instruction	61,286	-	-	-	(61,286)	-	(61,286)
Other special instruction	13,682	-	-	-	(13,682)	-	(13,682)
Support services and undistributed costs:							
Instruction	16,928	-	-	-	(16,928)	-	(16,928)
Attendance	5,500	-	-	-	(5,500)	-	(5,500)
Health services	64,223	-	-	-	(64,223)	-	(64,223)
Other support services	228,832	-	-	-	(228,832)	-	(228,832)
Instruction staff training	10,388	-	-	-	(10,388)	-	(10,388)
General administrative services	72,317	-	-	-	(72,317)	-	(72,317)
School administrative services	9,055	-	-	-	(9,055)	-	(9,055)
Central services	33,000	-	-	-	(33,000)	-	(33,000)
Allowed maintenance for school facilities	73,073	-	-	-	(73,073)	-	(73,073)
Other operation & maintenance of plant	198,050	-	-	-	(198,050)	-	(198,050)
Security	2,500	-	-	-	(2,500)	-	(2,500)
Student transportation services	42,947	-	-	-	(42,947)	-	(42,947)
Unallocated employee benefits	375,120	-	-	-	(375,120)	-	(375,120)
Non-budgeted expenditures	134,061	-	134,061	-	-	-	-
Total governmental activities	2,047,855	-	134,061	-	(1,913,794)	-	(1,913,794)
Business-type activities:							
N/A	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-
Total primary government	\$ 2,047,855	\$ -	\$ 134,061	\$ -	\$ (1,913,794)	\$ -	\$ (1,913,794)
General revenues:							
Taxes:							
Property taxes levied for general purpose					1,811,354	-	1,811,354
Federal and state aid - not restricted					223,986	-	223,986
Federal and state aid -restricted					43,232	-	43,232
Miscellaneous income					6,730	-	6,730
Total general revenues					2,085,302	-	2,085,302
Change in net position					171,508	-	171,508
Net position—beginning					3,037,406	-	3,037,406
Net position—ending					\$ 3,208,914	-	\$ 3,208,914

BEACH HAVEN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,126,704	\$ (43,232)	\$ -	\$ -	\$ 1,083,472
Capital reserve	18,607	-	-	-	18,607
Receivables - State	2,681	-	-	-	2,681
Receivables - Federal	-	43,232	-	-	43,232
Total assets	<u>\$ 1,147,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,147,992</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Due to grantor	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted for:					
Capital reserve account	752,960	-	-	-	752,960
Maintenance reserve account	143,000	-	-	-	143,000
Emergency reserve account	-	-	-	-	-
Excess surplus	-	-	-	-	-
Excess surplus -- designated for subsequent year's expenditures	-	-	-	-	-
Special revenue fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Debt service fund	-	-	-	-	-
Assigned to:					
Designated by the BOE for subsequent year's expenditures	25,000	-	-	-	25,000
Other purposes	-	-	-	-	-
Unassigned to:					
General fund	227,032	-	-	-	227,032
Total Fund balances	<u>1,147,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,147,992</u>
Total liabilities and fund balances	<u>\$ 1,147,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,147,992</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$3,585,238 and the accumulated depreciation is \$1,185,878.	2,399,360
Deferred outflows related to the PERS pension plan	167,473
Deferred inflows related to the PERS pension plan	(78,094)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(427,817)</u>
Net position of governmental activities	<u>\$ 3,208,914</u>

BEACH HAVEN SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	GAAP Total Governmental Funds
REVENUES			
Local sources:			
Local tax levy	\$ 1,811,354	\$ -	\$ 1,811,354
Other Local Revenue	6,730	-	6,730
Total - Local Sources	1,818,084	-	1,818,084
State sources	358,047	-	358,047
Federal sources	-	43,232	43,232
Total revenues	<u>\$ 2,176,131</u>	<u>\$ 43,232</u>	<u>\$ 2,219,363</u>
EXPENDITURES			
Current:			
Regular instruction	\$ 669,800	\$ 37,093	\$ 706,893
Special education instruction	61,286	-	61,286
Other special instruction	13,682	-	13,682
Undistributed - current:			
Instruction	16,928	-	16,928
Attendance	5,500	-	5,500
Health services	64,223	-	64,223
Other support services	222,693	6,139	228,832
Instruction staff training	10,388	-	10,388
General administrative services	72,317	-	72,317
School administrative services	9,055	-	9,055
Allowed maintenance for school facilities	73,073	-	73,073
Other operation & maintenance of plant	122,777	-	122,777
Security	2,500	-	2,500
Student transportation services	42,947	-	42,947
Central services	33,000	-	33,000
Unallocated employee benefits	371,534	-	371,534
Non-budgeted expenditures	134,061	-	134,061
Capital outlay	76	-	76
Total expenditures	<u>1,925,840</u>	<u>43,232</u>	<u>1,969,072</u>
Net change in fund balances	250,291	-	250,291
Fund balance—July 1	897,701	-	897,701
Fund balance—June 30	<u>\$ 1,147,992</u>	<u>\$ -</u>	<u>\$ 1,147,992</u>

BEACH HAVEN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds (from B-2)	\$	250,291
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
	Depreciation expense	(75,197)
	Capital outlays	(75,197)
		-
In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey		(11,161)
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. This year, sick leave was increased by \$0.		7,575
		7,575
Change in net position of governmental activities	\$	<u>171,508</u>

BEACH HAVEN SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 75,000	\$ 32,473	\$ 107,473
Intergovernmental accounts receivable	-	-	-
Interfund receivable	-	-	-
Total assets	<u>\$ 75,000</u>	<u>\$ 32,473</u>	<u>\$ 107,473</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	30,703	30,703
Payable to student groups	-	1,770	1,770
Interfund payable	-	-	-
Other current liabilities	-	-	-
Total liabilities	<u>-</u>	<u>32,473</u>	<u>32,473</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	75,000	-	75,000
Reserved for scholarships	-	-	-
Total net position	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total liabilities and net position	<u>\$ 75,000</u>	<u>\$ 32,473</u>	<u>\$ 107,473</u>

BEACH HAVEN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

Government-Wide Financial Statements

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

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

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

D. Fund Accounting

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

Fiduciary Fund Types

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

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

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

D. Fund Accounting (Cont'd)

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

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

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

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

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

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

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

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

F. Encumbrances

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

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

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

G. Short-Term Interfund Receivables/Payables

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

H. Inventories and Prepaid Expenses

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

Prior to 2018, the District reported inventories at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. The District began stating inventories prospectively at the lower of FIFO cost and net realizable value. This change was made in response to a recent FASB standard issued as part of the Board's simplification initiative. Under the prior method, "market", was replacement cost, subject to possible adjustments. Net realizable value is based on the selling price. The change is intended to reduce complexity in financial statement preparation. This change had no significant effect on earnings for 2018.

I. Capital Assets and Depreciation

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

The District contracted with an outside service company during the 2012 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased with a historical cost of \$2,000 or more. Accumulated fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided, and have been updated annually through 2017-2018. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

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

I. Capital Assets and Depreciation (Cont'd)

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

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

J. Compensated Absences

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

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

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2019. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 3).

2. Cash, Cash Equivalents and Investments

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

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

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

Deposits

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

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

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

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

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

Investments

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

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

As of June 30, 2018, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking, Money Market Accounts and Certificate of Deposit	\$1,209,552

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

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

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2018, was \$1,209,552 and the bank balance was \$1,373,161. Of the bank balance, \$250,000 was covered by federal depository insurance and \$(122,182) was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

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

FDIC	\$250,000
GUPDA	\$(122,182)

As of June 30, 2018, the District did not hold any long-term investments.

Custodial Credit Risk - Deposits

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

The District had no uninsured deposits.

3. Capital Reserve Account

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

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

Beach Haven School District

Notes to Financial Statements (continued)

For the Year Ended June 30, 2018

3. Capital Reserve Account (cont'd)

The activity of the Capital Reserve for the June 30, 2017 to June 30, 2018 fiscal year is as follows:

Balance, June 30, 2017	\$ 512,960
Add:	
Approved at June 2018 Meeting	<u>240,000</u>
Balance, June 30, 2018	<u>\$ 752,960</u>

4. Maintenance Reserve Account

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

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

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2018.

