

SCHOOL DISTRICT

OF

BELMAR



**BELMAR BOARD OF EDUCATION
BELMAR, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

BELMAR BOARD OF EDUCATION

BELMAR, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY

**BELMAR BOARD OF EDUCATION
BUSINESS ADMINISTRATOR/BOARD SECRETARY
LORETTA HILL**

BELMAR SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 to 5.
Roster of Officials	6.
Consultants & Advisors	7.
Organizational Chart	8.
FINANCIAL SECTION	
Independent Auditor's Report	9 to 11.
Required Supplementary Information – Part I	
Management's Discussion and Analysis	12 to 19.
<u>Basic Financial Statements</u>	
A. District-wide Financial Statements	
A-1 Statement of Net Position	20.
A-2 Statement of Activities	21 & 22.
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	23.
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	24 & 25.
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	26.
Proprietary Funds:	
B-4 Statement of Net Position	27.
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28.
B-6 Statement of Cash Flows	29.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30.
B-8 Statement of Changes in Fiduciary Net Position	31.
Notes to Financial Statements	32 to 64.

BELMAR SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. <u>Budgetary Comparison Schedules</u>	
C-1 Budgetary Comparison Schedule – General Fund	65 to 75.
C-1b Budgetary Comparison Schedule – Education Jobs Fund	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	76.
Notes to the Required Supplementary Information	
C-3 Required Supplementary Information Budget to GAAP Reconciliation Note to RSI	77.
Required Supplementary Information – Part III	
L. <u>Schedules Related to Accounting and Reporting for Pensions (GASB 68)</u>	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	78.
L-2 Schedule of District Contributions – PERS	79.
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	80.
M. <u>Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions</u>	
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	81.
Other Supplementary Information	
D. <u>School Level Schedules</u>	
N/A	
E. <u>Special Revenue Fund</u>	
E-1 Combining Schedule of Revenues and Expenditures – Special Revenue Fund – Budgetary Basis	82 & 83.
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis	84.
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A
E-6 Schedule of Targeted At-Risk (TARA) Aid – Budgetary Basis	N/A

BELMAR SCHOOL DISTRICT

TABLE OF CONTENTS

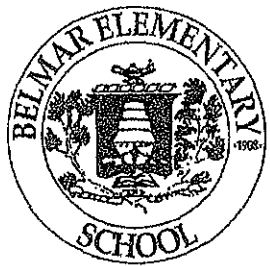
	<u>Page</u>
F. <u>Capital Projects Fund</u>	
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	85.
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, Playground Equipment, Surface Material Replacement, Drainage Repoint Masonry and Windows – Elementary School	N/A
G. <u>Proprietary Funds</u>	
G-1 Schedule of Net Assets	N/A
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Schedule of Cash Flows	N/A
H. <u>Fiduciary Fund</u>	
H-1 Combining Schedule of Fiduciary Net Position	86.
H-2 Combining Schedules of Changes in Fiduciary Net Position	87.
H-3 Student Activity Agency Fund – Schedule of Receipts and Disbursements	88.
H-4 Payroll Agency Fund - Schedule of Receipts and Disbursements	89.
I. <u>Long-Term Debt</u>	
I-1 Schedule of Serial Bonds	90.
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	91.
STATISTICAL SECTION	
(Unaudited)	
J-1 Net Position by Component	92.
J-2 Changes in Net Position	93.
J-3 Fund Balances, Governmental Funds	94.
J-4 Changes in Fund Balance, Governmental Funds	95.
J-5 General Fund Other Local Revenue by Source	96.
J-6 Assessed Value and Actual Value of Taxable Property	97.
J-7 Direct and Overlapping Property Tax Rates	98.
J-8 Principal Property Taxpayers	99.
J-9 Property Tax Levies and Collections	100.
J-10 Ratios of Outstanding Debt by Type	101.
J-11 Ratios of Net General Bonded Debt Outstanding	102.
J-12 Direct and Overlapping Governmental Activities Debt	103.
J-13 Legal Debt Margin Information	104.
J-14 Demographic and Economic Statistics	105.

BELMAR SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (Continued)	
(Unaudited)	
J-15 Principal Employers	106.
J-16 Full-Time Equivalent District Employees by Function/Program	107.
J-17 Operating Statistics	108.
J-18 School Building Information	109.
J-19 Schedule of Required Maintenance for School Facilities	110.
J-20 Insurance Schedule	111.
 SINGLE AUDIT SECTION	
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	112 & 113.
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance And Schedule of Expenditures of State Financial Assistance as Required By New Jersey OMB Circular 15-08	114 to 116.
K-3 Schedule of Federal Financial Assistance, Schedule A	117.
K-4 Schedule of State Financial Assistance, Schedule B	118.
K-5 Notes to Schedules of Financial Assistance	119 to 121.
K-6 Schedule of Findings and Questioned Costs	122 to 126.
K-7 Summary Schedule of Prior Audit Findings	127.

INTRODUCTORY SECTION



BELMAR BOARD OF EDUCATION

1101 MAIN STREET, BELMAR, NEW JERSEY 07719

DAVID R. HALLMAN
SUPERINTENDENT
732-681-8888

LORETTA HILL
BUSINESS ADMINISTRATOR/
BOARD SECRETARY
732-681-8888

November 16, 2018

Honorable President and
Members of the Board of Education
Borough of Belmar School District
County of Monmouth
Belmar, New Jersey 07719

Dear Board Members:

The comprehensive annual financial report for the Belmar Borough School District for the fiscal year ending June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rest with the management of the Belmar Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the districts organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, and the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control and structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS' SERVICES - Borough of Belmar School District is an independent reporting entity within the criteria adopted by GASB as established by NCGA Statement No.3. All funds and account groups for the district are included in this report. The Belmar Board of Education and the Belmar Elementary School constitute the district's reporting entity.

The district provides a full range of educational services appropriate to grade levels Pre-K through eight. Students in grades nine through twelve are assigned by board policy to

Inspired • United • Prepared
Soaring To Excellence

Manasquan, Asbury Park, Red Bank Regional, Marine Academy of Science and Technology, High Tech High School, Allied Health and Science Academy, Class Academy, Communications High School and the Academy High School Charter School. The district provides a comprehensive special education program for all preschool through eighth grade students. The district also provides for the educational needs of all resident students of Lake Como in grades Pre-K through eight and in the area of special education. The district completed the 2017/18 fiscal year with an average enrollment of 517, which is 22 students less than the previous year's average enrollment. The following details the changes in student enrollment of the district over the last ten years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017/2018	517	(4.0)
2016/2017	539	(2.5)
2015/2016	553	3.9
2014/2015	532	(3.6)
2013/2014	552	(2.8)
2012/2013	568	2.1
2011/2012	556	0.7
2010/2011	560	0.2
2009/2010	559	4.8
2008/2009	533	1.9

2) ECONOMIC CONDITIONS AND OUTLOOK: Belmar is a seashore community that has been undergoing a transformation on the oceanfront and on Main Street. Longstanding business properties have been sold and are currently being redeveloped as single family homes. Many of these homes are valued at over two million dollars. This transition will further limit the availability of housing for low income families as the other properties in Belmar continue to increase in value exceeding what low income families can afford. Belmar has a shopping area made up of independent stores and restaurants. The town is in the process of starting a redevelopment of the downtown area and redeveloping the seaport area. Some older structures are being replaced with mixed business/residential use buildings. With the new homes being built on the oceanfront and the rise of real estate prices in the town, the tax base for the community has increased. There are no major industries located in Belmar, therefore, the majority of the residents work outside the community. The largest employers are the Board of Education and Municipal government.

3) MAJOR INITIATIVES: During 2017-18 school year, we were the recipient of the grant "Ready to code" from the American Library Association. With the grant, we implemented the after school program, "Coding Connects" giving our students the opportunity to learn the basics of coding through the use of robotics, 3D printing, and other technology tools. Our 1:1 Chromebook initiative has increased in scope to grades 2-8, as well as increasing mobile devices for students in grades PreK-1. As teachers become increasingly skilled in a spectrum of instructional technology applications, students' level of engagement and investment in their learning grows exponentially. In the K-4 grade

span, the district instituted the best practice of “looping,” whereby students in looping classes remain with their teacher for two consecutive years, allowing for more in-depth student/teacher relationships and greater opportunities for more customized instruction. Teachers report an estimated six weeks of gained instructional time in these classes, maximizing the potential for greater student learning. In an ongoing effort to ensure excellence in teaching and learning, curriculum has been aligned with the New Jersey Learning Standards for all content areas and related arts. Additionally, Belmar School District has embraced the “maker movement” by providing a unique opportunity for students in grades 5-8 to participate in a collaborative experience to imagine, design, and create innovative solutions to real world problems. The newly formed Annual Sending Districts’ STEAM Tank Maker Fest convened in Spring 2016, bringing together the combined talents, resources, and ideas of hundreds of students from the nearby sending district to address global issues. Defending their unique solutions before a juried panel of industry experts provides students with critical skills aligned with the 21st Century Life and Career Standards. We are excited to implement a brand new science program, *HMH Science Dimension* in grades K-8, built specifically to address the Performance Expectations of NGSS (Next Generation Science Standards). The program is built around active learning, asking students to solve problems by stating claims, gathering evidence, and providing explanations through reasoning.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital project’s 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 a year end are canceled or included as reappropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

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

7) DEBT ADMINISTRATION: As of June 30, 2018, the district's outstanding debt was \$1,440,000, this debt will be fully paid in August, 2022. The debt is currently comprised of two funding sources. The District's two loans to provide funds for the 17,000 square foot addition to the Belmar Elementary School in 1993 were paid in full during the 2013/14 school year. In July, 2003 the Board of Education retired the present value of an unfunded liability to the Teachers' Pension and Annuity fund for an early retirement incentive by issuing refunding bonds in the amount of \$540,000. The refinancing of this debt saved the district \$239,348 in interest expense. This debt was retired during the 2017/18 school year. Bonds in the amount of \$3,370,000 were issued in August, 2003 to fund the local share of the capital project that was passed by referendum in March, 2003 and partially funded by the State of New Jersey, Economic Development Authority. The proceeds of the bonds along with the grant from the State of New Jersey was used to complete \$5,600,000 in renovations to the Belmar Elementary School. These bonds were refunded in 2012 saving the district 7.65% net present value or \$193,192 over the remaining life of the refunded bonds.

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

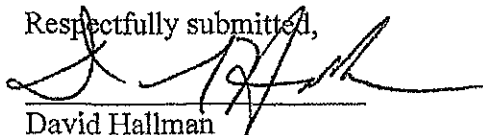
9) RISK MANAGEMENT: The board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

10) OTHER INFORMATION: Independent Audit-State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs and Registered Municipal Accountants conducted the annual audit. In addition to meeting the requirements set

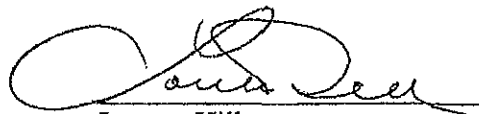
forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, Part 200 and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit report of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Belmar Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contribute their full support to the development and maintenance of our financial operation. Please refer to the Management's Discussion and Analysis for the Fiscal Year for a review of the financial status of the district.

Respectfully submitted,



David Hallman
Superintendent/Principal



Loretta Hill
Board Secretary/School
Business Administrator

BELMAR BOARD OF EDUCATION**BELMAR, NEW JERSEY****ROSTER OF OFFICIALS****JUNE 30, 2018**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Cherie Adams, President	2019
Joanne Gray, Vice-President	2018
Richard Brand	2018
Kimberly Chek	2020
Aileen Byrne-Fahy	2019
Mark Furey	2020
Rebecca Herbert	2020
Michele Lomas	2018
Lisa Miller	2018
Carol Hope (Sending district representative)	2018

Other Officials

David Hallman, Superintendent/Principal

Loretta Hill, School Business Administrator/Board Secretary

Eileen F. Ertle, Treasurer of School Monies

Michael Gross, Board Attorney

BELMAR BOARD OF EDUCATION**CONSULTANT AND OFFICIALS****JUNE 30, 2018****AUDIT FIRM**

Robert A. Hulsart and Company
2807 Hurley Pond Road
P.O. Box 1409
Wall, New Jersey 07719

ATTORNEY

Michael Gross
130 Maple Avenue
Red Bank, N.J. 07701

OFFICIAL DEPOSITORIES

Ocean First Bank
Rt. 71
Spring Lake, NJ 07762

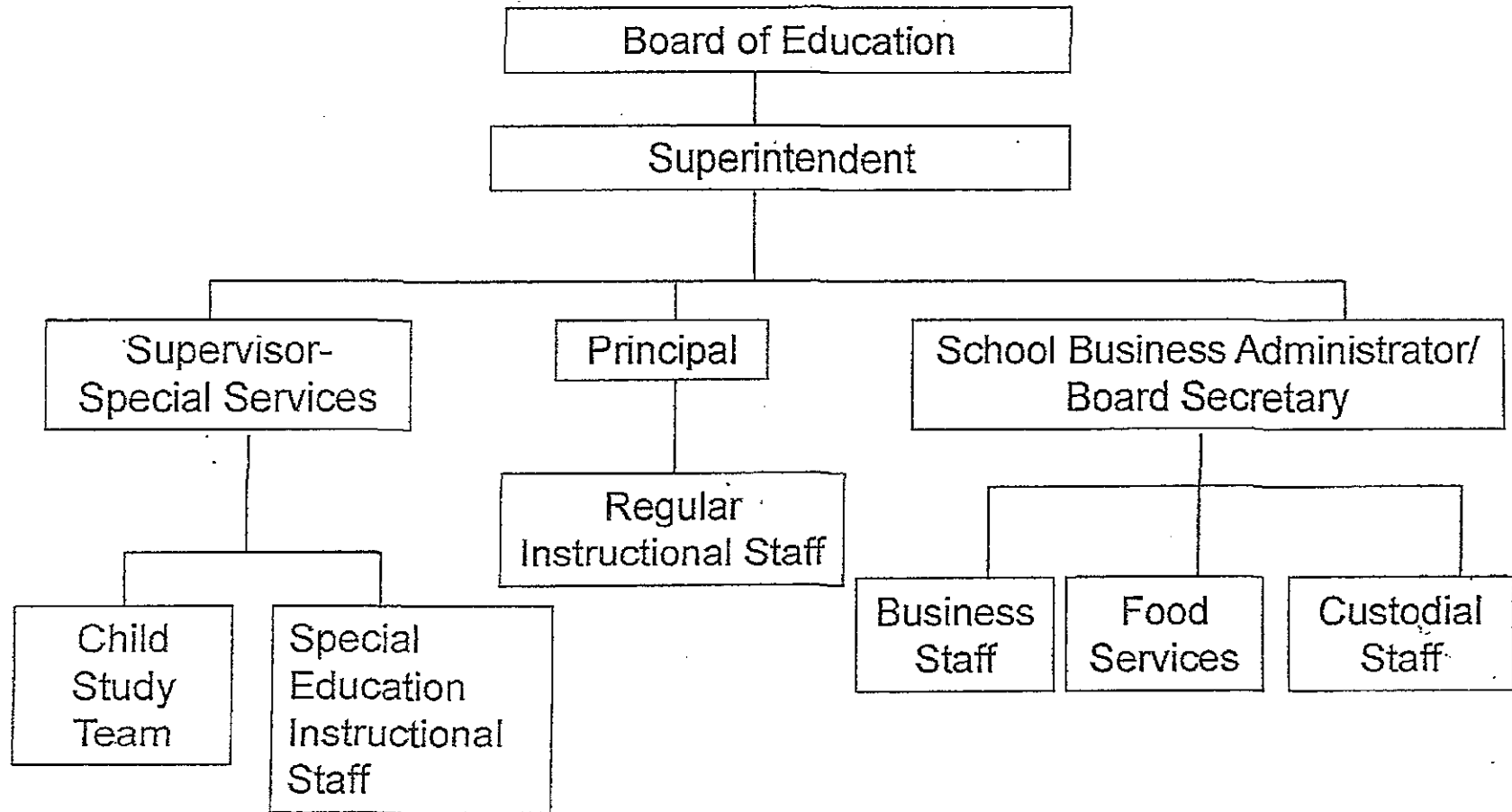
INSURERS

CBIZ Insurance Services, Inc.
219 South Street
New Providence, New Jersey 07974

BELMAR BOARD OF EDUCATION

ORGANIZATIONAL CHART

(UNIT CONTROL)



FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

9.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Belmar School District, in the County of Monmouth, 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 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.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has 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 it.

The accompanying schedules of expenditures of federal awards and state financial assistance are 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 (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018 on our consideration of the Belmar's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Belmar Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

November 16, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

BELMAR PUBLIC SCHOOL DISTRICT
BOROUGH OF BELMAR
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The discussion and analysis of Belmar Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD & A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement - and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. The new reporting model contains necessary comparative information of the previous year.

Financial Highlights

Key Financial highlights for the 2017-2018 fiscal year are as follows:

- General revenues accounted for \$11,129,222 in revenue or 78% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,209,208 or 22% percent to total revenues of \$14,338,930.
- Total assets of governmental activities increased by \$214,792 as cash and cash equivalents increased by \$819,801 receivables decreased by \$219,829 and capital assets decreased by \$385,180.
- The School District had \$14,077,609 in expenses; only \$3,209,708 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, tuition and state aid) of \$11,129,222 plus designated surplus and withdrawals from tuition reserve and maintenance reserve of \$275,000 were adequate to provide for these programs.
- The General Fund had \$12,620,731 in revenues and \$12,227,170 in expenditures. The General Fund's balance increased \$393,561 over 2016/17. This increase was anticipated by the Board of Education, as deposits were made to Capital Reserve to fund the local share of future Capital Projects.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Belmar Public 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 whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Belmar Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2017-2018 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins with exhibit B-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Table 1 provides a summary of the School District's Net Position for fiscal year 2017 and 2018.

Table 1
Net Position

	2017	2018
Assets		
Current and Other Assets	\$ 2,730,233	\$ 3,250,027
Capital Assets, Met	3,944,015	3,609,903
Total Assets	<u>\$ 6,674,248</u>	<u>\$ 6,859,930</u>
Liabilities		
Long-Term Liabilities	\$ 3,156,892	\$ 2,712,836
Other Liabilities	383,188	524,566
Total Liabilities	<u>\$ 3,540,080</u>	<u>\$ 3,237,402</u>
Net Assets		
Invested in Capital Assets, Net of Debt	\$ 2,670,315	\$ 2,651,203
Restricted	1,866,849	2,351,083
Unrestricted	(1,047,857))	(1,251,658)
Total Net Assets	<u>\$ 3,489,307</u>	<u>\$ 3,750,628</u>

Table 2 shows the changes in Net Position for fiscal year 2017 and 2018.

Table 2
Changes in Net Position

<u>Revenues</u>	<u>2017</u>	<u>2018</u>
Program Revenues		
Charges for Services	\$ 1,937,991	\$ 1,945,376
Operating Grants and Contributions	1,465,475	1,264,332
General Revenues		
Property Taxes	8,643,745	8,808,289
Grants and Entitlements	2,265,690	2,288,160
Other	19,413	32,773
Total Revenues	<u>\$ 14,332,314</u>	<u>\$ 14,338,930</u>
<u>Program Expenses</u>		
Instruction	\$ 4,402,581	\$ 4,312,786
Support Services		
Pupils and Instructional Staff	4,119,169	4,083,460
General Administration, School Administration, Business Services, Unalloc.		
Benefits	4,025,331	4,117,726
Operations and Maintenance of Facilities	801,195	640,968
Pupil Transportation	419,426	466,987
Special Schools/Charter School	36,456	39,509
Capital Outlay	19,441	44,666
Interest on Debt	66,897	56,280
Food Service	302,378	315,227
Total Expenses	<u>\$ 14,192,874</u>	<u>\$ 14,077,609</u>
Increase/(Decrease) in Net Assets	\$ 139,440	\$ 261,321

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to seek voter approval for the School District operations, only if the school district exceeds the statutory cap, which is 2% plus allowable cap adjustments. Property taxes made up 61% percent of revenues and tuition from other school districts made up 14% of revenues for governmental activities for the Belmar Public School District for fiscal year 2018. The District's total revenues were \$14,338,930 for the fiscal year ended June 30, 2018. Federal and state grants, as well as miscellaneous revenue accounted for 25%.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service expenditures exceeded revenues by \$8,885 and for the 11th year in a row, the Board did not subsidize the food services operation. The food service program shows a decrease of \$8,885 change in Net Position.
- Charges for services represent \$78,845 of revenue. This represents amounts paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$227,397.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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

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

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

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

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School District's Funds

The School District 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 Belmar's taxpayer's and other entities, including the State of New Jersey and the Federal Government. 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.

The Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in Net Position.

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 the section 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 with approximately \$628,842 less in expenditures than budgeted. The General Fund generated \$33,880 less in Revenues than budgeted. The additional revenue over expenditures will be carried forward to the following year beginning fund balance. In June, 2018 the Board approved \$225,000 increase in reserves for tuition for the upcoming years. The balance of unreserved surplus at July 1, 2018 is \$274,138.

Capital Assets

At June 30, 2018, the School Board had approximately \$3,750,628 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2017 and 2018 fiscal year.

Table II

	2017	2018
Capital Assets		
<u>Governmental Activities</u>		
Land	\$ 481,300	\$ 481,300
Construction in Progress	-	-
Buildings & Machinery and Equipment	4,383,341	3,998,161
Total Governmental Activities	<u>\$ 4,864,641</u>	<u>\$ 4,479,461</u>
<u>Business Type Activities</u>		
Machinery & Equipment	\$ 41,974	\$ 93,042
Total Capital Assets	<u>\$ 4,906,615</u>	<u>\$ 4,572,503</u>

Debt Administration

At June 30, 2018, the School District had \$2,982,836 as outstanding debt. Of this amount \$144,639 is for compensated absences and \$1,440,000 is for bonds for school construction. On March 11, 2003 the voters of the Borough of Belmar approved the renovation to the Elementary school in the amount of \$5,616,977. The state of New Jersey funded 40% or \$2,246,791 and Bonds were issued for the remaining \$3,370,000. During 2012 the District took advantage of favorable rates and refunded these bonds for a NPV savings of 7.65%.

Economic Factors and Next Year's Budget

The Belmar Public School District is in very good financial condition presently. The Borough of Belmar is primarily a residential community, with few commercial ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

The district has a net position of \$3,750,628 for all governmental activities representing the accumulated results of all past years' operations. The unrestricted portion of the net position is \$1,251,658. This means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$1,251,658. The district also has \$1,110,619 in capital reserve monies and \$225,000 in Tuition Reserve, \$17,005 in Emergency Reserve, and \$202,450 in Maintenance Reserve, as well as the fair market value of the capital assets.

Total General State Aid decreased in 2017/18 to \$1,048,664 a decrease of \$67,830 over 2016/17 State Aid. Over the past eight years the amount of state aid to the District has decreased significantly. In 2008/2009 the District received \$1,383,388 in State Aid. This amount decreased to \$1,018,000 in 2009/2010 \$966,613 in 2010/2011, and \$1,089,794 in 2011/12. The district supplemented the loss of state aid with surplus funds and cost savings through salary negotiations and a minimal reduction in staff. The student population had remained relatively constant for a number of years but over the past two years the population has decreased. In the future, the tax levy will be the area that will need to absorb any increase in budget obligations and that is limited to a 2% cap.

The School Board anticipates that enrollment for the 2018-2019 school year will remain fairly stable but will decrease slightly. The School Board cannot accurately forecast future enrollment, but many school Districts in Monmouth County faced decreased enrollments over the past few years while the enrollment in Belmar has increased.

In conclusion, the Belmar Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact: Ms. Loretta Hill, School Business Administrator/Board Secretary at Belmar Board of Education, 1101 Main St, Belmar, NJ 07719.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

BELMAR SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit A-1

JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 50,211	15,079	65,290
Receivables, Net	176,939	14,272	191,211
Inventory		1,689	1,689
Restricted Assets:			
Cash and Cash Equivalents	1,399,918		1,399,918
Cash-Capital Reserve	1,110,619		1,110,619
Capital Assets Not Being Depreciated	481,300		481,300
Capital Assets, Net	3,516,861	93,042	3,609,903
Total Assets	<u>6,735,848</u>	<u>124,082</u>	<u>6,859,930</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>542,084</u>		<u>542,084</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>413,984</u>		<u>413,984</u>
<u>Liabilities</u>			
Deferred Revenue	142,022		142,022
Accounts Payable	112,544		112,544
Noncurrent Liabilities:			
Due Within One Year	270,000		270,000
Due Beyond One Year	2,712,836		2,712,836
Total Liabilities	<u>3,237,402</u>	<u>-</u>	<u>3,237,402</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	2,558,161	93,042	2,651,203
Restricted For:			
Debt Service	1		1
Capital Projects	221		221
Other Purposes	2,350,861		2,350,861
Unrestricted	<u>(1,282,698)</u>	<u>31,040</u>	<u>(1,251,658)</u>
Total Net Position	<u>\$ 3,626,546</u>	<u>124,082</u>	<u>3,750,628</u>

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

BELMAR SCHOOL DISTRICT

Exhibit A-2

Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 2,745,877			(2,745,877)		(2,745,877)
Special Education	1,322,754		554,460	(768,294)		(768,294)
Other Instruction	244,155			(244,155)		(244,155)
Support Services:						
Tuition	2,822,080	1,866,431		(955,649)		(955,649)
Student & Instruction Related Services	1,261,380		482,475	(778,905)		(778,905)
General Administrative Services	242,703			(242,703)		(242,703)
School Administrative Services	488,133			(488,133)		(488,133)
Plant Operations and Maintenance	640,968			(640,968)		(640,968)
Pupil Transportation	466,987			(466,987)		(466,987)
Unallocated Employee Benefits	3,026,935			(3,026,935)		(3,026,935)
Capital Outlay	44,666			(44,666)		(44,666)
Unallocated Depreciation	359,955			(359,955)		(359,955)
Interest on Long-Term Debt	56,280			(56,280)		(56,280)
Special Schools	39,509			(39,509)		(39,509)
Total Government Activities	<u>13,762,382</u>	<u>1,866,431</u>	<u>1,036,935</u>	<u>(10,859,016)</u>	<u>-</u>	<u>(10,859,016)</u>
Business-Type Activities:						
Food Service	315,227	78,945	227,397		(8,885)	(8,885)
Total Business-Type Activities	<u>315,227</u>	<u>78,945</u>	<u>227,397</u>	<u>-</u>	<u>(8,885)</u>	<u>(8,885)</u>
Total Primary Government	<u>14,077,609</u>	<u>1,945,376</u>	<u>1,264,332</u>	<u>(10,859,016)</u>	<u>(8,885)</u>	<u>(10,867,901)</u>

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

BELMAR SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	8,433,367		8,433,367
Taxes Levied for Debt Service	374,922		374,922
Federal and State Aid Not Restricted	2,288,160		2,288,160
Investment Earnings and Miscellaneous Income	32,773		32,773
Total General Revenues	<u>11,129,222</u>	<u>-</u>	<u>11,129,222</u>
Change in Net Position	270,206	(8,885)	261,321
Net Position - Beginning	<u>3,356,340</u>	<u>132,967</u>	<u>3,489,307</u>
Net Position - Ending	<u>\$ 3,626,546</u>	<u>124,082</u>	<u>3,750,628</u>

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

FUND FINANCIAL STATEMENTS – B

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>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 50,211				50,211
Restricted Cash and Cash Equivalents	2,367,166	143,149	221	1	2,510,537
Receivables, Net	<u>104,550</u>	<u>72,389</u>			<u>176,939</u>
Total Assets	<u>\$ 2,521,927</u>	<u>215,538</u>	<u>221</u>	<u>1</u>	<u>2,737,687</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ -	89,821			89,821
Deferred Revenue		<u>142,022</u>			<u>142,022</u>
Total Liabilities	<u>-</u>	<u>231,843</u>	<u>-</u>	<u>-</u>	<u>231,843</u>
Fund Balance:					
Restricted for:					
Designated for Subsequent Years Expenditures:					
Tuition Reserve Budgeted Withdrawal	225,000				225,000
Capital Reserve Budgeted Withdrawal	370,000				370,000
Emergency Reserve Budgeted Withdrawal	68,000				68,000
Budgeted Withdrawal - Loss of State Aid	50,000				50,000
Tuition Reserve:					
2017-2018	225,000				225,000
Maintenance Reserve	202,450				202,450
Emergency Reserve	17,005				17,005
Capital Reserve Account	1,110,619				1,110,619
Assigned to:					
Other Purposes	24,092				24,092
Designated for Subsequent Years Expenditures - BOE	75,000			1	75,001
Unassigned:					
General Fund	154,761				154,761
Special Revenue Fund		(16,305)			(16,305)
Capital Projects			221		221
Total Fund Balances	<u>2,521,927</u>	<u>(16,305)</u>	<u>221</u>	<u>1</u>	<u>2,505,844</u>
Total Liabilities and Fund Balance	<u>\$ 2,521,927</u>	<u>215,538</u>	<u>221</u>	<u>1</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 is \$11,579,058 and the accumulated depreciation is \$7,580,897	3,998,161
Deferred outflow of resources - contributions to the pension plan	542,084
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(413,984)
Accrued Interest	(22,723)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,982,836)</u>
Net Position of Governmental Activities	<u>\$ 3,626,546</u>