The activity of the Maintenance Reserve for the June 30, 2017 to June 30, 2018 fiscal year is as follows:

Balance, June 30, 2017	\$ 143,000
Add:	
Approved at June 2018 Meeting	-
Less:	
Used in budget	<u>-</u>
Balance, June 30, 2018	<u>\$ 143,000</u>

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2018

5. Receivables

Receivables at June 30, 2018, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	\$ 2,681	\$ 2,681
Federal Aid	<u>43,232</u>	<u>43,232</u>
Total Receivables, Net	<u>\$ 45,913</u>	<u>\$ 45,913</u>

6. Fixed Assets

Capital Assets consisted of the following at June 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Capital Assets Not Being Depreciated:				
Site and Site Improvements	\$ 99,516	\$ -	\$ -	\$ 99,516
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>99,516</u>	<u>-</u>	<u>-</u>	<u>99,516</u>
Capital Assets Being Depreciated:				
Building and Building Improvements	3,253,088	-	-	3,253,088
Machinery and Equipment	<u>232,634</u>	<u>-</u>	<u>-</u>	<u>232,634</u>
Total Capital Assets Being Depreciated	<u>3,485,722</u>	<u>-</u>	<u>-</u>	<u>3,485,722</u>
Less Accumulated Depreciation for:				
Building and Building Improvements	(933,611)	(65,891)	-	(999,502)
Machinery and Equipment	<u>(177,070)</u>	<u>(9,306)</u>	<u>-</u>	<u>(186,376)</u>
Total Accumulated Depreciation	<u>(1,110,681)</u>	<u>(75,197)</u>	<u>-</u>	<u>(1,185,878)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>2,375,041</u>	<u>(75,197)</u>	<u>-</u>	<u>2,299,844</u>
Government Activity Capital Assets, Net	<u>\$ 2,474,557</u>	<u>(75,197)</u>	<u>-</u>	<u>\$ 2,399,360</u>

Depreciation expense was charged to governmental functions as follows:

Operations and Maintenance	June 30, 2018
Total depreciation expense	\$11,161

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

7. General Long-Term Debt

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Short-Term Portion
Pension Liability	\$ 486,304	\$ -	\$ (97,247)	\$ 389,057	\$ -
Compensated Absences Payable	<u>46,335</u>	<u>-</u>	<u>(7,575)</u>	<u>38,760</u>	<u>-</u>
Total	<u>\$ 532,639</u>	<u>\$ -</u>	<u>\$ (104,822)</u>	<u>\$ 427,817</u>	<u>\$ -</u>

8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

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 payments due in State fiscal year 2009. Such employers will be credited with the full payment and 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 \$389,057 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 procedure 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 .0016713206%, which was an increase of .0000293536% from its proportion measured as of June 30, 2016.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$11,161 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 9,161	\$ -
Changes of assumptions	78,382	78,094
Net difference between projected and actual earnings on pension plan investments	2,649	-
Changes in proportion and differences between District contributions and proportionate share of contributions	59,169	-
District contributions subsequent to the measurement date	18,112	-
Total	<u>\$ 167,473</u>	<u>\$ 78,094</u>

\$18,112 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 contribution rate. 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:

Year ended June 30:	
2018	\$ 53,954
2019	81,419
2020	49,336
2021	(65,616)
2022	(47,826)
Thereafter	-
Total	<u>\$ 71,267</u>

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows 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	-
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	-

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.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

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 Rate	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%

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

The actuarial assumptions used in the July 1, 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.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

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 ranged 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 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 Equivalents	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 %

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the 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 Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. 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 Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	482,651	389,057	311,081

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

	<u>6/30/18</u>	<u>6/30/17</u>
Collective Deferred Outflows of Resources	723,829,861	7,815,204,785
Collective Deferred Inflows of Resources	-	-
Collective Net Pension Liability	23,278,401,588	29,617,131,759
School District's Portion	.0016713206%	.0016419670%

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit plan with a special-funding situation, by which a 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/financial-reports.shtml.

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

The following represents the membership tiers for TPAF:

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Contributions - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* 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.

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. 18A: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 School District.

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 \$3,731,527. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 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 .0055344514%, which was a decrease of .0009032245% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$119,425 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2017 measurement date.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

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, 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 a 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 ranged 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, 2017 are summarized in the following table:

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

<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 Equivalents	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 %

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the 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 Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. 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 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.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
District's proportionate share of the net pension liability	4,449,385	3,731,527	3,165,043

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.

Defined Contribution Retirement Plan (DCRP)

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

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

The District's contributions to the DCRP for June 30, 2018 were \$-. There was no liability for unpaid contributions at June 30, 2018.

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (Cont'd)

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

9. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

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

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.
(GASB Cod. Sec. 2300.106(g))

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Employees covered by benefit terms

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	142,331
Active plan members	<u>223,747</u>
Total	<u><u>366,078</u></u>

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

9. Post-Retirement Benefits (cont'd)

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

Actuarial assumptions and other imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.5%
Salary Increases through 2026	PERS 2.15%-4.15%
	PFRS 2.1%-8.98%
	TPAF 1.55%-4.55%
Salary Increases after 2026	PERS 3.15%-5.15%
	PFRS 3.1%-9.98%
	TPAF 2.0%-5.45%
Discount Rate	3.58%
Healthcare Cost Trend Rates	4.5%-5.9%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

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 Scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. The disabled mortality was based on the RP-2014 Headcount-weighted Male/Female mortality table with fully generational improvement projects 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 an actuarial experience study for PERS-June 30, 2014; TPAF-June 30, 2015 and PFRS-June 30, 2013.

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Post-Retirement Benefits (cont'd)

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at June 30, 2016	\$ 57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest on the total OPEB liability	1,699,441,736
Changes in assumptions	(7,086,599,129)
Gross benefit payments by the state	(1,242,412,566)
Contributions from members	<u>45,748,749</u>
Net changes	<u>(4,191,942,326)</u>
Balance at June 30, 2017	<u>\$ 53,639,841,858</u>

Discount rate

The discount rate was 2.85% percent in 2016 and 3.58% percent in 2017. This represents the municipal bond rate chosen by the State of New Jersey Division of Pension and Benefits. 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 the total OPEB liability to changes in the discount rate

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
Total OPEB Liability of the State for School Retirees	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953
Total OPEB Liability of the State Associated with the School District for School Retirees	\$5,499,921	\$4,633,182	\$3,945,676

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount 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 rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to 5.0% long term 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.

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Post-Retirement Benefits (cont'd)

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability of the State for School Retirees	\$44,113,584,560	\$53,639,841,858	\$66,290,599,457
Total OPEB Liability of the State Associated with the School District for School Retirees	\$3,810,329	\$4,633,182	\$5,725,901

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$253,486 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Beach Haven School District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Changes of assumptions	\$ -	\$ 6,343,769,032
Contributions made in fiscal year ending 2018 after June 30, 2017 measurement date	<u>1,190,373,242</u>	<u>-</u>
Total	<u>\$ 1,190,373,242</u>	<u>\$ 6,343,769,032</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	<u>(2,629,618,547)</u>
Total	<u>\$ (6,343,769,032)</u>

Beach Haven School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Compensated Absences

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

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

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

11. Risk Management

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

District Financial Year	Employee Contributions	District Contributions	Disbursed	Balance
2017-2018	\$ -	-	-	\$ 75,000
2016-2017	-	-	-	75,000
2015-2016	\$ -	73,000	-	\$ 75,000

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

12. Economic Dependency

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

13. Contingent Liabilities

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

14. Fund Balance Appropriated

General Fund

Of the \$1,147,992 General Fund fund balance at June 30, 2018, \$752,960 is restricted for the capital reserve Account; \$143,000 is restricted for the maintenance reserve; \$- is restricted for excess surplus, \$- is restricted for excess surplus designated for subsequent year's expenditures, \$25,000 is designated for subsequent year's expenditures and \$227,032 is unassigned.