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

BELMAR SCHOOL DISTRICT

**Exhibit B-2
Sheet 1 of 2**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED 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>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 8,433,367			374,922	8,808,289
Tuition Charges	1,866,431				1,866,431
Miscellaneous	32,773	79,074			111,847
Total Local Sources	<u>10,332,571</u>	<u>79,074</u>	<u>-</u>	<u>374,922</u>	<u>10,786,567</u>
State Sources	2,284,143	490,059			2,774,202
Federal Sources	4,017	467,802			471,819
Total Revenues	<u>12,620,731</u>	<u>1,036,935</u>	<u>-</u>	<u>374,922</u>	<u>14,032,588</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	2,722,966				2,722,966
Special Education Instruction	768,294	554,460			1,322,754
Other Instruction	244,155				244,155
Support Services and Undistributed Costs:					
Tuition	2,822,080				2,822,080
Student and Instruction Related Services	775,071	486,309			1,261,380
General Administrative Services	242,703				242,703
School Administrative Services	488,133				488,133
Plant Operations and Maintenance	640,968				640,968
Pupil Transportation	466,987				466,987
Unallocated Benefits	2,996,863				2,996,863
Debt Service:					
Principal				315,000	315,000
Interest and Other Charges				60,250	60,250
Capital Outlay	19,441				19,441
Special Schools	39,509				39,509
Total Expenditures	<u>12,227,170</u>	<u>1,040,769</u>	<u>-</u>	<u>375,250</u>	<u>13,643,189</u>

BELMAR SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED 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>
Excess (Deficiency) of Revenues Over Expenditures	<u>393,561</u>	<u>(3,834)</u>	<u>-</u>	<u>(328)</u>	<u>389,399</u>
Net Change in Fund Balances	393,561	(3,834)	-	(328)	389,399
Fund Balance - July 1	<u>2,128,366</u>	<u>(12,471)</u>	<u>221</u>	<u>329</u>	<u>2,116,445</u>
Fund Balance - June 30	<u>\$ 2,521,927</u>	<u>(16,305)</u>	<u>221</u>	<u>1</u>	<u>2,505,844</u>

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

BELMAR SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 389,399
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital Outlay	(25,225)
Depreciation Expense	(359,955)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	315,000
In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).	(22,911)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	9,885
Pension related deferrals	(236,924)
Change in net pension liability	196,967
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	<u>3,970</u>
Change in Net Position of Governmental Activities	<u>\$ 270,206</u>

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

BELMAR SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

Exhibit B-4

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 15,079
Accounts Receivable:	
State	245
Federal	14,027
Inventories	1,689
Total Current Assets	<u>31,040</u>
Noncurrent Assets:	
Equipment	112,965
Less: Accumulated Depreciation	<u>(19,923)</u>
Total Noncurrent Assets	<u>93,042</u>
Total Assets	<u><u>\$ 124,082</u></u>
 <u>Net Position</u>	
Investment in Capital Assets	\$ 93,042
Unrestricted	<u>31,040</u>
Total Net Position	<u><u>\$ 124,082</u></u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 48,739
Daily Sales - Non-Reimbursable Programs	30,206
Total Operating Revenue	<u>78,945</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	71,799
Cost of Sales - Non-Reimbursable Programs	44,005
Salaries	135,835
Management Fee	11,000
Insurance	11,192
Cost of Supplies	9,165
Depreciation	2,718
Audit	1,000
Miscellaneous	28,513
Total Operating Expenses	<u>315,227</u>
Operating (Loss)/Profit	(236,282)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	3,439
Federal Sources:	
National School Lunch Program	160,647
HHFKA Lunch Program	3,835
Federal Breakfast Program	34,370
Food Distribution Program	25,106
Total Non-Operating Revenues	<u>227,397</u>
Change in Net Position	(8,885)
Net Position, July 1	<u>132,967</u>
Net Position, June 30	<u>\$ 124,082</u>

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

BELMAR SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2018

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 78,945
Payments to Employees	(135,835)
Payments to Suppliers	(153,756)
Net Cash Used by Operating Activities	<u>(210,646)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	3,439
Federal Sources	198,852
Net Cash Provided by Noncapital Financing Activities	<u>202,291</u>
Cash Flows from Acquisition of Noncurrent Assets:	
Payments for Equipment	<u>(53,786)</u>
Net Cash from	<u>(53,786)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(62,141)
Cash and Cash Equivalents July 1	<u>77,220</u>
Cash and Cash Equivalents June 30	<u>\$ 15,079</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (236,282)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	2,718
Federal Commodities Consumed	25,106
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(97)
Increase/(Decrease) in Accounts Payable	(2,000)
(Increase)/Decrease in Inventory	<u>(91)</u>
Net Cash Used by Operating Activities	<u>\$ (210,646)</u>

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

BELMAR SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2018

	<u>Scholarship Fund</u>
Assets:	
Cash and Cash Equivalents	\$ 809
Total Assets	<u>\$ 809</u>
Net Position:	
Held in Trust for Unemployment Claims and Other Purposes	\$ 809
Total Net Position	<u>\$ 809</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDS

JUNE 30, 2018

	<u>Scholarship Fund</u>
<u>Deductions</u>	
Net Position - Beginning of Year	\$ 809
Net Position - End of the Year	<u>\$ 809</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
BELMAR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Belmar School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Belmar School District had an approximate enrollment at June 30, 2018 of 518 students.

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

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

B. Government-Wide Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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

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. Principles 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)**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

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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance and the following scholarship funds:

Stoner Scholarship Fund

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. Basis of Accounting:

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. 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)1. 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.

G. 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

J. 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 to provide a report with a comprehensive detail of capital assets and depreciation which is updated annually. Accumulated depreciation for fiscal year 2018, fiscal year 2018 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. 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

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Capital Assets and Depreciation (Continued)

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2018</u>
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$ 481,300	_____	_____	481,300
Site Improvements and Bldgs.	10,673,418			10,673,418
Machinery and Equipment	428,793	_____	(4,453)	424,340
Totals	<u>11,102,211</u>	_____	<u>(4,453)</u>	<u>11,097,758</u>
Less: Accumulated Depreciation for:				
Sites Improvements and Buildings	(7,002,087)	(326,652)	1	(7,328,738)
Equipment	(198,083)	(33,303)	(20,773)	(252,159)
Total Accumulated Depreciation	<u>(7,200,170)</u>	<u>(359,955)</u>	<u>(20,772)</u>	<u>(7,580,897)</u>
Net Depreciable Assets	<u>3,902,041</u>	<u>(359,955)</u>	<u>(25,225)</u>	<u>3,516,861</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,383,341</u>	<u>(359,955)</u>	<u>(25,225)</u>	<u>3,998,161</u>
Business-Type Activities:				
Equipment	\$ 61,215	51,750		112,965
Less: Accumulated Depreciation for:				
Equipment	(19,241)	(2,718)	2,036	(19,923)
Business-Type Activities Capital Assets, Net	<u>\$ 41,974</u>	<u>49,032</u>	<u>2,036</u>	<u>93,042</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 359,955</u>
-------------	-------------------

The fixed asset listing is updated each year by Acclaim inventory on-site, and assets are tagged, or deleted, as appropriate. The GASB 34 summaries are required to determine activity to be reported in the CAFR, as the additions and removals contain items for insurance purposes that are not capitalized for GASB 34 purposes.

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Capital Assets and Depreciation (Continued)**

Accumulated depreciation was allocated to governmental activities as follows:

	<u>Prior Years'</u> <u>Accumulated</u> <u>Depreciation</u>	<u>Current Year</u> <u>Depreciation</u> <u>Expense</u>	<u>Adjustments</u>	<u>Total</u> <u>Accumulated</u> <u>Depreciation</u>
Instruction	\$ 753,753			753,753
Support Services	508,838			508,838
Unallocated	<u>5,937,579</u>	<u>359,955</u>	<u>20,772</u>	<u>6,318,306</u>
	<u>\$ 7,200,170</u>	<u>359,955</u>	<u>20,772</u>	<u>7,580,897</u>

K. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

L. 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 rights 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.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

M. Deferred Revenue

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

NOTE 1: Summary of Significant Accounting Policies (Continued)**N. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

O. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

P. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Q. Tuition Payable

Tuition charges for the fiscal year 2017-2018 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The District has elected to reserve \$225,000.00 for future tuition adjustment liabilities, which is within the 10% ceiling allowed by the Department of Education, State of New Jersey.

2017-2018 School Year	\$ 225,000
To be Utilized in 2018-2019	(225,000)
2017-2018 Resolution Increase	<u>225,000</u>
Available for Future Years	<u>\$ 225,000</u>

R. Net Position

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

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1: Summary of Significant Accounting Policies (Continued)

R. Net Position (Continued)

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

Assigned – The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

NOTE 1: Summary of Significant Accounting Policies (Continued)

R. Net Position (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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.

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.

NOTE 2: Cash and Cash Equivalents and Investments**Investments**

New Jersey statutes permit the Board 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 of 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.

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

As of June 30, 2018, the District's deposits and investments are summarized as follows:

FDIC	\$ 250,000
GUPDA	<u>3,030,101</u>
	<u>\$ 3,280,101</u>

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

	Cash and Cash
	<u>Equivalents</u>
Interest Bearing Checking Accounts	<u>\$ 2,521,622</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2018 was \$2,521,622 and the bank balance was \$3,280,101. Of the bank balance \$250,000 was covered by federal depository insurance and \$3,030,101 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

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.

NOTE 3: 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:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Long-Term</u> <u>Portion</u>	<u>Amount Due</u> <u>In One Year</u>
Pension Liability	\$ 1,595,164		(196,967)	1,398,197	1,398,197	
Compensated Absences Payable	121,728	22,911		144,639	144,639	
Bonds Payable	<u>1,755,000</u>	<u> </u>	<u>(315,000)</u>	<u>1,440,000</u>	<u>1,170,000</u>	<u>270,000</u>
	<u>\$ 3,471,892</u>	<u>22,911</u>	<u>(511,967)</u>	<u>2,982,836</u>	<u>2,712,836</u>	<u>270,000</u>

A. Bonds Authorized But Not Issued

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

B. Bonds Payable

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 270,000	50,850	320,850
2020	280,000	41,200	321,200
2021	290,000	29,800	319,800
2022	295,000	18,100	313,100
2023	<u>305,000</u>	<u>6,100</u>	<u>311,100</u>
	<u>\$ 1,440,000</u>	<u>146,050</u>	<u>1,586,050</u>

Bonds Issued 2/1/12 for \$2,490,000 at interest from 2% to 4% maturing 8/1/22 with a balance of \$1,440,000 at June 30, 2018. These bonds refunded the bonds issued at 8/1/03.

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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

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

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

NOTE 4: Pension Plans (Continued)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5 ½% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 65,528	100%	0
6/30/17	54,059	100%	\$ 0
6/30/16	57,953	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 931,565	100%	0
6/30/17	819,851	100%	0
6/30/16	685,527	100%	0

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$931,565 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$300,856 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

NOTE 4: Pension Plans (Continued)**Pension Expense Deferred Outflows/Inflows – 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).

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

NOTE 4: Pension Plans (Continued)**Allocation Methodology and Reconciliation to Financial Statements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2016 through June 30, 2017. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

NOTE 4: Pension Plans (Continued)**Allocation Methodology and Reconciliation to Financial Statements (Continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$65,528. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 32,923	
Changes of Assumptions	281,688	280,656
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,521	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	152,424	133,328
District Contributions Subsequent to the Measurement Date	<u>65,528</u>	<u> </u>
Total	<u>\$ 542,084</u>	<u>413,984</u>

\$542,084 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2017 and 2016 are as follows:

	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Collective Deferred Outflows of Resources	\$ 542,084	532,199
Collective Deferred Inflows of Resources	413,984	177,060
Collective Net Pension Liability	1,398,197	1,595,164
District's Proportion	.00601%	.00539%

NOTE 4: Pension Plans (Continued)**Components of Net Pension Liability**

The components of the collective net pension liability of the participating employers as of June 30, 2017 were as follows:

	2017		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 32,535,896,852	44,852,367,051	77,388,263,903
Plan Fiduciary Net Position	<u>6,890,274,055</u>	<u>21,573,965,463</u>	<u>28,464,239,518</u>
Net Pension Liability	<u>\$ 25,645,622,797</u>	<u>23,278,401,588</u>	<u>48,924,024,385</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.18%	48.10%	36.78%

The components of the collective net pension liability of the participating employers as of June 30, 2016 were as follows:

	2016		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 36,295,189,928	49,474,698,146	85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$ 29,390,685,705</u>	<u>29,617,131,759</u>	<u>59,007,817,464</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	19.02%	40.14%	31.20%

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 actuarial 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%

NOTE 4: Pension Plans (Continued)**Components of Net Pension Liability (Continued)**

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 Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on 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.

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. 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 Estate	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%

NOTE 4: Pension Plans (Continued)**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 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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:

	2017		
	<u>At 1% Decrease (4.00%)</u>	<u>At Current Discount Rate (5.00%)</u>	<u>At 1% Increase (6.00%)</u>
State	\$ 29,818,581,732	25,645,622,797	22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
Total	<u>\$ 58,697,018,759</u>	<u>48,924,024,385</u>	<u>40,792,456,582</u>
	2016		
	<u>At 1% Decrease (3.90%)</u>	<u>At Current Discount Rate (4.90%)</u>	<u>At 1% Increase (5.90%)</u>
State	\$ 34,422,851,197	29,390,685,705	25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
Total	<u>\$ 70,715,189,252</u>	<u>59,007,817,464</u>	<u>49,352,744,647</u>

NOTE 4: Pension Plans (Continued)**Teachers Pensions and Annuity Fund (TPAF)****Plan Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, 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).

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, member's 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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The Schedule of employers and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

NOTE 4: Pension Plans (Continued)**Allocation Methodology**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

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 had 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, State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are 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 local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

Components of Net Pension Liability

The components of the net pension liability of the State as of June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 90,726,371,000	101,746,770,000
Plan Fiduciary Net Position	<u>23,056,161,829</u>	<u>22,717,862,967</u>
Net Pension Liability	<u>\$ 67,670,209,171</u>	<u>79,028,907,033</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%

NOTE 4: Pension Plans (Continued)**State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2017</u>	<u>2016</u>
District's Liability	<u>\$ 26,779,431</u>	<u>30,746,034</u>
District's Proportion	.03957%	.03890%

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

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

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvements 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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% 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. 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:

NOTE 4: Pension Plans (Continued)**Long-Term Expected Rate of Return (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash 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 Estate	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 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the State's 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:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2017 (3.25%, 4.25%, 5.25%)	\$ 80,394,331,171	67,670,209,171	57,188,022,171
2016 (2.22%, 3.22%, 4.22%)	94,378,176,033	79,028,907,033	66,494,248,033

NOTE 5: Post-Retirement Benefits**General Information about the OPEB Plan****Plan description and benefits provided**

P.O. 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 (APB) 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 GASBS No. 75.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total 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 GASBS No. 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/board of trustees. Note that actual numbers will be published in the NJ State's CAFR.

NOTE 5: Post-Retirement Benefits (Continued)

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

Inflation rate	2.50%	
	<u>TPAF</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55% - 4.55% based on years of service	2.15% - 4.15% based on age
Thereafter	2.00% - 5.45% based on years of service	3.15% - 5.15% based on age

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

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

Health Care Trend Assumptions

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

Discount Rate

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

NOTE 5: Post-Retirement Benefits (Continued)

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

	Total OPEB Liability
Balance at 6/30/2016 Measurement Date	\$ 57,831,784,184
Changes for the Year:	
Service Cost	2,391,878,884
Interest on Total OPEB Liability	1,699,441,736
Change of Assumptions	(7,086,599,129)
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Gross Benefit Payments	(1,242,412,566)
Contributions from the Member	<u>45,748,749</u>
Balance at 6/30/2017 Measurement Date	<u>\$ 53,639,841,858</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	53,639,841,858	45,680,364,453

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	53,639,841,858	66,290,599,457

OPEB Expenses 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 \$1,318,170 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 GASBS No. 75 and in which there is a special funding situation.

NOTE 5: Post-Retirement Benefits (Continued)

In accordance with GASBS No. 75, the Belmar Board of Education 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>
Change in Proportion	\$ 99,843,255	99,843,255
Changes of Assumptions	<u> </u>	<u>6,343,769,032</u>
Total	<u>\$ 99,843,255</u>	<u>6,443,612,287</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	(2,629,618,547)

NOTE 6: Contingent Liabilities

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

NOTE 7: Equity Balance

At June 30, 2018, the General Fund equity balance was as follows:

Recapitulations:	
Restricted for:	
Emergency Reserve	\$ 17,005
Maintenance Reserve	202,450
Capital Reserve	1,110,619
Reserve for Tuition	225,000
Designated for Subsequent Year's Expenditures:	
Tuition Reserve Budgeted Withdrawal	225,000
Capital Reserve	320,000
Emergency Reserve	68,000
Capital Reserve (Resolution)	50,000
Committed to:	
Other Purposes	24,092
Assigned to:	
Designated for Subsequent Year's Expenditures –	
Loss of State Aid	50,000
Designated for Subsequent Year's Expenditures – BOE	75,000
Unassigned	<u>248,476</u>
	<u>\$ 2,615,642</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2018-2019 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures Per the CAFR	\$ 12,227,170
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>1,232,421</u>
Adjusted 17-18 General Fund Expenditures	<u>\$ 10,994,749</u>
2% of Adjusted 2017-18 General Fund Expenditures	<u>\$ 219,895</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>24,138</u>
Maximum Unassigned Fund Balance	<u>\$ 274,138</u>

NOTE 7: Equity Balance (Continued)**Section 2**

Total General Fund – Fund Balance @ 6-30-18	\$ 2,615,642
---	--------------

Decreased by:

Reserved for Encumbrances	(24,092)
Designated for Subsequent Years Expenditures – Tuition Reserve	(225,000)
Designated for Subsequent Years Expenditures – Emergency Reserve	(68,000)
Designated for Subsequent Years Expenditures – Capital Reserve	(320,000)
Designated for Subsequent Years Expenditures – Capital Reserve – BOE Resolution	(50,000)
Designated for Subsequent Years Expenditures – Budget	(75,000)
Designated for Subsequent Year’s Expenditures – Loss of State Aid	(50,000)
Other Reserves	<u>(1,555,074)</u>

Total Unassigned Fund Balance	<u>\$ 248,476</u>
-------------------------------	-------------------

Restricted Fund Balance – Excess Surplus	<u>\$ 0</u>
--	-------------

Section 3

Reserved Fund Balance - Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ 0
---	------

Excess Surplus – Current Year	<u>0</u>
-------------------------------	----------

	<u>\$ 0</u>
--	-------------

Detail of Allowable Adjustments

Extraordinary Aid	\$ 21,070
-------------------	-----------

Nonpublic Transportation	<u>3,068</u>
--------------------------	--------------

Total Adjustments	<u>\$ 24,138</u>
-------------------	------------------

Detail of Other Restricted Fund Balance

Tuition Reserve	\$ 225,000
-----------------	------------

Maintenance Reserve	202,450
---------------------	---------

Emergency Reserve	17,005
-------------------	--------

Capital Reserve	<u>1,110,619</u>
-----------------	------------------

Total Other Restricted Fund Balance	<u>\$ 1,555,074</u>
-------------------------------------	---------------------

NOTE 8: 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.

NOTE 8: Risk Management (Continued)**New Jersey Unemployment Compensation Insurance**

On March 17, 2015, per board resolution, the balance of the unemployment account was transferred to the general account as the board is now insured on the contributory basis.

NOTE 9: Capital Reserve Account

A Capital Reserve account was established by the Borough of Belmar Board of Education by inclusion of \$100 on September 1, 2000 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.

Fund placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually 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 or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance July 1, 2017	\$ 1,128,844
Interest Earned	1,775
Resolution Increase June 2018	<u>350,000</u>
Balance June 30, 2018	<u>\$ 1,480,619</u>

The Board has appropriated \$370,000 to support the 2018-2019 budget.

"A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district's long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district's long-range facilities plan." (N.J.S.A. 18A:7G-31e)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district's LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

"Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations." (N.J.A.C. 6:23A-5.1(j)).

NOTE 10: Fair Values of Financial Instruments

The following methods and assumptions were used by the Belmar Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 11: Economic Dependency

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

NOTE 12: General Fund Emergency Reserve Account

The reserve account is to be used to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonable unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the District's general fund budget up to a maximum of \$100,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent. Belmar's emergency reserve balance as of June 30, 2018 is \$85,005.

The Board has appropriated \$68,000 to support the 2018-2019 budget.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