15. Calculation of Excess Surplus

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

Beach Haven School District
Notes to Financial Statements
For the Year Ended June 30, 2018

16. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2018. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2015.

17. Subsequent Events

Management has evaluated subsequent events through January 31, 2019, the date the financial statements were available to be issued.

18. Tax Abatement

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 1,811,354	\$ -	\$ 1,811,354	1,811,354	\$ -
Miscellaneous	15,931	-	15,931	6,730	(9,201)
Total - local sources	<u>1,827,285</u>	<u>-</u>	<u>1,827,285</u>	<u>1,818,084</u>	<u>(9,201)</u>
State sources:					
Transportation aid	619	-	619	619	-
Special education aid	31,541	-	31,541	31,541	-
Professional learning community aid	470	-	470	470	-
School choice	164,983	-	164,983	164,983	-
Adjustment aid	25,382	-	25,382	25,382	-
PARCC readiness aid	600	-	600	600	-
Per pupil growth aid	600	-	600	600	-
Categorical security aid	2,548	-	2,548	2,548	-
TPAF LTDI (on-behalf - Non-budgeted)	-	-	-	67	67
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	77,134	77,134
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	119,425	119,425
TPAF social security (reimbursed - Non-budgeted)	-	-	-	56,860	56,860
Total state sources	<u>226,743</u>	<u>-</u>	<u>226,743</u>	<u>480,229</u>	<u>253,486</u>
Total revenues	<u>2,054,028</u>	<u>-</u>	<u>2,054,028</u>	<u>2,298,313</u>	<u>244,285</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of teachers	80,186	(50,186)	30,000	19,565	10,435
Kindergarten - Salaries of teachers	54,102	36,068	90,170	85,278	4,892
Grades 1-5 - Salaries of teachers	461,371	35,100	496,471	472,631	23,840
Grades 6-8 - Salaries of teachers	-	60,274	60,274	60,176	98
Regular Programs - Undistributed Instruction:					
Other purchased services (400-500 series)	11,451	(2,990)	8,461	7,042	1,419
General supplies	50,000	(22,575)	27,425	16,542	10,883
Textbooks	2,110	6,990	9,100	8,566	534
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>659,220</u>	<u>62,681</u>	<u>721,901</u>	<u>669,800</u>	<u>52,101</u>
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of teachers	107,573	(45,823)	61,750	61,286	464
General supplies	475	-	475	-	475
Total Resource Room/Resource Center	<u>108,048</u>	<u>(45,823)</u>	<u>62,225</u>	<u>61,286</u>	<u>939</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>108,048</u>	<u>(45,823)</u>	<u>62,225</u>	<u>61,286</u>	<u>939</u>

BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	\$ -	\$ 15,750	\$ 15,750	\$ 13,034	\$ 2,716
General Supplies	500	(500)	-	-	-
Total Basic Skills/Remedial - Instruction	<u>500</u>	<u>15,250</u>	<u>15,750</u>	<u>13,034</u>	<u>2,716</u>
School-Spon. Athletics - Instruction					
Other Objects	5,000	-	5,000	648	4,352
Total School-Spon. Coccuicrular Actvts. - Instruction	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>648</u>	<u>4,352</u>
Total Instruction	<u>772,768</u>	<u>32,108</u>	<u>804,876</u>	<u>744,768</u>	<u>60,108</u>
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - special	-	17,200	17,200	16,928	272
Total Undistributed Expenditures - Instruction:	<u>-</u>	<u>17,200</u>	<u>17,200</u>	<u>16,928</u>	<u>272</u>
Undist. Expend. - Attendance and Social Work					
Salaries	30,000	(21,650)	8,350	5,500	2,850
Total Undistributed Expenditures - Attendance	<u>30,000</u>	<u>(21,650)</u>	<u>8,350</u>	<u>5,500</u>	<u>2,850</u>
Undist. Expend. - Health Services					
Salaries	31,519	23,375	54,894	54,602	292
Purchased professional and technical services	6,000	710	6,710	6,708	2
Supplies and materials	1,000	1,915	2,915	2,913	2
Total Undistributed Expenditures - Health Services	<u>38,519</u>	<u>26,000</u>	<u>64,519</u>	<u>64,223</u>	<u>296</u>
Undist. Expend. - Speech, OT,PT & Related Svcs.					
Salaries	27,230	15,000	42,230	35,790	6,440
Purchased professional - educational services	25,000	(400)	24,600	18,405	6,195
Supplies and materials	500	-	500	146	354
Total Undist. Expend. - Speech, OT,PT & Related	<u>52,730</u>	<u>14,600</u>	<u>67,330</u>	<u>54,341</u>	<u>12,989</u>
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	7,000	-	7,000	7,000	-
Purchased Prof. Ed. Services	7,500	2,200	9,700	6,230	3,470
Total Undist. Expend. - Child Study Teams	<u>14,500</u>	<u>2,200</u>	<u>16,700</u>	<u>13,230</u>	<u>3,470</u>
Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr					
Salaries of supervisor of instruction	76,000	(6,900)	69,100	57,009	12,091
Salaries of secretarial and clerical assistants	88,429	6,900	95,329	95,274	55
Supplies and materials	5,000	(2,050)	2,950	2,839	111
Other objects	500	(500)	-	-	-
Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr	<u>169,929</u>	<u>(2,550)</u>	<u>167,379</u>	<u>155,122</u>	<u>12,257</u>
Undist. Expend. - Educational Media Services/School Library					
Purchased professional and technical services	1,000	(1,000)	-	-	-
Total Undist. Expend. - Educational Media Services/School Library	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Undist. Expend. - Instruction Staff Training Services					
Salaries of other professional staff	17,000	-	17,000	-	17,000
Purchased professional - educational services	2,500	7,900	10,400	10,388	12
Total Undist. Expend. - Instruction Staff Training Services	<u>19,500</u>	<u>7,900</u>	<u>27,400</u>	<u>10,388</u>	<u>17,012</u>
Undist. Expend. - Support Service - General Administration					
Salaries	43,730	(9,679)	34,051	32,320	1,731
Legal services	7,000	5,200	12,200	12,178	22
Audit Fees	7,000	2,479	9,479	9,476	3
Purchased technical services	-	2,890	2,890	2,686	204
Communications/Telephone	857	2,950	3,807	3,760	47
BOE Other purchased services	4,500	311	4,811	4,809	2
Other purchased services (400-500 series)	2,500	(1,125)	1,375	1,375	-
General supplies	-	100	100	57	43
Miscellaneous expenditures	-	6,650	6,650	5,656	994
BOE membership dues and fees	3,000	(3,000)	-	-	-
Total Undist. Expend. - Support Service - General Administration	<u>68,587</u>	<u>6,776</u>	<u>75,363</u>	<u>72,317</u>	<u>3,046</u>

BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	\$ 9,000	\$ 900	\$ 9,900	\$ 9,055	\$ 845
Total Undist. Expend. - Support Service - School Administration	<u>9,000</u>	<u>900</u>	<u>9,900</u>	<u>9,055</u>	<u>845</u>
Undistributed Expenditures - Central Services					
Salaries	30,413	2,587	33,000	33,000	-
Total Undist. Expend. - Central Services	<u>30,413</u>	<u>2,587</u>	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Undist. Expend. - Allowed Maintenance for School Facilities					
Salaries	59,206	3,794	63,000	59,879	3,121
Cleaning, repair and maintenance services	125,000	(43,270)	81,730	10,581	71,149
General supplies	3,000	-	3,000	2,613	387
Total Undist. Expend. - Allowed Maintenance for School Facilities	<u>187,206</u>	<u>(39,476)</u>	<u>147,730</u>	<u>73,073</u>	<u>74,657</u>
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries	-	19,206	19,206	-	19,206
Purchased professional and technical services	23,000	-	23,000	10,072	12,928
Cleaning, repair and maintenance services	40,945	(21,700)	19,245	9,928	9,317
Misc Purchased Services	-	250	250	214	36
Insurance	65,000	(10,250)	54,750	48,126	6,624
General supplies	5,000	-	5,000	3,793	1,207
Energy (electricity)	29,390	39,900	69,290	50,644	18,646
Energy (natural gas)	25,859	(25,800)	59	-	59
Total Undist. Expend-Other Operation & Maint Of Plant	<u>189,194</u>	<u>1,606</u>	<u>190,800</u>	<u>122,777</u>	<u>68,023</u>
Security					
Salaries	3,000	-	3,000	2,500	500
Total Security	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>2,500</u>	<u>500</u>
Undist. Expend. - Student Transportation Services					
Salaries-pupil transport(between home & school)-Regular	17,401	6,000	23,401	18,310	5,091
Salaries-pupil transport(other than home & school)-Regular	-	12,750	12,750	12,730	20
Other purchased professional and technical services	3,500	(1,186)	2,314	1,042	1,272
Cleaning, repair and maintenance services	5,000	(2,100)	2,900	2,848	52
Contract Svc (Spl. Ed. Students) - Joint Agrmnts	18,000	(16,900)	1,100	1,093	7
General supplies	10,000	(6,200)	3,800	3,741	59
Other objects	621	2,635	3,256	3,183	73
Total Undist. Expend. - Student Transportation Services	<u>54,522</u>	<u>(5,001)</u>	<u>49,521</u>	<u>42,947</u>	<u>6,574</u>

BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	\$ -	\$ -	\$ -	-	\$ -
Social security contributions	25,000	700	25,700	19,788	5,912
Other retirement contributions - PERS	15,000	(12,000)	3,000	1,097	1,903
Other retirement contributions - Deferred PERS Pymt	10,000	(10,000)	-	-	-
Health benefits	375,000	(20,900)	354,100	350,649	3,451
TOTAL UNALLOCATED EMPLOYEE BENEFITS	<u>425,000</u>	<u>(42,200)</u>	<u>382,800</u>	<u>371,534</u>	<u>11,266</u>
On-behalf TPAF LTDI (non-budgeted)	-	-	-	67	(67)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	77,134	(77,134)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	119,425	(119,425)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	56,860	(56,860)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,486</u>	<u>(253,486)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>425,000</u>	<u>(42,200)</u>	<u>382,800</u>	<u>625,020</u>	<u>(242,220)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>1,293,100</u>	<u>(32,108)</u>	<u>1,260,992</u>	<u>1,300,421</u>	<u>(39,429)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>2,065,868</u>	<u>-</u>	<u>2,065,868</u>	<u>2,045,189</u>	<u>20,679</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	-	-	-	-
Construction Services	-	-	-	-	-
Assessment for Debt Service on SDA Funding	76	-	76	76	-
Total Facilities Acquisition and Construction Services	<u>76</u>	<u>-</u>	<u>76</u>	<u>76</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>76</u>	<u>-</u>	<u>76</u>	<u>76</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,065,944</u>	<u>-</u>	<u>2,065,944</u>	<u>2,045,265</u>	<u>20,679</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures & Other Financing Sources (Uses)	<u>(11,916)</u>	<u>-</u>	<u>(11,916)</u>	<u>253,048</u>	<u>(264,964)</u>
Fund Balance, July 1	<u>917,834</u>	<u>-</u>	<u>917,834</u>	<u>917,834</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 905,918</u>	<u>\$ -</u>	<u>\$ 905,918</u>	<u>1,170,882</u>	<u>\$ (264,964)</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				752,960	
Maintenance reserve				143,000	
Emergency reserve				-	
Excess surplus-current year				-	
Excess surplus - designated for subsequent year's expenditures				-	
Assigned Fund Balance:					
Year-end encumbrances				-	
Designated for subsequent year's expenditures				25,000	
Unrestricted/undesignated fund balance				<u>249,922</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				1,170,882	
Last state aid payment not recognized on GAAP basis				(22,890)	
Fund balance per governmental funds (GAAP) - B-1				<u>1,147,992</u>	
Restricted fund balances				920,960	
Unrestricted fund balances				227,032	
Fund balance per governmental funds (GAAP) - B-1				<u>1,147,992</u>	

BEACH HAVEN SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	24,516	18,716	43,232	43,232	-
Total Revenues	24,516	18,716	43,232	43,232	-
EXPENDITURES					
Instruction:					
Salaries of teachers	24,516	(478)	24,038	24,038	-
Other salaries for instruction	-	-	-	-	-
Purchased professional services	-	2,855	2,855	2,855	-
Textbooks	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-
General supplies	-	10,200	10,200	10,200	-
Tuition	-	-	-	-	-
Total instruction	24,516	12,577	37,093	37,093	-
Support services:					
Other professional staff salaries	-	-	-	-	-
Secretarial/clerical salaries	-	-	-	-	-
Personal services - employee benefits	-	3,875	3,875	3,875	-
Purchased professional - educational services	-	2,264	2,264	2,264	-
Other purchased professional services	-	-	-	-	-
Purchased technical services	-	-	-	-	-
Travel	-	-	-	-	-
Miscellaneous purchased services (400-500 series)	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-
Supplies & materials	-	-	-	-	-
Total support services	-	6,139	6,139	6,139	-
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total expenditures	24,516	18,716	43,232	43,232	-
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	24,516	18,716	43,232	43,232	-
Excess (deficiency) of revenues					
Over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				\$ -	
Fund balance per governmental funds (GAAP)				\$ -	

**BEACH HAVEN SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the 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-1]	\$ 2,298,313	[C-2]	\$ 43,232
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(119,425)		
The 2016-17 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33).		20,133		-
The 2017-18 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33).		(22,890)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 2,176,131	[B-2]	\$ 43,232
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 2,045,265	[C-2]	\$ 43,232
Differences - budget to GAAP				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(119,425)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 1,925,840	[B-2]	\$ 43,232

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**Beach Haven School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2018**

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	100.000%	100.000%	100.000%	0.0016420%	0.0016713%
District's proportionate share of the net pension liability	\$ 229,629	\$ 228,883	\$ 280,609	\$ 486,304	\$ 389,057
District's covered-employee payroll	84,130	86,232	96,292	122,396	122,398
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	272.95%	265.43%	291.41%	397.32%	317.86%
Plan fiduciary net position as a percentage of the total pension liability	40.71%	42.74%	38.21%	45.35%	58.18%

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

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

**Beach Haven School District
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Fiscal Year Ended June 30, 2018**

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contributions	\$ 11,637	\$ -	\$ 10,078	\$ 14,697	\$ 15,718
Contributions in relation to the contractually required contribution	<u>11,637</u>	<u>-</u>	<u>10,078</u>	<u>14,697</u>	<u>1,097</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,621</u>
District's covered-employee payroll	\$ -	\$ 84,130	\$ 86,232	\$ 96,292	\$ 122,396
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	11.69%	15.26%	12.84%

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

**Beach Haven School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2018**

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.0064377%	0.0055345%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ 5,064,286	\$ 3,731,527
District's covered-employee payroll	728,530	621,113	569,830	662,776	761,200
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	764.10%	490.22%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%

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

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

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

BEACH HAVEN SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Last 10 Fiscal Years*

	2018
Total OPEB liability	
Service cost	\$ 195,509
Interest cost	145,618
Changes in assumptions	(569,811)
Member contributions	3,952
Gross benefit payments	(107,314)
Net change in total OPEB liability	(332,046)
Total OPEB liability - beginning	4,965,228
Total OPEB liability - ending	\$ 4,633,182
District's covered employee payroll	\$ 1,156,727
Total OPEB liability as a percentage of covered employee payroll	401%

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

Beach Haven School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2018

Notes for TPAF Pension Schedules

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. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25 %
Salary increases: 2012-2021	1.65 - 4.15 % based on age
Thereafter	2.65 - 5.15 % based on age
Investment rate of return	7.00 %

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

The actuarial assumptions used in the July 1, 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.