BELMAR SCHOOL DISTRICT

Exhibit C-1

Sheet 1 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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	\$ 8,433,367		8,433,367	8,433,367	-
Tuition	1,908,764		1,908,764	1,866,431	(42,333)
Interest Earned on Investments	15		15	5,261	5,246
Miscellaneous	17,928		17,928	27,512	9,584
Total Local Sources	<u>10,360,074</u>	<u>-</u>	<u>10,360,074</u>	<u>10,332,571</u>	<u>(27,503)</u>
State Sources:					
Categorical Special Education Aid	320,357		320,357	320,357	-
Categorical Transportation Aid	124,664		124,664	124,664	-
Extraordinary Aid	50,000		50,000	71,070	21,070
Categorical Security Aid	136,708		136,708	136,708	-
Adjustment Aid	396,805		396,805	376,895	(19,910)
PARCC Readiness Aid	5,650		5,650	5,650	-
Per Pupil Growth Aid	5,650		5,650	5,650	-
Professional Learning Community Aid	5,670		5,670	5,670	-
Non-Public Transportation Aid				3,068	3,068
TPAF Pension (On Behalf-Non-Budgeted)			-	931,565	931,565
TPAF Social Security (Reimbursed - Non-Budgeted)			-	300,856	300,856
Total State Sources	<u>1,045,504</u>	<u>-</u>	<u>1,045,504</u>	<u>2,282,153</u>	<u>1,236,649</u>
Federal Sources:					
ARRA/SEMI			-		-
Medical Assistance Program	14,622		14,622	4,017	(10,605)
Total Federal Sources	<u>14,622</u>	<u>-</u>	<u>14,622</u>	<u>4,017</u>	<u>(10,605)</u>
Total Revenues	<u>11,420,200</u>	<u>-</u>	<u>11,420,200</u>	<u>12,618,741</u>	<u>1,198,541</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 2 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Pre-School - Salaries of Teachers	37,190	800	37,990	37,905	85
Local Contribution to Special Revenue	62,768		62,768	62,768	-
Kindergarten - Salaries of Teachers	217,132	(5,000)	212,132	199,667	12,465
Grades 1-5 - Salaries of Teachers	1,433,981	15,570	1,449,551	1,439,058	10,493
Grades 6-8 - Salaries of Teachers	767,615	(3,680)	763,935	737,135	26,800
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	13,162	1,000	14,162	12,105	2,057
General Supplies	169,036	(14,900)	154,136	142,437	11,699
Textbooks	5,000	16,000	21,000	20,775	225
Miscellaneous Expenditures	44,200	24,700	68,900	67,460	1,440
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000		5,000	3,656	1,344
Total Regular Programs - Instruction	<u>2,755,084</u>	<u>34,490</u>	<u>2,789,574</u>	<u>2,722,966</u>	<u>66,608</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	171,850	(470)	171,380	164,700	6,680
Other Salaries for Instruction	30,000	15,000	45,000	43,800	1,200
Purchased Professional Educational Services	17,500		17,500	17,500	-
Purchased Technical Services	900	(900)	-	-	-
Total Learning and/or Language Disabilities	<u>220,250</u>	<u>13,630</u>	<u>233,880</u>	<u>226,000</u>	<u>7,880</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 3 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
Resource Room/Resource Center:					
Salaries of Teachers	385,823	17,525	403,348	390,573	12,775
Other Salaries for Instruction	17,550		17,550	15,304	2,246
Purchased Professional-Educational Services	17,500	4,000	21,500	21,491	9
General Supplies	2,100	(2,100)	-		-
Total Resource Room/Resource Center	<u>422,973</u>	<u>19,425</u>	<u>442,398</u>	<u>427,368</u>	<u>15,030</u>
Preschool Disabilities:					
Salaries of Teachers	75,000	2,115	77,115	77,110	5
Other Salaries for Instruction	14,352	6,500	20,852	20,214	638
Purchase Professional Educational Services	17,500		17,500	17,072	428
General Supplies	1,000	(1,000)	-		-
Other Objects	750		750	530	220
Total Preschool Disabilities	<u>108,602</u>	<u>7,615</u>	<u>116,217</u>	<u>114,926</u>	<u>1,291</u>
Total Special Education - Instruction	<u>751,825</u>	<u>40,670</u>	<u>792,495</u>	<u>768,294</u>	<u>24,201</u>
Bilingual Education-Instruction					
Salaries of Teachers	140,000	1,000	141,000	141,000	-
General Supplies	600		600		600
Total Bilingual Education-Instruction	<u>140,600</u>	<u>1,000</u>	<u>141,600</u>	<u>141,000</u>	<u>600</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 4 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	37,500		37,500	32,710	4,790
Other Objects	500		500		500
Total School Sponsored Co-Curricular Activities - Instruction	<u>38,000</u>	<u>-</u>	<u>38,000</u>	<u>32,710</u>	<u>5,290</u>
School Sponsored Athletics - Instruction:					
Salaries	47,000		47,000	40,221	6,779
Supplies and Materials	8,000		8,000	4,968	3,032
Other Objects	2,000		2,000	1,730	270
Transfer to Cover Deficit	4,000	3,000	7,000	7,000	-
Total School Sponsored Athletics - Instruction	<u>61,000</u>	<u>3,000</u>	<u>64,000</u>	<u>53,919</u>	<u>10,081</u>
Other Supplemental /At-Risk Programs - Instruction:					
Salaries of Reading Specialists	42,263	(25,650)	16,613	16,526	87
Total Other Supplemental /At-Risk Programs - Instruction	<u>42,263</u>	<u>(25,650)</u>	<u>16,613</u>	<u>16,526</u>	<u>87</u>
Total Instruction	<u>3,788,772</u>	<u>53,510</u>	<u>3,842,282</u>	<u>3,735,415</u>	<u>106,867</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Regular	1,909,974	(11,000)	1,898,974	1,850,111	48,863
Tuition to Other LEAs in State - Special	222,579	11,000	233,579	231,286	2,293
Tuition to County Vocational School:					
Regular	91,280		91,280	53,460	37,820
Special	67,080		67,080	60,500	6,580
Tuition to Private School for Handicapped within State	628,201	(14,600)	613,601	531,019	82,582
Extraordinary Private Service	143,700	(1,500)	142,200	95,704	46,496
Total Undistributed Expenditures-Instruction	<u>3,062,814</u>	<u>(16,100)</u>	<u>3,046,714</u>	<u>2,822,080</u>	<u>224,634</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
Undistributed Expenditures-Health:					
Salaries	84,325		84,325	81,725	2,600
Purchased Professional and Technical Services	14,500	(6,500)	8,000	7,250	750
Supplies and Materials	1,500		1,500	1,475	25
Total Undistributed Expenditures-Health:	<u>100,325</u>	<u>(6,500)</u>	<u>93,825</u>	<u>90,450</u>	<u>3,375</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Related Serv.:					
Salaries of Teachers	78,100		78,100	78,100	-
Purchased Professional Educational Services	15,900	5,500	21,400	21,141	259
Supplies and Materials	450		450	297	153
Total Undistributed Expenditures-Other Sup. Serv.					
Students-Related Serv.	<u>94,450</u>	<u>5,500</u>	<u>99,950</u>	<u>99,538</u>	<u>412</u>
Undistributed Expenditures-Extraordinary Sup. Serv.					
Purchased Professional Educational Services	10,500		10,500	6,184	4,316
Supplies and Materials	2,500		2,500	1,867	633
Total Undistributed Expenditures-Extraordinary Sup. Serv.	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>8,051</u>	<u>4,949</u>
Undistributed Expenditures-Other Supp. Serv.					
Students - Reg.:					
Salaries of Other Professional Staff	87,525		87,525	86,325	1,200
Supplies and Materials	400		400		400
Other Objects	250		250		250
Total Undistributed Expenditures-Other Supp. Serv.	<u>88,175</u>	<u>-</u>	<u>88,175</u>	<u>86,325</u>	<u>1,850</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 6 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
Undistributed Expenditures-Other Sup. Serv. Students-Spec. Serv.:					
Salaries of Other Professional Staff	197,500	63,500	261,000	255,523	5,477
Salaries of Secretarial and Clerical Assts.	47,750		47,750	47,750	-
Other Purchased Professional Services	28,750	2,625	31,375	30,212	1,163
Other Purchased Services	750	(500)	250	237	13
Supplies and Materials	5,400	1,000	6,400	6,381	19
Other Objects	1,000		1,000	331	669
Total Undistributed Expenditures-Other Sup. Serv. Students-Spec. Serv.	<u>281,150</u>	<u>66,625</u>	<u>347,775</u>	<u>340,434</u>	<u>7,341</u>
Undistributed Expenditures - Imp. of Instructional Services:					
Salaries of Supervisors of Instruction	<u>69,107</u>	<u>(55,000)</u>	<u>14,107</u>	<u>2,250</u>	<u>11,857</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	65,770		65,770	65,770	-
Salaries of Technology Coordinators	100,000	(5,000)	95,000	73,819	21,181
Purchased Professional and Technical Services	1,000		1,000		1,000
Supplies and Materials	<u>6,000</u>		<u>6,000</u>	<u>4,100</u>	<u>1,900</u>
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>172,770</u>	<u>(5,000)</u>	<u>167,770</u>	<u>143,689</u>	<u>24,081</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Purchased Professional-Educational Services	8,000		8,000	1,375	6,625
Other Purchased Services	<u>4,500</u>		<u>4,500</u>	<u>2,959</u>	<u>1,541</u>
Total Undistributed Expenditures - Instructional Staff Training Serv.	<u>12,500</u>	<u>-</u>	<u>12,500</u>	<u>4,334</u>	<u>8,166</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	194,993	12,050	207,043	188,439	18,604
Legal Services	18,000	(8,000)	10,000	4,931	5,069
Audit Fees	15,000		15,000	14,500	500
Other Purchased Professional Services	9,000	(7,000)	2,000	49	1,951
Communications/Telephone	25,000	(17,200)	7,800	5,682	2,118
Other Purchased Services BOE	2,000		2,000	155	1,845
Other Purchased Services (400-500)	5,600		5,600	3,317	2,283
General Supplies	2,500		2,500	679	1,821
Miscellaneous Expenditures	19,500		19,500	19,500	-
BOE Membership Dues and Fees	6,000		6,000	5,451	549
Total Undistributed Expenditures - Supp. Serv. General Administration	<u>297,593</u>	<u>(20,150)</u>	<u>277,443</u>	<u>242,703</u>	<u>34,740</u>
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	146,249	(11,000)	135,249	135,150	99
Salaries of Secretarial/Clerical Assistants	89,548	2,400	91,948	90,912	1,036
Other Purchased Services	2,500		2,500	375	2,125
Supplies and Materials	3,500		3,500	2,460	1,040
Other Objects	4,000	(1,125)	2,875	2,794	81
Total Undistributed Expend.-Supp. Serv.-School Admin.	<u>245,797</u>	<u>(9,725)</u>	<u>236,072</u>	<u>231,691</u>	<u>4,381</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Undistributed Expenditures-Central Services					
Salaries	227,062	3,030	230,092	217,471	12,621
Purchased Professional Services	40,200	(12,000)	28,200	27,816	384
Other Purchased Services	5,500	400	5,900	5,742	158
Supplies and Materials	2,750		2,750	2,313	437
Other Objects	3,500	(400)	3,100	3,100	-
Total Undistributed Expend.-Central Services	<u>279,012</u>	<u>(8,970)</u>	<u>270,042</u>	<u>256,442</u>	<u>13,600</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Cleaning, Repair and Maintenance Services	93,700	42,515	136,215	119,642	16,573
Total Undistributed Expenditures-Allow. Maint. School Facilities	<u>93,700</u>	<u>42,515</u>	<u>136,215</u>	<u>119,642</u>	<u>16,573</u>
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Salaries of Non-Instructional Aides	31,000	410	31,410	27,549	3,861
Purchased Professional and Technical Services	31,750	4,000	35,750	35,403	347
Cleaning, Repair, and Maintenance Services	255,000	(5,000)	250,000	249,665	335
Other Purchased Property Services	15,000	7,750	22,750	20,082	2,668
Insurance	62,736		62,736	55,224	7,512
Misc. Purchased Services	9,950	2,000	11,950	11,565	385
General Supplies	10,000		10,000	6,094	3,906
Energy - Heat	55,000	(5,500)	49,500	34,797	14,703
Energy - Electricity	78,000	3,000	81,000	80,947	53
Total Undistributed Expenditures-Other Oper. & Maint. of Plant	<u>548,436</u>	<u>6,660</u>	<u>555,096</u>	<u>521,326</u>	<u>33,770</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 9 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	642,136	49,175	691,311	640,968	50,343
Undistributed Expenditures - Student Transportation Serv:					
Contr. Serv. (Other Than Bet. Home & Sch.)-Vendors	21,000	(1,700)	19,300	17,334	1,966
Contr. Serv. (Bet. Home & Sch.)-Joint Agreements	25,000	5,000	30,000	29,622	378
Contr. Serv.(Sp Ed Stds)-Vendors	500		500		500
Contr. Serv. (Reg. Students) ESC & CTSA	150,000	41,500	191,500	191,365	135
Contr. Serv. (Sp. Ed. Stds.) ESC & CTSA	245,000	(17,000)	228,000	227,666	334
Contr. Serv. Aid in Lieu	5,000	(4,000)	1,000	1,000	-
Total Undistributed Expenditures - Student Transportation Serv.	446,500	23,800	470,300	466,987	3,313
Unallocated Benefits:					
Social Security Contributions	80,000		80,000	60,200	19,800
TPAF Contributions - ERIP	2,800		2,800		2,800
Other Retirement Contributions - PERS	73,900		73,900	65,528	8,372
Unemployment Compensation	12,500	10,000	22,500	21,553	947
Tuition Reimbursement	30,000	(15,100)	14,900		14,900
Other Employee Benefits	35,000	2,000	37,000	159	36,841
Workmen's Compensation	59,843		59,843	57,444	2,399
Health Benefits	1,764,100	(74,250)	1,689,850	1,559,558	130,292
Total Unallocated Benefits	2,058,143	(77,350)	1,980,793	1,764,442	216,351

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 10 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	931,565	(931,565)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	300,856	(300,856)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,232,421</u>	<u>(1,232,421)</u>
Total Undistributed Expenditures	<u>7,863,472</u>	<u>(53,695)</u>	<u>7,809,777</u>	<u>8,432,805</u>	<u>(623,028)</u>
Total Current Expense	<u>11,652,244</u>	<u>(185)</u>	<u>11,652,059</u>	<u>12,168,220</u>	<u>(516,161)</u>
Capital Outlay:					
Facilitates Acquisition and Construction Services:					
Other Objects	<u>19,441</u>	<u>-</u>	<u>19,441</u>	<u>19,441</u>	<u>-</u>
Total Capital Outlay	<u>19,441</u>	<u>-</u>	<u>19,441</u>	<u>19,441</u>	<u>-</u>
Special Schools:					
Salaries of Teachers	<u>29,000</u>	<u>1,200</u>	<u>30,200</u>	<u>30,139</u>	<u>61</u>
Other Salaries for Instruction	<u>9,500</u>	<u>-</u>	<u>9,500</u>	<u>9,370</u>	<u>130</u>
Total Special Schools	<u>38,500</u>	<u>1,200</u>	<u>39,700</u>	<u>39,509</u>	<u>191</u>
Total Expenditures	<u>11,710,185</u>	<u>1,015</u>	<u>11,711,200</u>	<u>12,227,170</u>	<u>(515,970)</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

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>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(289,985)</u>	<u>(1,015)</u>	<u>(291,000)</u>	<u>391,571</u>	<u>682,571</u>
Fund Balance July 1	<u>2,224,071</u>		<u>2,224,071</u>	<u>2,224,071</u>	
Fund Balance June 30	<u>\$ 1,934,086</u>	<u>(1,015)</u>	<u>1,933,071</u>	<u>2,615,642</u>	<u>682,571</u>
Recapitulation:					
Restricted Fund Balance:					
Emergency Reserve				\$ 17,005	
Maintenance Reserve				202,450	
Capital Reserve				1,110,619	
Tuition Reserve				225,000	
Designated for Subsequent Year's Expenditures - Tuition Reserve Budgeted Withdrawal				225,000	
Designated for Subsequent Year's Expenditures - Capital Reserve Budgeted Withdrawal				320,000	
Designated for Subsequent Year's Expenditures - Capital Reserve (BOE Resolution)				50,000	
Designated for Subsequent Year's Expenditures - Emergency Reserve Budgeted Withdrawal				68,000	
Designated for Subsequent Year's Expenditures - Budgeted Withdrawal Loss of State Aid				50,000	
Assigned Fund Balance:					
Year-End Encumbrances				24,092	
Designated for Subsequent Year's Expenditures - BOE				75,000	
Unassigned Fund Balance				<u>248,476</u>	
				2,615,642	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(93,715)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,521,927</u>	

BELMAR SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE 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	\$ 83,268		83,268	79,074	4,194
State Sources	634,597	2,306	636,903	547,748	89,155
Federal Sources	585,422		585,422	550,843	34,579
Total Revenues	<u>\$1,303,287</u>	<u>2,306</u>	<u>1,305,593</u>	<u>1,177,665</u>	<u>127,928</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 330,874	8,580	339,454	335,196	4,258
Other Salaries for Instruction	169,284		169,284	169,284	
Purchased Professional and Technical Services	179,494		179,494	130,678	48,816
Textbooks	43,057		43,057	42,461	596
General Supplies	17,957	(4,524)	13,433	12,237	1,196
Other Objects	2,500		2,500	1,500	1,000
Total Instruction	<u>743,166</u>	<u>4,056</u>	<u>747,222</u>	<u>691,356</u>	<u>55,866</u>
Support Services:					
Personal Services - Employee Benefits	150,154	935	151,089	150,880	209
Purchased Professional and Technical Services	337,390	2,330	339,720	269,469	70,251
Contracted Services	2,000		2,000	2,000	
General Supplies	64,919	643	65,562	63,960	1,602
Total Support Services	<u>554,463</u>	<u>3,908</u>	<u>558,371</u>	<u>486,309</u>	<u>72,062</u>
Total Expenditures	<u>\$1,297,629</u>	<u>7,964</u>	<u>1,305,593</u>	<u>1,177,665</u>	<u>127,928</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 12,618,741	1,177,665
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(136,896)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	95,705	12,471
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(93,715)</u>	<u>(16,305)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 12,620,731</u>	<u>1,036,935</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 12,227,170	1,177,665
Differences - budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(136,896)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 12,227,170</u>	<u>1,040,769</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68) - L**

BELMAR SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

Exhibit L-1

LAST FIVE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,398,197	1,595,164	1,357,352	1,046,529	1,198,190
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,398,197</u>	<u>1,595,164</u>	<u>1,357,352</u>	<u>1,046,529</u>	<u>1,198,190</u>
District's Covered-Employee Payroll	\$ 391,216	386,067	370,040	408,600	378,520
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	27.98%	24.20%	27.26%	39.04%	31.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.78%	31.20%	38.21%	42.74%	40.71%

BELMAR SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST FIVE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 54,059	57,953	54,755	50,500	52,531
Contributions in Relation to the Contractually Required Contribution	<u>54,059</u>	<u>57,953</u>	<u>54,755</u>	<u>50,500</u>	<u>52,531</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 391,216	386,067	370,040	408,600	378,520
Contributions as a Percentage of Covered-Employee Payroll	13.82%	15.01%	14.80%	12.36%	13.88%

BELMAR SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST FIVE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>26,779,431</u>	<u>30,746,034</u>	<u>25,102,396</u>	<u>20,708,273</u>	<u>19,478,521</u>
Total	<u>\$ 26,779,431</u>	<u>30,746,034</u>	<u>25,102,396</u>	<u>20,708,273</u>	<u>19,478,521</u>
District's Covered-Employee Payroll	\$ 4,011,003	4,107,853	4,058,138	3,796,845	3,864,360
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	14.98%	13.36%	16.17%	18.33%	19.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) - M**

BELMAR SCHOOL DISTRICTSCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOSLAST TWO FISCAL YEARS

Exhibit M-1

	<u>2017</u>	<u>2016</u>
<u>State of New Jersey's Total OPEB Liability</u>		
Service Cost	\$ 2,391,878,884	1,723,999,319
Interest	1,699,441,736	1,823,643,792
Benefit Payments	(1,242,412,566)	(1,223,298,019)
Member Contributions	45,748,749	46,273,747
Change of Assumptions	(7,086,599,129)	8,611,513,521
Net Change in Total OPEB Liability	<u>(4,191,942,326)</u>	<u>10,982,132,360</u>
Total OPEB Liability - Beginning	<u>57,831,784,184</u>	<u>46,849,651,824</u>
Total OPEB Liability - Ending	<u>\$ 53,639,841,858</u>	<u>57,831,784,184</u>
<u>State's OPEB Liability Attributable to the District</u>		
Service Cost	\$ 903,538	*
Interest	742,546	*
Benefit Payments	(544,791)	*
Member Contributions	20,061	*
Change of Assumptions or Other Inputs	(3,011,781)	*
Net Change in Total OPEB Liability	<u>(1,890,427)</u>	*
Total Attributable OPEB Liability - Beginning	<u>25,411,218</u>	*
Total Attributable OPEB Liability - Ending	<u>\$ 23,520,791</u>	<u>25,411,218</u>
District's Proportionate Share of Total OPEB Liability	Zero	Zero
District's Covered Payroll	\$ 4,402,219	4,493,920
District's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%
District's Contribution	None	None
State Covered Employee Payroll (6/30/16 Census Data)	\$ 13,493,400,208	13,493,400,208
Total State OPEB Liability as a Percentage of its Covered-Employee Payroll	397.53%	428.59%

* - Information not available

Source: GASB 75 report on State of New Jersey Health Benefits Program; District Records.

Note: This schedule is required by GASB 75 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

Exhibit E-1
Sheet 1 of 2

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ESL	Chapter 192			Chapter 193			Non-Public Technology	Non-Public Textbooks	Non-Public Security	Non-Public Nursing
		Home Instruction	Compensatory Education	Transportation	Examination & Classification	Corrective Speech	Supplementary Instruction				
Revenues:											
Federal Sources	\$ -	-	-								
State Sources	1,535	2,972	49,606	17,497	52,063	16,963	39,648	28,801	42,461	58,950	74,205
Local Sources											
Total Revenue	\$ 1,535	2,972	49,606	17,497	52,063	16,963	39,648	28,801	42,461	58,950	74,205
Expenditures:											
Instruction:											
Salaries of Teachers	\$ -	-	-								
Other Salaries for Instruction											
General Supplies											
Purchased Professional & Technical Services	1,535	2,972		17,497	52,063	16,963	39,648		42,461		
Textbooks											
Other Objects											
Total Instruction	1,535	2,972	-	17,497	52,063	16,963	39,648	-	42,461	-	-
Support Services:											
Personal Services - Employee Benefits											
Purchased Professional and Technical Services			49,606					28,801			74,205
Contracted Services											
General Supplies										58,950	
Total Support Services	-	-	49,606	-	-	-	-	-	-	58,950	74,205
Total Expenditures	\$ 1,535	2,972	49,606	17,497	52,063	16,963	39,648	28,801	42,461	58,950	74,205

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

Exhibit E-1

Sheet 2 of 2

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Title IV</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>	<u>Preschool Education Aid</u>	<u>Ready to Code</u>	<u>Totals June 30, 2018</u>
Revenues:									
Federal Sources	248,312	12,287	13,709	7,446	261,457	7,632			550,843
State Sources							163,047		547,748
Local Sources							62,768	16,306	79,074
Total Revenue	248,312	12,287	13,709	7,446	261,457	7,632	225,815	16,306	1,177,665
Expenditures:									
Instruction:									
Salaries of Teachers	195,320	2,680	12,756				116,435	8,005	335,196
Other Salaries for Instruction					130,259	7,090	31,935		169,284
General Supplies				3,936				8,301	12,237
Purchased Professional & Technical Services									130,678
Textbooks									42,461
Other Objects							1,500		1,500
Total Instruction	195,320	2,680	12,756	3,936	130,259	7,090	149,870	16,306	691,356
Support Services:									
Personal Services - Employee Benefits	52,992	205	953		23,743	542	72,445		150,880
Purchased Professional and Technical Services		9,402			107,455				269,469
Contracted Services							2,000		2,000
General Supplies				3,510			1,500		63,960
Total Support Services	52,992	9,607	953	3,510	131,198	542	75,945	-	486,309
Total Expenditures	248,312	12,287	13,709	7,446	261,457	7,632	225,815	16,306	1,177,665

BELMAR SCHOOL DISTRICT**SPECIAL REVENUE FUND**

Exhibit E-2

PRESCHOOL EDUCATION AID**SCHEDULE OF EXPENDITURES****BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 116,435	116,435	
Other Salaries for Instruction	31,935	31,935	
Other Objects	1,500	1,500	
Total Instruction	<u>149,870</u>	<u>149,870</u>	<u>-</u>
Support Services:			
Employee Benefits	72,445	72,445	
Contracted Services	2,000	2,000	
General Supplies	1,500	1,500	
Total Support Services	<u>75,945</u>	<u>75,945</u>	<u>-</u>
Total Expenditures	<u>\$ 225,815</u>	<u>225,815</u>	<u>-</u>

Calculation of Budget and Carryover

Total Revised 2017-2018 Budget Preschool Education Aid	\$ 163,047
Add: Actual ECPA/PEA Carryover (June 30, 2017)	-
Add: Budgeted Transfer from General Fund 2017-18	<u>62,768</u>
Total Preschool Education Aid Available for 2017-2018 Budget	225,815
Less: Budgeted 2017-2018 Preschool Education Aid	<u>225,815</u>
Available and Unbudgeted Preschool Education Aid as of June 30, 2018	<u>\$ -</u>
2017-2018 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-2019	<u>\$ -</u>

CAPITAL PROJECTS FUND – F

BELMAR SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

Fund Balance - Beginning	<u>\$ 221</u>
Fund Balance - Ending	<u>\$ 221</u>

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

BELMAR SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2018

	<u>Agency</u>			<u>Expendable Trusts</u>	<u>Totals</u>
	<u>Student</u>	<u>Agency</u>	<u>Flexible</u>	<u>Scholarship</u>	<u>2018</u>
	<u>Activity</u>	<u>Account</u>	<u>Spending</u>	<u>Fund</u>	
			<u>Account</u>		
			<u>Net</u>		
			<u>Salary</u>		
			<u>Account</u>		
Assets:					
Cash and Cash Equivalents	\$ 31,593	2,296	774	809	35,795
Total Assets	<u>\$ 31,593</u>	<u>2,296</u>	<u>774</u>	<u>809</u>	<u>35,795</u>
Liabilities and Net Position:					
Liabilities:					
Due to Student Groups	\$ 31,593				31,593
Payroll Withholdings		2,296	774		3,393
Total Liabilities	<u>31,593</u>	<u>2,296</u>	<u>774</u>	<u>-</u>	<u>34,986</u>
Net Position:					
Unreserved				809	809
Total Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>809</u>	<u>809</u>
Total Liabilities and Net Position	<u>\$ 31,593</u>	<u>2,296</u>	<u>774</u>	<u>809</u>	<u>35,795</u>

BELMAR SCHOOL DISTRICT

EXPENDABLE TRUST FUNDS

Exhibit H-2

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Scholarships</u>
Net Position, July 1	<u>\$ 809</u>
Net Position, June 30	<u>\$ 809</u>

BELMAR SCHOOL DISTRICT**STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary School:				
Belmar Elementary	\$ 25,204	21,586	17,608	29,182
Referee Account	644	7,000	5,233	2,411
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	<u>\$ 25,848</u>	<u>28,586</u>	<u>22,841</u>	<u>31,593</u>

BELMAR SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and Cash Equivalents	\$ 5,471	2,531,084	2,534,259	2,296
Total Assets	<u>\$ 5,471</u>	<u>2,531,084</u>	<u>2,534,259</u>	<u>2,296</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 5,471	2,531,084	2,534,259	2,296
Total Liabilities	<u>\$ 5,471</u>	<u>2,531,084</u>	<u>2,534,259</u>	<u>2,296</u>

LONG-TERM DEBT – I

BELMAR SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2017</u>	<u>Retired</u>	<u>Ending Balance June 30, 2018</u>
ERIP Refunding	7/8/03	\$ 540,000				\$ 50,000	50,000	-
2012 Refunding Bonds	2/1/12	2,490,000	8/1/18	\$ 270,000	3.000%	1,705,000	265,000	1,440,000
			8/1/19	280,000	4.000%			
			8/1/20	290,000				
			8/1/21	295,000				
			8/1/22	305,000				
						<u>\$ 1,755,000</u>	<u>315,000</u>	<u>1,440,000</u>

BELMAR SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit I-3

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 374,922		374,922	374,922	
Total Revenues	<u>374,922</u>	<u>-</u>	<u>374,922</u>	<u>374,922</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	60,250		60,250	60,250	
Redemption of Principal	315,000		315,000	315,000	
Total Expenditures	<u>375,250</u>	<u>-</u>	<u>375,250</u>	<u>375,250</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(328)	-	(328)	(328)	-
Fund Balance July 1	<u>329</u>	<u>-</u>	<u>329</u>	<u>329</u>	<u>-</u>
Fund Balance June 30	<u>\$ 1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

Belmar Board of Education
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	For Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,978,400	\$ 2,844,200	\$ 2,633,014	\$ 2,731,882	\$ 2,718,454	\$ 2,613,217	\$ 2,701,372	\$ 2,646,265	\$ 2,628,341	\$ 2,558,161
Restricted	1,330,557	1,418,992	1,395,164	1,532,442	1,803,111	1,866,109	1,655,543	1,639,334	1,866,849	2,351,083
Unrestricted	154,858	(116,942)	112,321	(8,920)	52,619	244,199	(1,123,782)	(1,109,741)	(1,138,850)	(1,282,698)
Total governmental activities net position	\$ 4,463,815	\$ 4,148,250	\$ 4,140,499	\$ 4,255,404	\$ 4,574,184	\$ 4,723,525	\$ 3,233,133	\$ 3,175,858	\$ 3,355,340	\$ 3,626,546
Business-type activities										
Invested in capital assets, net of related debt	\$ 8,557	\$ 7,448	\$ 19,199	\$ 38,057	\$ 40,732	\$ 43,011	\$ 42,030	\$ 38,365	\$ 41,974	\$ 93,042
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	21,034	31,698	29,024	14,905	26,149	45,489	62,788	86,871	90,993	31,040
Total business-type activities net position	\$ 29,591	\$ 39,146	\$ 48,223	\$ 52,962	\$ 66,881	\$ 88,500	\$ 104,818	\$ 125,236	\$ 132,967	\$ 124,082
District-wide										
Invested in capital assets, net of related debt	\$ 2,986,957	\$ 2,851,648	\$ 2,652,213	\$ 2,769,939	\$ 2,759,186	\$ 2,656,228	\$ 2,743,402	\$ 2,684,630	\$ 2,670,315	\$ 2,651,203
Restricted	1,330,557	1,418,992	1,395,164	1,532,442	1,803,111	1,866,109	1,655,543	1,639,334	1,866,849	2,351,083
Unrestricted	175,892	(85,244)	141,345	5,985	78,768	289,688	(1,060,994)	(1,022,870)	(1,047,857)	(1,251,658)
Total district net position	\$ 4,493,406	\$ 4,185,396	\$ 4,188,722	\$ 4,308,366	\$ 4,641,065	\$ 4,812,025	\$ 3,337,951	\$ 3,301,094	\$ 3,489,307	\$ 3,750,628

Source: CAFR Schedule A-1

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

Belmar Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,318,738	\$ 1,323,301	\$ 1,362,766	\$ 1,532,442	\$ 1,790,275	\$ 2,027,814	\$ 1,525,146	\$ 1,639,334	\$ 1,932,314	\$ 2,367,166
Unreserved	217,097	175,614	163,063	140,195	178,197	82,493	153,615	210,450	196,052	154,761
Total general fund	<u>\$ 1,535,835</u>	<u>\$ 1,498,915</u>	<u>\$ 1,525,829</u>	<u>\$ 1,672,637</u>	<u>\$ 1,968,472</u>	<u>\$ 2,110,307</u>	<u>\$ 1,678,761</u>	<u>\$ 1,849,784</u>	<u>\$ 2,128,366</u>	<u>\$ 2,521,927</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 188,403	\$ 137,951	\$ 52,922	\$ 111,755	\$ 550	\$ 222
Unreserved, reported in:										
Special revenue fund	(11,540)	(10,865)	(18,344)	52,872	15,417	14,319	5,306	(16,305)	(12,471)	(16,305)
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ (11,540)</u>	<u>\$ (10,865)</u>	<u>\$ (18,344)</u>	<u>\$ 52,872</u>	<u>\$ 203,820</u>	<u>\$ 152,270</u>	<u>\$ 58,228</u>	<u>\$ 95,450</u>	<u>\$ (11,921)</u>	<u>\$ (16,083)</u>

Source: CAFR Schedule B-1

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

**Belmar Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 7,352,726	\$ 7,521,205	\$ 7,605,168	\$ 7,674,781	\$ 7,861,911	\$ 7,998,552	\$ 8,165,667	\$ 8,391,021	\$ 8,643,745	\$ 8,808,289
Tuition charges	1,834,281	1,984,333	2,161,851	2,046,099	1,987,540	1,873,721	2,007,520	1,784,307	1,851,510	1,866,431
Interest Earnings/Miscellaneous	19,357	64,967	65,619	29,891	14,768	260,884	115,718	62,276	111,915	111,847
State sources	2,359,488	1,857,450	2,043,649	2,192,207	2,321,807	2,196,000	2,727,710	2,629,009	2,729,520	2,774,202
Federal sources	551,643	856,020	705,068	746,336	603,311	603,272	619,349	600,390	689,174	471,819
Total revenue	12,117,495	12,283,975	12,581,355	12,689,314	12,789,337	12,932,429	13,635,964	13,467,003	14,025,864	14,032,588
Expenditures										
Instruction										
Regular instruction	2,476,609	2,808,252	2,597,886	2,480,640	2,768,148	2,855,239	2,727,329	2,607,759	2,696,996	2,722,966
Special education instruction	1,374,393	1,464,121	1,467,198	1,285,685	1,569,455	1,294,347	1,269,351	1,383,592	1,451,998	1,322,754
Other special instruction	248,890	278,651	291,745	305,571	277,259	242,904	204,722	256,116	245,178	244,155
Support Services:										
Tuition	2,643,976	2,596,165	2,923,359	2,831,999	2,539,348	2,817,103	3,020,346	2,676,504	2,862,818	2,822,080
Student & instruction related services	934,896	791,098	1,017,343	1,277,444	818,063	1,214,515	1,259,471	1,220,808	1,256,351	1,261,380
School Administrative services	245,302	328,678	395,442	387,154	372,774	442,216	482,501	489,144	553,742	488,133
Other administrative services	401,563	410,033	232,809	224,583	247,032	228,059	241,640	272,817	242,703	242,703
Plant operations and maintenance	913,722	727,404	668,888	687,800	729,180	591,461	661,159	710,473	801,195	640,968
Pupil transportation	407,439	435,044	430,071	426,596	355,929	390,153	530,737	464,478	419,426	466,987
Food Services	-	-	-	-	-	-	-	-	-	-
Unallocated employee benefits	1,926,432	2,054,717	1,942,439	2,132,602	2,326,910	2,301,614	2,525,675	2,800,810	2,789,852	2,996,863
Special Schools	6,100	5,063	4,703	46,767	49,116	26,058	27,083	32,379	36,456	39,509
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	146,808	24,715	190,890	27,784	61,609	21,686	713,086	38,441	19,441	19,441
Debt service:										
Principal	216,347	228,571	240,966	148,215	276,198	279,045	290,000	300,000	305,000	315,000
Interest and other charges	176,631	167,708	158,182	248,485	102,072	99,029	89,687	80,938	70,737	60,250
Totals	12,119,108	12,320,220	12,561,921	12,511,325	12,493,093	12,803,429	14,042,787	13,334,259	13,751,893	13,643,189
Exc values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total tax value.	(1,613)	(36,245)	19,434	177,989	296,244	129,000	(406,823)	132,744	273,971	389,399
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (1,613)	\$ (36,245)	\$ 19,434	\$ 177,989	\$ 296,244	\$ 129,000	\$ (406,823)	\$ 132,744	\$ 273,971	\$ 389,399
Debt service as a percentage of noncapital expenditures	3.3%	3.2%	3.2%	3.2%	3.0%	3.0%	2.8%	2.9%	2.7%	2.8%