Notes to OPEB Schedule

Benefit changes: None

Changes in assumptions: The increase in the liability from June 30, 2015 to June 30, 2016 is due to the decrease in the assumed discount rate from 3.8% as of June 30, 2015 to 2.85% as of June 30, 2016. The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

BEACH HAVEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Title I Part A 17/18	IDEA-Part B-Basic Reg Prog 17/18	IDEA-Part B-Preschool Reg Prog 17/18
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	<u>13,251</u>	<u>17,181</u>	<u>536</u>
Total revenues	<u>13,251</u>	<u>17,181</u>	<u>536</u>
Expenditures:			
Instruction:			
Salaries of teachers	10,196	13,423	419
Other salaries/instruction	-	-	-
Purchased professional services	2,855	-	-
General supplies	200	-	-
Tuition	-	-	-
Textbooks	-	-	-
Miscellaneous expenses	-	-	-
Total instruction	<u>13,251</u>	<u>13,423</u>	<u>419</u>
Support services:			
Other support services - students - special:			
Other professional staff salaries	-	-	-
Secretarial/Clerical salaries	-	-	-
Purchased professional services	-	-	-
Other purchased professional services	-	-	-
Purchased technical services	-	-	-
Employee benefits	-	3,758	117
Travel	-	-	-
Miscellaneous purchased services	-	-	-
General supplies	-	-	-
Miscellaneous expenses	-	-	-
Total other support services - students - special	<u>-</u>	<u>3,758</u>	<u>117</u>
Total support services	<u>-</u>	<u>3,758</u>	<u>117</u>
Equipment:			
Regular programs instruction	-	-	-
Non-instructional equipment	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 13,251</u>	<u>\$ 17,181</u>	<u>\$ 536</u>

BEACH HAVEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Title II Part A 17/18	Title IV Part A 17/18	Total 2018
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	<u>2,264</u>	<u>10,000</u>	<u>43,232</u>
Total revenues	<u><u>2,264</u></u>	<u><u>10,000</u></u>	<u><u>43,232</u></u>
Expenditures:			
Instruction:			
Salaries of teachers	-	-	24,038
Other salaries/instruction	-	-	-
Purchased professional services	-	-	2,855
General supplies	-	10,000	10,200
Tuition	-	-	-
Textbooks	-	-	-
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total instruction	<u><u>-</u></u>	<u><u>10,000</u></u>	<u><u>37,093</u></u>
Support services:			
Other support services - students - special:			
Other professional staff salaries	-	-	-
Secretarial/Clerical salaries	-	-	-
Purchased professional services	-	-	-
Other purchased professional services	2,264	-	2,264
Purchased technical services	-	-	-
Employee benefits	-	-	3,875
Travel	-	-	-
Miscellaneous purchased services	-	-	-
General supplies	-	-	-
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total other support services - students - special	<u><u>2,264</u></u>	<u><u>-</u></u>	<u><u>6,139</u></u>
Total support services	<u><u>2,264</u></u>	<u><u>-</u></u>	<u><u>6,139</u></u>
Equipment:			
Regular programs instruction	-	-	-
Non-instructional equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total equipment	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total expenditures	<u><u>\$ 2,264</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 43,232</u></u>

F. Capital Projects Fund
Not Applicable

G. Proprietary Funds
Not Applicable

H. Fiduciary Funds

BEACH HAVEN SCHOOL DISTRICT
Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2018

	Unemployment Compensation Trust	Agency		Total
		Student Activities	Payroll Agency	
ASSETS				
Cash and cash equivalents	\$ 75,000	\$ 1,770	\$ 30,703	\$ 107,473
Intergovernmental Accounts Receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total assets	<u>75,000</u>	<u>1,770</u>	<u>30,703</u>	<u>107,473</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	-	30,703	30,703
Payable to student groups	-	1,770	-	1,770
Interfund payable	-	-	-	-
Other current liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>1,770</u>	<u>30,703</u>	<u>32,473</u>
NET POSITION				
Held in trust for unemployment claims and other purposes	75,000	-	-	75,000
Reserved for scholarships	-	-	-	-
Total net position	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Total liabilities and net position	<u>\$ 75,000</u>	<u>\$ 1,770</u>	<u>\$ 30,703</u>	<u>\$ 107,473</u>

BEACH HAVEN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

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

**BEACH HAVEN SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2018</u>
Student Activities Fund	\$ 2,204	\$ 4,954	\$ 5,388	\$ 1,770
Student Activities Fund	<u>\$ 2,204</u>	<u>\$ 4,954</u>	<u>\$ 5,388</u>	<u>\$ 1,770</u>

BEACH HAVEN SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Payroll deductions and withholdings	\$ 28,400	1,226,884	1,224,581	\$ 30,703
Total	<u>\$ 28,400</u>	<u>1,226,884</u>	<u>1,224,581</u>	<u>\$ 30,703</u>

I. Long-Term Debt
Not Applicable

STATISTICAL SECTION

**Beach Haven School District
Statistical Section**

J series

Contents

Pages

Financial Trends

88-92

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

Revenue Capacity

93-96

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

Debt Capacity

97-100

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

Demographic and Economic Information

101-102

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

Operating Information

103-107

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

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

**Beach Haven School District
Net Positions by Component
Last Ten Fiscal Years
UNAUDITED**
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 1,568,598	\$ 1,573,043	\$ 1,571,207	\$ 343,870	\$ 329,779	\$ 2,774,756	\$ 2,688,750	\$ 2,461,574	\$ 2,474,557	\$ 2,399,360
Restricted	53,576	49,540	75,687	325,356	355,035	386,797	468,811	646,916	667,876	920,960
Unrestricted	265,525	263,182	349,099	212,587	216,884	211,272	(16,237)	(23,896)	(105,027)	(111,406)
Total governmental activities net position	<u>\$ 1,887,699</u>	<u>\$ 1,885,765</u>	<u>\$ 1,995,993</u>	<u>\$ 881,813</u>	<u>\$ 901,698</u>	<u>\$ 3,372,825</u>	<u>\$ 3,141,324</u>	<u>\$ 3,084,594</u>	<u>\$ 3,037,406</u>	<u>\$ 3,208,914</u>
Business-type activities										
Net investment in capital assets									\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted									-	-
Total business-type activities net position				<u>\$ -</u>					<u>\$ -</u>	<u>\$ -</u>
District-wide										
Net investment in capital assets	\$ 1,568,598	\$ 1,573,043	\$ 1,571,207	\$ 343,870	\$ 329,779	\$ 2,274,756	\$ 2,688,750	\$ 2,461,574	\$ 2,474,557	\$ 2,399,360
Restricted	53,576	49,540	75,687	325,356	355,035	386,797	468,811	646,916	667,876	920,960
Unrestricted	265,525	263,182	349,099	212,587	216,884	211,272	(16,237)	(23,896)	(105,027)	(111,406)
Total district net position	<u>\$ 1,887,699</u>	<u>\$ 1,885,765</u>	<u>\$ 1,995,993</u>	<u>\$ 881,813</u>	<u>\$ 901,698</u>	<u>\$ 2,872,825</u>	<u>\$ 3,141,324</u>	<u>\$ 3,084,594</u>	<u>\$ 3,037,406</u>	<u>\$ 3,208,914</u>

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

Fiscal Year Ending June 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 669,660	\$ 702,688	\$ 703,165	\$ 734,490	\$ 734,375	\$ 661,334	\$ 624,017	\$ 628,975	\$ 649,788	\$ 706,893
Special education	24,445	13,565	9,595	35,792	45,591	39,977	68,065	111,349	78,382	61,286
Other special education	9,188	5,329	6,664	11,139	5,206	10,325	8,299	3,960	15,712	13,682
Support Services:										
Instruction										
Tuition				12,513						16,928
Student & Instruction Related Services	138,600	157,815	132,976	152,520	159,571	207,694	153,473	312,100	325,803	308,943
School administrative services	34,384	34,494	26,260	80,273	110,272	146,830	233,382	186,961	9,900	9,055
General and Business Administrative Serv	57,706	59,507	64,271						108,354	105,317
Plant operations and maintenance	207,090	190,762	180,903	127,790	180,334	191,069	299,979	338,389	309,253	198,426
Pupil transportation	53,262	53,334	33,808	35,605	41,914	47,203	34,831	50,955	33,032	42,947
Unallocated Depreciation	10,247	11,331	12,120	14,091	14,091	101,604	86,006	227,176	75,197	75,197
Unallocated employee benefits									501,930	375,120
Non-budgeted expenditures									99,844	134,061
Total governmental activities expenses	1,204,582	1,228,825	1,169,762	1,204,213	1,291,354	1,406,036	1,508,052	1,860,865	2,207,195	2,047,855
Business-type activities:										
Food service										
School store										
Total business-type activities expense										
Total district expenses	\$ 1,204,582	\$ 1,228,825	\$ 1,169,762	\$ 1,204,213	\$ 1,291,354	\$ 1,406,036	\$ 1,508,052	\$ 1,860,865	\$ 2,207,195	\$ 2,047,855
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation										
Operating grants and contributions	13,700	30,164	13,213	18,744	16,258	52,357	18,702	30,646	99,844	134,061
Total governmental activities program revenues	13,700	30,164	13,213	18,744	16,258	52,357	18,702	30,646	99,844	134,061
Business-type activities:										
Charges for services										
Food service										
Operating grants and contributions										
Total business-type activities program revenues										
Total district program revenues	\$ 13,700	\$ 30,164	\$ 13,213	\$ 18,744	\$ 16,258	\$ 52,357	\$ 18,702	\$ 30,646	\$ 99,844	\$ 134,061
Net (Expense)/Revenue										
Governmental activities	\$ (1,516,134)	\$ (1,507,332)	\$ (1,467,904)	\$ (1,512,911)	\$ (1,704,472)	\$ (1,771,474)	\$ (1,951,420)	\$ (2,328,491)	\$ (2,107,351)	\$ (1,913,794)
Business-type activities										
Total district-wide net expense	\$ (1,516,134)	\$ (1,507,332)	\$ (1,467,904)	\$ (1,512,911)	\$ (1,704,472)	\$ (1,771,474)	\$ (1,951,420)	\$ (2,328,491)	\$ (2,107,351)	\$ (1,913,794)
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,296,324	\$ 1,348,177	\$ 1,402,104	\$ 1,430,146	\$ 1,458,748	\$ 1,487,923	\$ 1,666,389	\$ 1,699,717	\$ 1,811,354	\$ 1,811,354
Grants and contributions	175,376	154,388	113,394	159,333	192,291	223,555	315,922	363,556	197,412	223,986
Restricted federal and state aid	-	-	-	-	-	-	-	-	30,096	43,232
Interest Earned on Capital Reserve Account	26	145	147							
Miscellaneous income	59,850	14,909	61,616	14,421	34,026	320,953	14,944	208,488	21,301	6,730
Transfers										
Prior period adjustment		(2,740)		(14,136)			(48,559)			
Total governmental activities	1,531,576	1,514,879	1,577,261	1,589,764	1,685,065	2,032,431	1,948,696	2,271,761	2,060,163	2,085,302
Business-type activities:										
Investment earnings										
Transfers										
Total business-type activities										
Total district-wide	\$ 1,531,576	\$ 1,514,879	\$ 1,577,261	\$ 1,589,764	\$ 1,685,065	\$ 2,032,431	\$ 1,948,696	\$ 2,271,761	\$ 2,060,163	\$ 2,085,302
Change in Net Assets/Position										
Governmental activities	\$ 15,443	\$ 7,548	\$ 109,357	\$ 76,853	\$ (19,407)	\$ 260,957	\$ (2,724)	\$ (56,730)	\$ (47,188)	\$ 171,508
Business-type activities										
Total district	\$ 15,443	\$ 7,548	\$ 109,357	\$ 76,853	\$ (19,407)	\$ 260,957	\$ (2,724)	\$ (56,730)	\$ (47,188)	\$ 171,508

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 667,702	\$ 895,960
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	174	25,000
Unassigned	-	-	-	-	-	-	-	-	229,825	227,032
Reserved	53,576	49,540	152,538	325,356	315,743	386,979	468,811	656,916	-	-
Unreserved	287,739	285,396	294,461	250,532	216,884	211,272	233,747	233,990	-	-
Total general fund	<u>\$ 341,315</u>	<u>\$ 334,936</u>	<u>\$ 446,999</u>	<u>\$ 575,888</u>	<u>\$ 532,627</u>	<u>\$ 598,251</u>	<u>\$ 702,558</u>	<u>\$ 890,906</u>	<u>\$ 897,701</u>	<u>\$ 1,147,992</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	39,292	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 1,296,324	\$ 1,348,177	\$ 1,402,104	\$ 1,430,146	\$ 1,458,748	\$ 1,487,923	\$ 1,666,389	\$ 1,699,717	\$ 1,811,354	\$ 1,811,354
Other local revenue	59,876	15,055	61,763	14,421	1,293,439	320,953	14,944	208,488	21,301	6,730
State sources	175,376	152,897	113,394	159,333	192,291	223,555	315,922	363,556	297,256	358,047
Federal sources	13,700	30,164	13,213	18,744	16,258	52,357	18,702	30,646	30,096	43,232
Total revenue	<u>1,545,276</u>	<u>1,546,293</u>	<u>1,590,474</u>	<u>1,622,644</u>	<u>2,960,736</u>	<u>2,084,788</u>	<u>2,015,957</u>	<u>2,302,407</u>	<u>2,160,007</u>	<u>2,219,363</u>
Expenditures										
Instruction										
Regular Instruction	669,660	702,688	703,165	697,165	739,472	661,334	624,017	628,975	649,788	706,893
Special education instruction	24,445	13,565	9,595	36,646	45,591	39,977	68,065	111,349	78,382	61,286
Other special instruction	9,188	5,329	6,664	-	5,206	10,325	8,299	3,960	15,712	13,682
Support Services:										
Tuition	-	-	-	12,513	-	-	-	-	-	16,928
Attendance & Health Services	57,488	55,808	39,278	36,831	34,325	36,220	-	-	-	-
Support Service - Students	63,495	76,914	80,414	106,365	108,229	138,296	153,473	312,100	325,803	308,943
Support Service - Instructional Staff	17,616	25,092	13,283	9,324	17,017	33,178	-	-	-	-
General administration	57,706	34,494	61,721	50,604	100,765	130,624	-	-	74,935	72,317
School administrative services	34,384	59,507	28,810	29,669	9,507	16,206	233,382	186,961	9,900	9,055
Central services	-	-	-	-	-	-	-	-	33,419	33,000
Plant operations and maintenance	228,090	190,762	206,903	127,790	180,334	191,069	299,979	339,389	306,177	195,850
Pupil transportation	53,262	53,334	33,808	35,605	41,914	47,203	34,831	50,955	33,032	42,947
Security	-	-	-	-	-	-	-	-	3,000	2,500
Employee benefits	225,380	203,877	205,951	200,969	269,839	286,624	470,781	490,294	424,964	371,534
On-behalf TPAF contribution	44,876	48,306	51,276	72,088	98,251	72,726	-	-	51,870	77,201
Reimbursed TPAF social security contr.	54,991	56,483	54,127	54,385	61,286	58,445	-	-	47,974	56,860
Capital outlay	9,386	15,776	10,285	10,285	1,259,413	296,937	76	76	88,256	76
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Education jobs	-	-	-	2,416	-	-	-	-	-	-
Total expenditures	<u>1,549,967</u>	<u>1,541,935</u>	<u>1,505,280</u>	<u>1,482,655</u>	<u>2,971,149</u>	<u>2,019,164</u>	<u>1,892,903</u>	<u>2,124,059</u>	<u>2,143,212</u>	<u>1,969,072</u>
Excess (Deficiency) of revenues over (under) expenditures	(4,691)	4,358	85,194	139,989	(10,413)	65,624	123,054	178,348	16,795	250,291
Other Financing sources (uses)										
Prior period adjustments	-	(2,740)	-	(14,136)	-	-	(48,559)	-	-	-
Total other financing sources (uses)	<u>(4,691)</u>	<u>1,618</u>	<u>85,194</u>	<u>125,853</u>	<u>(10,413)</u>	<u>65,624</u>	<u>74,495</u>	<u>178,348</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 5,976</u>	<u>\$ -</u>	<u>\$ 14,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,559</u>	<u>\$ -</u>	<u>\$ 16,795</u>	<u>\$ 250,291</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