Source: CAFR Schedule B-2

BELMAR BOARD OF EDUCATION
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2009	14,210	1,834,281	5,147	1,853,638
2010	4,842	1,984,334	59,122	2,048,298
2011	3,100	2,161,851	62,159	2,227,110
2012	3,424	2,046,099	26,467	2,075,990
2013		1,987,540	14,768	2,002,308
2014	3,531	1,873,721	171,193	2,048,445
2015	2,610	2,007,520	101,268	2,111,398
2016	2,752	1,784,307	62,276	1,849,335
2017	3,102	1,851,509	16,000	1,870,611
2018	5,261	1,703,273	11,625	1,720,159

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

Source: District Records

**Belmar Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Year Ended December 31,	Vacant Land	Building	Commercial	Apartment	Estimated Full Cash Valuations	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2009	21,222,200	878,124,800	101,268,200	27,629,400	1,028,244,600		494,262	1,028,738,862	0.725	57.24%
2010	18,692,000	884,986,200	101,542,800	26,250,400	1,031,471,400		406,348	1,031,877,748	0.734	58.25%
2011	16,704,900	888,603,800	99,798,100	27,100,400	1,032,207,200		0	1,032,207,200	0.741	59.51%
2012	19,031,200	887,856,100	98,983,200	26,350,400	1,032,220,900		0	1,032,220,900	0.754	62.05%
2013	15,894,000	886,040,765	98,027,600	26,073,500	1,026,035,865		0	1,026,035,865	0.773	66.69%
2014	20,397,000	889,273,305	94,830,300	23,680,500	1,028,181,105			1,028,181,105	0.787	67.59%
2015	19,192,400	911,046,500	90,039,600	23,340,900	1,043,619,400			1,043,619,400	0.794	68.60%
2016	17,167,000	919,793,000	88,867,900	23,701,200	1,049,529,100			1,049,529,100	0.812	106.71% **
** 2017	19,323,000	1,486,442,800	134,551,300	45,072,500	1,685,389,600			1,685,389,600	0.518	
2018	29,485,300	1,478,260,800	132,856,700	42,831,600	1,683,434,200			1,683,434,200		

Source: For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that

Note: is within the district's boundaries and dividing it by each unit's total taxable value. In 2003 the Borough was reassessed and the tax rate adjusted accordingly.

** Reassessment occurs when ordered by the County Board of Taxation - Belmar was reassessed in 2017

b Tax rates are per \$100

**Belmar Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

Year Ended December 31,	Belmar Board of Education			Borough of Belmar	Monmouth County	Total Direct and Overlapping Tax Rate
	Basic Rate a	General Obligation Debt Service b	Total Direct			
2008	0.672	0.037	0.709	0.655	0.427	1.791
2009	0.685	0.040	0.725	0.685	0.435	1.845
2010	0.697	0.039	0.736	0.703	0.423	1.862
2011	0.702	0.039	0.741	0.703	0.452	1.896
2012	0.715	0.039	0.754	0.703	0.452	1.909
2013	0.737	0.036	0.773	0.702	0.454	1.929
2014	0.749	0.038	0.787	0.701	0.447	1.935
2015	0.756	0.038	0.794	0.691	0.434	1.919
2016	0.776	0.036	0.812	0.686	0.413	1.911
2017			0.518	0.428	0.259	1.205

Source: District Records and Monmouth County Taxation (Certified General Tax Rates)

*In 2017 the Borough was reassessed and the tax rate adjusted accordingly.

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

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

b Rates for debt service are based on each year's requirements.

**Belmar Board of Education
Principal Property Tax Payers,
Current Year and ten Years Ago**

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
BMIA, LLC	\$ 4,358,700	0.42%	\$ 4,507,200	0.46%
River Ridge Apartments	3,542,700	0.34%	4,292,700	0.44%
Pat's Motel Inc	2,934,300	0.28%	3,084,300	0.31%
LCS, Inc.	2,479,300	0.24%	2,704,300	0.28%
Private Homeowner #1	2,177,600	0.21%	2,800,000	0.27%
GSK LLC	1,930,200	0.18%	1,979,200	0.20%
Anza Inc.	1,970,900	0.19%	1,970,900	0.35%
Private Homeowner #2	1,803,700	0.17%	2,623,100	0.27%
Ocean Harbor Apartments LLC	1,800,000	0.17%	2,638,200	0.27%
Belmar Terrace Apts	1,748,800	0.17%	-	
Harding Estates LLC			1,983,100	0.20%
Total	\$ 24,746,200	2.37%	\$ 28,583,000	3.05%
Net Valuation Taxable 2015	\$ 1,043,619,400			

Source: Borough CAFR & Municipal Tax Assessor

**Current information not available'

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

**Belmar Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years**

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	7,352,726	7,352,726	100.00%	
2010	7,521,205	7,521,205	100.00%	
2011	7,605,169	7,605,169	100.00%	
2012	7,674,781	7,674,781	100.00%	
2013	7,861,911	7,861,911	100.00%	
2014	7,998,552	7,998,552	100.00%	
2015	8,165,667	8,165,667	100.00%	
2016	8,391,021	8,391,021	100.00%	
2017	8,643,745	8,643,745	100.00%	
2018	8,808,289	8,808,289	100.00%	

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

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

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

**Belmar Board of Education
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income a	Per Capita a
	General Obligation Bonds b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2009	3,958,267					3,958,267	1.41%	55,826
2010	3,719,694					3,719,694	1.53%	56,755
2011	3,488,728					3,488,728	1.57%	54,771
2012	3,205,243					3,205,243	1.78%	56,955
2013	2,929,046					2,929,046	1.99%	58,355
2014	2,650,000					2,650,000	2.32%	61,426
2015	2,360,000					2,360,000	2.80%	66,019
2016	2,060,000					2,060,000	3.39%	69,839
2017	1,755,000					1,755,000	4.06%	71,237
2018	1,440,000					1,440,000	4.95%	71,237

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

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b Includes Early Retirement Incentive Plan (ERIP) refunding and low interest and small project loans

**Belmar Board of Education
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value a of Property	Per Capita b
	General Obligation Bonds	Deductions			
2008	4,174,612	-	4,174,612	0.42%	52,499
2009	3,958,267		3,958,267	0.39%	55,826
2010	3,719,694		3,719,694	0.36%	56,755
2011	3,488,728		3,488,728	0.34%	54,771
2012	3,205,243		3,205,243	0.31%	56,955
2013	2,929,046		2,929,046	0.28%	58,355
2014	2,650,000		2,650,000	0.26%	61,426
2015	2,360,000		2,360,000	0.23%	66,019
2015	2,060,000		2,060,000	0.20%	69,839
2016	1,755,000		1,755,000	0.17%	71,237
2017	1,440,000		1,440,000	0.09%	71,237

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

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

b Population data can be found in Exhibit NJ J-13.

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

**Belmar Board of Education
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable a</u>	<u>Estimated Share of Overlapping Debt</u>
(Net) Debt repaid with property taxes			
Borough of Belmar (as of December 31, 2017)	19,828,558	100.000%	19,828,558
Other debt			
*** Belmar Water - Sewer Authority and Beach Utility	19,828,558	100.000%	19,828,558
Subtotal, overlapping debt			39,657,116
Borough of Belmar School District Direct Debt-December 31, 2016			1,440,000
Total direct and overlapping debt			\$ 41,097,116

Sources: Information obtained from Annual Debt Statement Borough of Belmar & Supplementary Data from Borough of Belmar 2017 Financial Statement
 *** Includes Beach Utility

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

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

Belmar Board of Education
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis

	2016	1,049,529,100
	2017	1,685,389,600
	2018	1,683,434,200
	[A]	<u>\$ 4,418,352,900</u>
	[A/3]	\$ 1,472,784,300
Debt limit (3 % of	[B]	44,183,529
Net bonded school debt	[C]	1,440,000
Legal debt margin	[B-C]	<u>\$ 42,743,529</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	30,227,953	30,517,545	30,787,279	30,923,295	30,963,058	30,904,640	30,884,379	34,658,648	37,785,381	44,183,529
Total net debt applicable to limit	<u>4,174,612</u>	<u>3,958,267</u>	<u>3,958,267</u>	<u>3,719,694</u>	<u>2,929,046</u>	<u>2,650,000</u>	<u>2,360,000</u>	<u>2,060,000</u>	<u>1,755,000</u>	<u>1,440,000</u>
Legal debt margin	<u>\$ 26,053,341</u>	<u>\$ 26,559,278</u>	<u>\$ 26,829,012</u>	<u>\$ 27,203,601</u>	<u>\$ 28,034,012</u>	<u>\$ 28,254,640</u>	<u>\$ 28,504,379</u>	<u>\$ 32,598,648</u>	<u>\$ 36,030,381</u>	<u>\$ 42,743,529</u>
Total net c For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property as a perc values. Applicable percentages	13.81%	12.97%	12.86%	12.03%	9.46%	8.57%	7.65%	5.94%	4.64%	3.26%
is within the district's boundaries and dividing it by each unit's total taxable value.										

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

**Belmar Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Year</u>	<u>Population a</u>	<u>Personal Income b</u>	<u>Per Capita Personal Income c</u>	<u>Unemployment Rate d</u>
2008	5,908	\$ 323,764,308	54,801	5.8%
2009	5,897	\$ 334,684,235	56,755	9.4%
2010	5,799	\$ 317,269,089	54,711	9.6%
2011	5,775	\$ 328,915,125	56,955	9.6%
2012	5,751	\$ 335,599,605	58,355	10.0%
2013	5,736	\$ 352,339,536	61,426	7.8%
2014	5,706	\$ 376,704,414	66,019	6.1%
2015	5,694	\$ 397,663,266	69,839	5.1%
2016	5,697	\$ 405,837,189	71,237	4.6%
2017	5,682	\$ 404,768,634	71,237	4.2%

Source:

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

b Personal income__Per Capita Income * Population

c Per Capita_For Monmouth County

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

<http://www.state.nj.us/education/finance/fp/audit/>

**Belmar Board of Education
Principal Employers,**

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
NO INFORMATION AVAILABLE						
	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

Source:

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

**Belmar Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	40	40	42	44	45	45	44	44	46	44
Special education	11	10	10	10	11	10	11	11	11	11
Other special education	4	4	4	4	4	4	4	4	4	4
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services	15	15	15	15	17	16	20	22	22	21
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	3	3	3	3	3	4	5	4	4	4
Business administrative services	3	3	3	3	3	3	3	3	3	2
Plant operations and maintenance	2	1	1	1	1	1	1	1	1	1
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	80	78	80	82	86	85	89	90	93	89

Source: District Personnel Records

Belmar Board of Education
 Operating Statistics
 Last Eight Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) c	Average Daily Attendance (ADA) c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff b	K-8				
2009	533	8,618,453	16,170	-1.04%	55	1:10	533	509	1.91%	95.50%
2010	559	8,845,977	15,825	-2.13%	55	1:10	559	532	4.88%	95.17%
2011	560	8,618,453	15,390	-2.75%	54	1:10	560	532	0.18%	95.00%
2012	556	8,679,131	15,610	1.43%	54	1:10	556	533	-0.71%	95.86%
2013	568	9,134,400	16,082	3.02%	56	1:10	568	543	2.16%	95.60%
2014	552	9,178,601	16,628	3.40%	56	1:10	552	530	-2.82%	96.01%
2015	532	9,486,409	17,832	7.24%	58	1:10	532	517	-3.62%	97.18%
2016	553	9,934,924	17,966	0.75%	58	1:10	553	533	3.95%	96.38%
2017	539	10,173,867	18,875	5.06%	61	1:09	539	518	-2.53%	96.10%
2018	517	10,057,080	19,453	3.06%	59	1:09	517	494	-4.08%	95.55%

Sources: District records, School Register Summary and Schedules J-2, J-16

Note: Enrollment based on Average Daily Enrollment in District

- a Operating expenditures equal total expenditures less debt service, tuition & transportation paid of out of district students, and capital outlay; Schedule J-2
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

**Belmar Board of Education
School Building Information
Last Seven Fiscal Years**

	<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>
<u>District Building</u>										
<u>Belmar Elementary School</u>										
Square Feet	85,841	85,841	85,841	85,841	85,841	85,841	85,841	85,841	85,841	85,841
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	533	559	560	556	568	552	556	553	539	517
<u>Other</u>										
<u>Administration Building</u>										
Square Feet	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600

Number of Schools at June 30, 2018 - 1

Source: District records, LRFP

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

BELMAR BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 UNAUDITED

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

School Facilities	Project # (s)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Belmar Elementary School	N/A	130,583	156,206	129,609	122,347	79,913	74,908	111,510	86,450	82,677	126,297
Total School Facilities		130,583	156,206	129,609	122,347	79,913	74,908	111,510	86,450	82,677	126,297