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

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

Fiscal Year Ending June 30,	Interest Earned	Refunds of Prior Year Expense	Donation	Insurance Claim	Miscellaneous	Annual Totals
2009	2,938	10,828	-	40,948	5,162	59,876
2010	3,016	4,062	-	-	7,832	14,910
2011	2,861	1,176	1,500	45,288	10,792	61,617
2012	28	-	-	-	14,393	14,421
2013	-	-	17,000	1,242,413	34,026	1,293,439
2014	-	-	-	296,937	24,016	320,953
2015	-	-	-	-	14,944	14,944
2016	-	-	-	-	208,488	208,488
2017	-	-	-	-	21,301	21,301
2018	-	-	-	-	-	-

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	49,142,700	1,468,876,900	107,072,492	13,888,100	1,638,980,192	-	474,647	1,639,454,839	0.082	2,165,573,976
2010	49,278,900	1,473,932,200	107,087,692	13,888,100	1,644,186,892	-	474,488	1,644,661,380	0.085	2,105,301,306
2011	51,021,700	1,477,800,300	107,161,192	13,888,100	1,649,871,292	-	402,358	1,650,273,650	0.087	2,051,268,462
2012	49,565,400	1,487,564,200	105,254,692	13,936,500	1,656,320,792	-	368,685	1,656,689,477	0.089	2,009,537,323
2013	55,884,100	1,480,412,700	104,652,392	13,936,500	1,654,885,692	-	349,404	1,655,235,096	0.090	1,956,998,369
2014	74,759,100	1,468,222,600	104,037,792	11,888,900	1,658,908,392	-	240,322	1,659,148,714	0.101	1,974,484,882
2015	71,052,100	1,484,137,800	104,337,792	11,888,900	1,671,416,592	-	249,030	1,671,665,622	0.102	2,002,810,932
2016	72,703,300	1,495,079,300	104,519,300	11,888,900	1,684,190,800	-	268,641	1,684,459,441	0.108	2,043,884,841
2017	71,041,500	1,850,883,300	131,104,600	15,022,900	2,068,052,300	-	317,557	2,068,369,857	0.088	2,063,092,213
2018	70,975,900	1,864,116,800	130,357,800	15,022,900	2,080,473,400	-	317,310	2,080,790,710	0.096	2,100,003,432

Source: District records and Monmouth County Board of Taxation

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

Fiscal Year Ended June 30,	Borough of Beach Haven School District	Southern Regional School District	County of Ocean	Borough of Beach Haven	Total Tax Rate
2009	0.082	0.258	0.353	0.338	1.031
2010	0.085	0.254	0.364	0.351	1.054
2011	0.087	0.255	0.367	0.365	1.074
2012	0.089	0.257	0.367	0.371	1.084
2013	0.090	0.270	0.403	0.385	1.148
2014	0.101	0.250	0.409	0.386	1.146
2015	0.102	0.279	0.422	0.412	1.215
2016	0.108	0.301	0.429	0.488	1.326
2017	0.088	0.218	0.352	0.418	1.076
2018	0.096	0.26	0.365	0.406	1.127

Source: District Records and Municipal Tax Collector

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

Taxpayer	2018			Taxpayer	2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Taxpayer # 1	\$ -	0	0.00%	Taxpayer # 1	\$ -	0	0.00%
Taxpayer # 2	\$ -	0	0.00%	Taxpayer # 2	\$ -	0	0.00%
Taxpayer # 3	\$ -	0	0.00%	Taxpayer # 3	\$ -	0	0.00%
Taxpayer # 4	\$ -	0	0.00%	Taxpayer # 4	\$ -	0	0.00%
Taxpayer # 5	\$ -	0	0.00%	Taxpayer # 5	\$ -	0	0.00%
Taxpayer # 6	\$ -	0	0.00%	Taxpayer # 6	\$ -	0	0.00%
Taxpayer # 7	\$ -	0	0.00%	Taxpayer # 7	\$ -	0	0.00%
Taxpayer # 8	\$ -	0	0.00%	Taxpayer # 8	\$ -	0	0.00%
Taxpayer # 9	\$ -	0	0.00%	Taxpayer # 9	\$ -	0	0.00%
Taxpayer # 10	\$ -	0	0.00%	Taxpayer # 10	\$ -	0	0.00%
Total	\$ -		0.00%	Total	\$ -		0.00%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	1,296,324	1,296,324	100.00%	-
2010	1,348,177	1,348,177	100.00%	-
2011	1,402,104	1,402,104	100.00%	-
2012	1,430,146	1,430,146	100.00%	-
2013	1,487,923	1,487,923	100.00%	-
2014	1,666,389	1,666,389	100.00%	-
2015	1,699,717	1,699,717	100.00%	-
2016	1,811,354	1,811,354	100.00%	-
2017	1,811,354	1,811,354	100.00%	-
2018	1,811,354	1,811,354	100.00%	-

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District
2009	-	n/a	-	n/a	n/a	-
2010	-	n/a	-	n/a	n/a	-
2011	-	n/a	-	n/a	n/a	-
2012	-	n/a	-	n/a	n/a	-
2013	-	n/a	-	n/a	n/a	-
2014	-	n/a	-	n/a	n/a	-
2015	-	n/a	-	n/a	n/a	-
2016	-	n/a	-	n/a	n/a	-
2017	-	n/a	-	n/a	n/a	-
2018	-	n/a	-	n/a	n/a	-

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	-	-	-	0.00%	\$ -
2010	-	-	-	0.00%	\$ -
2011	-	-	-	0.00%	\$ -
2012	-	-	-	0.00%	\$ -
2013	-	-	-	0.00%	\$ -
2014	-	-	-	0.00%	\$ -
2015	-	-	-	0.00%	\$ -
2016	-	-	-	0.00%	\$ -
2017	-	-	-	0.00%	\$ -
2018	-	-	-	0.00%	\$ -

Beach Haven School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Beach Haven School District	\$0	0.000%	\$0
Other debt			
Beach Haven Township	16,634,630	100.000%	16,634,630
Southern Regional School district	0	0.000%	0
Ocean County	468,706,376	2.100%	9,842,834
			<u>0</u>
Subtotal, overlapping debt			26,477,464
Freehold Township School District Direct Debt			<u>0</u>
Total direct and overlapping debt			<u>\$ 26,477,464</u>

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

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

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

Equalized valuation basis

2018	\$ 2,080,473,400
2017	2,068,052,300
2016	<u>1,684,190,800</u>
[A]	<u>\$ 5,832,716,500</u>

[A/3] \$ 1,944,238,833

a	[B]	58,327,165
	[C]	-
	[B-C]	<u>\$ 58,327,165</u>

Fiscal Year

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 62,876,955	\$ 63,592,642	\$ 62,945,546	\$ 61,899,911	\$ 61,661,071	\$ 60,178,042	\$ 49,852,107	\$ 50,145,158	\$ 54,236,597	\$ 58,327,165
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 62,876,955</u>	<u>\$ 63,592,642</u>	<u>\$ 62,945,546</u>	<u>\$ 61,899,911</u>	<u>\$ 61,661,071</u>	<u>\$ 60,178,042</u>	<u>\$ 49,852,107</u>	<u>\$ 50,145,158</u>	<u>\$ 33,556,074</u>	<u>\$ 58,327,165</u>
Total net debt applicable to the limit as a percentage of debt limit										

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2009	1,403	55,791,698.00	39,766.00	8.8%
2010	1,172	46,635,052.00	39,791.00	14.3%
2011	1,171	48,557,857.00	41,467.00	14.9%
2012	1,168	49,752,128.00	42,596.00	15.9%
2013	1,166	50,084,364.00	42,954.00	15.6%
2014	1,168	51,805,472.00	44,354.00	6.4%
2015	1,170	54,270,450.00	46,385.00	4.7%
2016	1,174	55,662,862.00	47,413.00	7.8%
2017	1,182	-	-	0.0%
2018	-	-	-	0.0%

Source:

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

^b Personal income not available by municipality.

^c Per Capita Income not available by municipality.