Source: School Records, Schedule M-1

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

BELMAR BOARD OF EDUCATION
 INSURANCE SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 UNAUDITED

Company	Type of Coverage	Coverage	Deductible
NJ School Boards Assoc Insurance Group (NSBAIG)	Property Blanket Building & Contents- Replacement Cost Values	\$ 18,722,704	\$ 2,500
NJ School Boards Assoc Insurance Group (NSBAIG)	Flood/Earthquake	50,000,000	10,000
Selective Insurance	Flood	10,000	1,000
NJ School Boards Assoc Insurance Group (NSBAIG)	Liability		
	-Each Occurrence	6,000,000	1,000
	Employee Benefits Liability	6,000,000	1,000
	Terrorism	1,000,000	1,000
	-Personal Injury	6,000,000	1,000
	Automotive Coverage	6,000,000	10,000
	Electronic Data Processing	387,290	1,000
	Boiler & Machinery	100,000,000	2,500
	Crime	100,000	500
NJ School Boards Assoc Insurance Group (NSBAIG)	Board of Education		
	-Liability Wrongful Acts Coverage		
	Each Loss	\$ 1,000,000	\$ 5,000
	Aggregate	1,000,000	5,000
NJ School Boards Assoc Insurance Group (NSBAIG)	Worker's Compensation		
	-Covered Payrolls-Professional	5,085,817	N/A
	-Covered Payrolls-Non-Professional	-	N/A
	values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.		
Selective Insurance	Fidelity Bonds		
	-Treasurer of School Monies	200,000	
	-School Business Administrator/ Board Secretary	25,000	
Peoples Benefit Life	Student Accident Insurance for all students per occurrence	1,000,000	

Source: District Records

(Continued)
 -120-

SINGLE AUDIT SECTION

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

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

K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belmar Board of Education, County of Monmouth, 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 Belmar Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated November 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Belmar Board of Education, County of Monmouth, 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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Belmar Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Belmar Board of Education, County of Monmouth, and State of New Jersey'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

November 16, 2018

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

K-2

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Belmar School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Belmar School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2018. The Board of Education of the Belmar School District, County of Monmouth, State of New Jersey's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Belmar School District, County of Monmouth, State of New Jersey's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and the U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Belmar School District, County of Monmouth, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board of Education of the Belmar School District, County of Monmouth, State of New Jersey's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Belmar School District, County of Monmouth, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

November 16, 2018

BELMAR SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance June 30, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance at June 30, 2018		
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor
General Fund:														
Medical Assistance Program	93.778	1705NJ5MAP	N/A	07/01/2017	06/30/2018	\$ 4,017	-	-	4,017	(4,017)	-	-	-	-
U.S. Department of Education:														
Passed Through State Department of Education:														
Title I	84.010	S010A160030	NCLB17	07/01/2016	06/30/2017	252,468	(76,034)	76,034						
Title I	84.010	S010A150030	NCLB18	07/01/2017	06/30/2018	249,999		246,449	(248,312)			(1,863)		
Title IIA	84.367A	S367A150029	NCLB18	07/01/2017	06/30/2018	23,086		8,815	(12,287)			(3,472)		
Title IIA	84.367A	S367A160029	NCLB17	07/01/2016	06/30/2017	45,608	(19,486)	19,486						
Title III Immigrant	84.365A	S365A150030	NCLB18	07/01/2017	06/30/2018	1,986								
Title III Immigrant	84.365A	S365A150030	NCLB17	07/01/2016	06/30/2017	1,531	(36)	36						
Title III	84.365A	S365A150030	NCLB18	07/01/2017	06/30/2018	14,661		13,222	(13,709)			(487)		
Title III	84.365A	S365A160030	NCLB17	07/01/2016	06/30/2017	21,623	(9,610)	9,610						
Title IV	84.424	S424A170031	NCLB18	07/01/2017	06/30/2018	10,000		3,936	(7,446)			(3,510)		
Special Education Cluster:														
ID.E.A. Basic	84.027	H027A160100	IDEA17	07/01/2016	06/30/2017	317,856	(112,220)	112,220						
ID.E.A. Basic	84.027	H027A150100	IDEA18	07/01/2017	06/30/2018	277,630		203,690	(261,457)			(57,767)		
ID.E.A. Preschool	84.173	H173A160114	IDEA17	07/01/2016	06/30/2017	8,486	(6,341)	6,341						
ID.E.A. Preschool	84.173	H173A150114	IDEA18	07/01/2017	06/30/2018	8,060		7,632	(7,632)					
							(223,727)	-	707,471	(550,843)	-	(67,099)	-	-
U.S. Department of Agriculture														
Passed Through State Department of Education:														
Child Nutrition Cluster:														
National School Lunch Program	10.555	171NJ304N1099	N/A	07/01/2016	06/30/2017	164,866	(11,176)	11,176						
National School Lunch Program	10.555	1616NJ304N1099	N/A	07/01/2017	06/30/2018	160,647		149,277	(160,647)			(11,370)		
School Breakfast Program	10.553	171NJ304N1099	N/A	07/01/2016	06/30/2017	38,391	(2,489)	2,489						
School Breakfast Program	10.553	1616NJ304N1099	N/A	07/01/2017	06/30/2018	34,370		31,986	(34,370)			(2,384)		
HHFKA Lunch Program	10.555	171NJ304N1099	N/A	07/01/2016	06/30/2017	4,109	(276)	276						
HHFKA Lunch Program	10.555	1616NJ304N1099	N/A	07/01/2017	06/30/2018	3,835		3,561	(3,835)			(274)		
Food Distribution	10.550	171NJ304N1099	N/A	07/01/2017	06/30/2018	25,106		25,106	(25,106)					
Total U.S. Department of Agriculture							(13,941)	-	223,871	(223,958)	-	(14,028)	-	-
							\$ (237,668)	-	935,359	(778,818)	-	(81,127)	-	-

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

BELMAR SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017					Balance at June 30, 2018			MEMO			
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures	
Transportation Aid	18-495-034-5120-014	\$ 124,664	07/01/2017	06/30/2018	\$ -			112,197	(124,664)						124,664	
Special Education Aid	18-495-034-5120-089	320,357	07/01/2017	06/30/2018				297,057	(320,357)					(23,300)	320,357	
Security Aid	18-495-034-5120-084	136,708	07/01/2017	06/30/2018				116,202	(136,708)					(20,506)	136,708	
Adjustment Aid	18-495-034-5120-085	376,895	07/01/2017	06/30/2018				341,149	(376,895)					(35,746)	376,895	
PARCC Readiness Aid	18-495-034-5120-098	5,650	07/01/2017	06/30/2018				5,085	(5,650)					(565)	5,650	
Per Pupil Growth Aid	18-495-034-5120-097	5,650	07/01/2017	06/30/2018				5,085	(5,650)					(565)	5,650	
Professional Learning Community Aid	18-495-034-5120-101	5,670	07/01/2017	06/30/2018				5,104	(5,670)					(566)	5,670	
Non-Public Transportation Aid	18-495-034-5120-014	3,068	07/01/2017	06/30/2018					(3,068)			(3,068)			3,068	
Non-Public Transportation Aid	17-495-034-5120-014	1,448	07/01/2016	06/30/2017	(1,448)			1,448								
Reimbursed TPAF Social Security Contributions	17-100-034-5095-003	300,869	07/01/2016	06/30/2017	(43,009)			43,009								
Reimbursed TPAF Social Security Contributions	18-100-034-5095-003	300,856	07/01/2017	06/30/2018				271,444	(300,856)			(29,412)			300,856	
Teachers Pension and Annuity Fund Contributions On-Behalf	18-495-034-5094-002	931,565	07/01/2017	06/30/2018				931,565	(931,565)						931,565	
Extraordinary Aid	17-495-034-5120-044	118,990	07/01/2016	06/30/2017	(118,990)			118,990								
Extraordinary Aid	18-495-034-5120-044	71,070	07/01/2017	06/30/2018					(71,070)			(71,070)			71,070	
					(163,447)	-	-	2,248,335	(2,282,155)	-		(103,550)	-	-	(95,715)	2,282,153
Special Revenue:																
Nonpublic Aid:																
Textbook Aid	18-100-034-5120-064	43,057	07/01/2017	06/30/2018				43,057	(42,461)				596		42,461	
Home Instruction	18-100-034-5120-067	2,972	07/01/2017	06/30/2018					(2,972)			(2,972)		2,972		
Home Instruction	17-100-034-5120-067	4,982	07/01/2016	06/30/2017	(4,982)			4,982								
Nursing Services	17-100-034-5120-070	74,340	07/01/2016	06/30/2017		1,123				(1,123)						
Nursing Services	18-100-034-5120-070	76,242	07/01/2017	06/30/2018				76,242	(74,205)				2,037		74,205	
Security Aid	18-100-034-5120-084	58,950	07/01/2017	06/30/2018				58,950	(58,950)						58,950	
Security Aid	17-100-034-5120-084	41,300	07/01/2016	06/30/2017		188				(188)						
Technology	17-100-034-5120-375	21,476	07/01/2016	06/30/2017		2,489				(2,489)						
Technology	18-100-034-5120-375	29,082	07/01/2017	06/30/2018				29,082	(28,801)				281		28,801	
Auxiliary Services:																
Compensatory Education	17-100-034-5120-067	71,664	07/01/2016	06/30/2017		17,020				(17,020)						
Compensatory Education	18-100-034-5120-067	87,689	07/01/2017	06/30/2018				87,698	(49,606)				38,092		49,606	
ESL	18-100-034-5120-067	1,535	07/01/2017	06/30/2018				1,535	(1,535)						1,535	
Transportation	18-100-034-5120-067	17,497	07/01/2017	06/30/2018				17,497	(17,497)						17,497	
Handicapped Services:																
Examination & Classification-Initial	17-100-034-5120-066	28,977	07/01/2016	06/30/2017		7,559				(7,559)						
Examination & Classification-Annual	17-100-034-5120-066	21,299	07/01/2016	06/30/2017		361				(361)						
Examination & Classification	18-100-034-5120-066	72,619	07/01/2017	06/30/2018				72,619	(52,063)				20,556		52,063	
Corrective Speech	17-100-034-5120-066	22,088	07/01/2016	06/30/2017		884				(884)						
Corrective Speech	18-100-034-5120-066	28,570	07/01/2017	06/30/2018				28,570	(16,963)				11,607		16,963	
Supplementary Instruction	18-100-034-5120-066	56,300	07/01/2017	06/30/2018				56,300	(39,648)				16,652		39,648	
Supplementary Instruction	17-100-034-5120-066	54,144	07/01/2016	06/30/2017		8,631				(8,631)						
Preschool Education Aid	18-495-034-5120-086	163,047	07/01/2017	06/30/2018				146,742	(163,047)					(16,305)	163,047	
					(4,982)	38,255	-	623,274	(547,748)	(38,255)		(2,972)	-	89,821	(16,305)	547,748
Food Service:																
National School Lunch Program (State Share)	17-100-010-3350-067	3,496	07/01/2016	06/30/2017		(235)		235								
National School Lunch Program (State Share)	18-100-010-3360-067	3,439	07/01/2017	06/30/2018				3,194	(3,439)			(245)			3,439	
					(235)	-	-	3,429	(3,439)	-		(245)	-	-	-	3,439
					\$ (168,664)	38,255	-	2,875,038	(2,833,340)	(38,255)		(106,767)	-	89,821	(110,020)	2,833,340
Less on Behalf TPAF Pinion System Contributions								\$ 931,565								
Total for State Financial Assistance-Major Program Determination								\$ (1,901,775)								

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

BOARD OF EDUCATION

K-5

BELMAR SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2018****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Belmar 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.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program, the School Breakfast Program, the U.S.D.A Commodities Program and the Special Milk Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose 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 P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 2,282,153	547,748	3,439	2,833,340
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized		(53,855)		(53,855)
The 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 (GASB 33)	<u>1,990</u>	<u>(3,834)</u>	—	<u>(1,844)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 2,284,143</u>	<u>490,059</u>	<u>3,439</u>	<u>2,777,641</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary)				
“Revenues” from the Schedule				
of Expenditures of Federal				
Awards	\$ 4,017	550,843	223,958	778,818
Difference – Budget to “GAAP”				
Grant Accounting Budgetary				
Basis Differs from GAAP in that				
Encumbrances are Recognized as				
Expenditures, and the Related				
Revenue is Recognized	_____	(83,041)	_____	(83,041)
Total Federal Revenue as				
Reported on the Statement				
of Revenue, Expenditures,				
and Changes in Fund				
Balances	<u>\$ 4,017</u>	<u>467,802</u>	<u>223,958</u>	<u>695,777</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the District for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2018.

BELMAR SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unmodified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Reportable conditions(s) identified that are not considered to be material weaknesses?

_____ Yes x None Reported

Noncompliance material to general purpose financial statements noted?

_____ Yes x No

Federal Awards

Internal control over compliance:

1) Material weakness(es) identified?

_____ Yes x No

2) Reportable condition(s) identified that are not considered to be material weaknesses?

_____ Yes x None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

_____ Yes x No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Special Education Cluster:

84.010

Title I

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

\$750,000

Auditee qualified as low-risk auditee?

 x Yes _____ No

BELMAR SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part 1 - Summary of Auditor's Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? x Yes No

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

Internal Control over major programs:

(1) Material Weakness(es) identified? Yes x No

(2) Reportable condition(s) identified that are not considered to material weaknesses? Yes x None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? Yes x No

Identification of major programs:

GMIS Number(s)

State Cluster
18-495-034-5120-011
18-495-034-5120-084
18-495-034-5120-085
18-495-034-5120-098
18-495-034-5120-097
18-100-034-5120-014
18-495-034-5120-101

Name of State Program

Special Education Aid (Public Cluster)
Security Aid (Public Cluster)
Adjustment Aid (Public Cluster)
PARCC Readiness Aid (Public Cluster)
Per Pupil Growth Aid (Public Cluster)
Transportation Aid (Public Cluster)
Professional Learning Community Aid (Public Cluster)

BELMAR SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018***Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs***

This section identifies audit findings required to be reported by Title 2 U.S. Code of Federal Regulations Part 200 and NJOMB Circular Letter 15-08.

FEDERAL AWARDS

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

BELMAR SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)

STATE AWARDS (Continued)

Cause: N/A

Recommendation: N/A

Management's response: N/A

BELMAR SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prior Audit Findings:

None