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

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

Employer	2018			2009		
	Employees	Rank (Optional)	Percentage of Total Employment ^b	Employees	Rank (Optional)	Percentage of Total Employment ^b
		Data not available			Data not available	
	-		0.00%	-		0.00%

Source: Borough of Beach Haven Official Statement

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	10	10	10	10	10	11	11	12	13	13
Special education	3	3	3	2	3	2	2	2	2	2
Other special education	1	1	1	1	1	1	1	1	1	1
Support Services:										
Attendance and Health	1	1	1	1	1	1	1	1	1	1
School administrative services	1	1	1	1	2	2	2	2	1	1
Business administrative services	2	2	2	2	1	1	1	1	1	1
Plant operations and maintenance	2	2	-	1	1	1	1	1	1	1
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Business & other support services						1	1	1	1	1
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	<u>21</u>	<u>21</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>22</u>	<u>22</u>	<u>22</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2009	77	1,529,829	19,868		14	5.5		-			
2010	73	1,537,492	21,062		14	5.2		-			
2011	74	1,481,116	20,015		14	5.3		-			
2012	75	1,531,655	20,422		13	5.8		-			
2013	74	1,720,730	23,253		14	5.3		71.30	67.70		94.95%
2014	75	1,823,831	24,318		14	5.4		73.87	68.97	3.60%	93.37%
2015	70	1,970,122	28,145		14	5.0		68.55	66.57	-7.20%	97.11%
2016	63	2,359,137	37,447		15	4.2		62.66	59.48	-8.59%	94.92%
2017	69	2,054,956	29,782		16	4.3		68.28	64.33	8.97%	94.21%
2018	59	1,834,935	31,101		16	3.7		67.75	63.77	0.78%	94.13%

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

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District Building^a										
Elementary schools:										
Beach Haven School										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capacity (students)	175	175	175	175	175	175	175	175	175	175
Enrollment	77	61	63	75	74	75	65	63	69	59

Number of Schools at June 30, 2018
Elementary = 1

Source: DistrictFacilities Office

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
* School Facilities Project # (s)	114,166	86,030	62,844	63,500	32,861	23,543	58,471	66,788	163,036	73,073
Total School Facilities	<u>\$ 114,166</u>	<u>\$ 86,030</u>	<u>\$ 62,844</u>	<u>\$ 63,500</u>	<u>\$ 32,861</u>	<u>\$ 23,543</u>	<u>\$ 58,471</u>	<u>\$ 66,788</u>	<u>\$ 163,036</u>	<u>\$ 73,073</u>

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

Source: District records

**BEACH HAVEN SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	Property	\$ 250,000,000	\$ 1,000
	Equipment Breakdown (Blanket)	Included	
	Commercial Liability	10,000,000	
	Crime	Included	
	School Board Legal	10,000,000	5,000
	Business Auto	250,000,000	1,000
	Worker's Compensation	5,000,000	
ACE USA	Excess Umbrella		
Selective Insurance	Flood Insurance		

Source: District Records

SINGLE AUDIT SECTION

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

Honorable President and
Members of the
Beach Haven School District
County of OCEAN
BEACH HAVEN BOARD OF EDUCATION, New Jersey 07728

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Beach Haven School District in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Beach Haven School District basic financial statements, and have issued our report thereon dated January 31, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

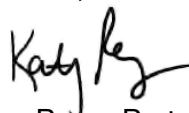
As part of obtaining reasonable assurance about whether the Beach Haven School District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully Submitted

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



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

Toms River, NJ
January 31, 2019

**BEACH HAVEN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2017</u>	<u>Carryover Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior years' Balances</u>	<u>Deferred Revenue at June 30, 2018</u>	<u>(Accounts Receivable) at June 30, 2018</u>	<u>Due to Grantor at June 30, 2018</u>
U.S. Department of Education											
Passed-through State Department of Education:											
Title I	84.010	7/1/17-6/30/18	13,251	-	-	-	(13,251)	-	-	(13,251)	-
Title II	84.367	7/1/17-6/30/18	2,264	-	-	-	(2,264)	-	-	(2,264)	-
Title IV	84.424	7/1/17-6/30/18	10,000	-	-	-	(10,000)	-	-	(10,000)	-
Special Education Cluster:											
I.D.E.A. Part B Basic Regular	84.027	7/1/17-6/30/18	17,181	-	-	-	(17,181)	-	-	(17,181)	-
I.D.E.A. Part B Preschool	84.173	7/1/17-6/30/18	536	-	-	-	(536)	-	-	(536)	-
Subtotal of Special Education Cluster				-	-	-	(17,717)	-	-	(17,717)	-
Total U.S. Department of Education				-	-	-	(43,232)	-	-	(43,232)	-
Total Expenditures of Federal Awards				\$ -	\$ -	\$ -	\$ (43,232)	\$ -	\$ -	\$ (43,232)	\$ -

See accompanying notes to schedules of expenditures.

BEACH HAVEN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2018

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2018	(Accounts Receivable) at June 30, 2018	Due to Grantor at June 30, 2018	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	619	-	-	619	(619)	-	-	-	-	-	619
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	31,541	-	-	31,541	(31,541)	-	-	-	-	-	31,541
School Choice	18-495-034-5120-068	7/1/17-6/30/18	164,983	-	-	142,093	(164,983)	-	-	-	-	(22,890)	164,983
School Choice	17-495-034-5120-068	7/1/16-6/30/17	139,601	(20,133)	-	20,133	-	-	-	-	-	-	-
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	2,548	-	-	2,548	(2,548)	-	-	-	-	-	2,548
Adjustment Aid		7/1/17-6/30/18	25,382	-	-	25,382	(25,382)	-	-	-	-	-	25,382
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	600	-	-	600	(600)	-	-	-	-	-	600
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	600	-	-	600	(600)	-	-	-	-	-	-
Professional Learning Community Ai	18-495-034-5120-101	7/1/17-6/30/18	470	-	-	470	(470)	-	-	-	-	-	-
On-Behalf TPAF Pension Contributi	18-100-034-5095-002	7/1/17-6/30/18	119,425	-	-	119,425	(119,425)	-	-	-	-	-	-
On-Behalf TPAF Post-Retirement M	18-100-034-5095-001	7/1/17-6/30/18	77,134	-	-	77,134	(77,134)	-	-	-	-	-	-
On-Behalf TPAF Long-Term Disabili	17-100-034-5095-004	7/1/16-6/30/17	67	-	-	67	(67)	-	-	-	-	-	-
Reimbursed TPAF Social													
Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	56,860	-	-	54,179	(56,860)	-	-	(2,681)	-	-	56,860
Total General Fund				(20,133)	-	474,791	(480,229)	-	-	(2,681)	-	(22,890)	282,533
Total Expenditures of State Awards				(20,133)	-	474,791	(480,229)	-	-	(2,681)	-	(22,890)	282,533
State Financial Assistance Not Subject to Single Audit Determination				-	-	(196,626)	196,626	-	-	-	-	-	196,626
Total Expenditures of State Awards Subject to Single Audit Determination				\$ (20,133)	-	278,165	(283,603)	-	-	(2,681)	-	(22,890)	479,159

See accompanying notes to schedules of expenditures.

Beach Haven School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2018

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(122,182) for the general fund and \$- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page.

Beach Haven School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2018

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 358,047	\$ 358,047
Special Revenue Fund	<u>43,232</u>	<u>-</u>	<u>43,232</u>
Total awards and financial assistance	<u>\$ 43,232</u>	<u>358,047</u>	<u>\$ 401,279</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2018.

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

6. Indirect Costs

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Beach Haven School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2018

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

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Federal Awards Section: N/A

Internal Control over major programs:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes no

Beach Haven School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2018

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

State Awards Section - N/A

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

Auditee qualified as low-risk auditee? yes no

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

Internal Control over major programs:

1) Material weakness(es) identified? yes no

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

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

Identification of major programs:

GMIS Number(s)	Name of State Program
N/A	

Beach Haven School District
Summary of Findings and Questioned Costs

June 30, 2018

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2018.

Prior Year Audit Findings - N/A

Beach Haven School District
Summary Schedule of Prior Audit Findings
June 30, 2018

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

There were no prior year findings for the period ended June 30, 2017.