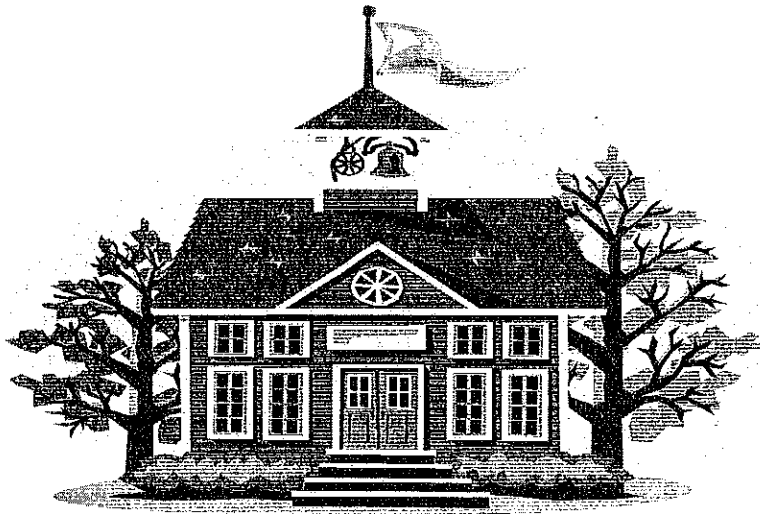


**SCHOOL DISTRICT**

**OF**

**BAY HEAD**



**BAY HEAD BOARD OF EDUCATION  
BAY HEAD, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**BAY HEAD BOARD OF EDUCATION**

**BAY HEAD, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**PREPARED BY**

**BAY HEAD BOARD OF EDUCATION  
FINANCE DEPARTMENT**

**BAY HEAD SCHOOL DISTRICT**

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## **INTRODUCTORY SECTION**



# *Bay Head Board of Education*

145 Grove Street • Bay Head • New Jersey • 08742  
Phone: 732-892-4704 Fax: 732-892-4526 www.bayheadschoool.org

Steven Corso  
*Superintendent*

Laurie M. Considine  
*Board Secretary*

Christina M. Galvao  
*Business Administrator*

February 11, 2022

Honorable President and Members  
Board of Education of the Borough of Bay Head  
145 Grove Street  
Bay Head, NJ 08735

Dear Board Members:

The comprehensive annual financial report of the Bay Head School District (District) for the fiscal year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as 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 Payment." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Bay Head School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Bay Head Board of Education and its single school constitute the District's reporting entity.

1. REPORTING ENTITY (Continued)

The District provides a full range of educational services appropriate to grade levels K through 8, and has a sending-receiving relationship with the Point Pleasant Beach Board of Education for grades 9 through 12. Classes offered are regular, vocational, and special education for disabled youngsters. The District completed the 2021 fiscal year with an average daily enrollment of 128 students, an increase of 8 students from June 2020. The following details the changes in the student enrollment over the last ten years:

Average Daily Enrollment, K-8

Fiscal <u>Year</u>	Student <u>Enrollment</u>	Percent <u>Change</u>
2020-2021	127.6	6.67%
2019-2020	119.6	-2.2%
2018-2019	122.4	-4.3%
2017-2018	127.9	-2.4%
2016-2017	131.0	-10.7%
2015-2016	146.7	0.4%
2014-2015	146	6.6%
2013-2014	137	-0.7%
2012-2013	138	8.7%
2011-2012	127	8.5%

2. ECONOMIC CONDITIONS AND OUTLOOK: Less than one mile square, Bay Head is a charming, residential seashore resort community. Enjoyed by many visitors in the summertime, Bay Head has a year-round population of under 1,000 residents. As part of a barrier island, Bay Head is landlocked between Point Pleasant Beach, Point Pleasant Borough, and Mantoloking, and is bordered by the Atlantic Ocean and Barnegat Bay on the east and west. Consequently, its opportunities for business and residential expansion are limited.

3. MAJOR INITIATIVES: Students continue to meet and/or exceed objectives set by the educational administration as reported to the New Jersey Department of Education. The Bay Head Elementary School continues to perform above average on achievement scores reported for math, science, reading, and writing on standardized tests. Programming during the 2020-2021 school year focused on a continuation of the Board of Educations' emphasis on technology in the classrooms, hands-on science instruction, and excellence and rigor in language arts. The Bay Head School implemented a new STEAM lab that instructs all students through the Advanced Academics and Enrichment Program as well as the Pupil Enrichment Program.

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 reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The local tax levy increased year-to-year \$109,500 which was about 3.36%.

The allocation of expenditures reflects the Board's and Superintendent's objective to provide the best education possible at the least cost, a factor in maintaining the Borough of Bay Head's enviable position as one of the state's lowest school taxpaying districts. During 2020 Bay Head taxpayers were assessed one of the lowest general school tax rate for an operating school district in Ocean County.

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 Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act. The Board's cash position is adequate, with a balance of \$1,494,656 in cash and temporary investments at June 30, 2021.

9. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, flood, student and volunteer accident, hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with the New Jersey School Boards Association Insurance Group to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

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, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements 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 Payment." The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Bay Head Board of Education for their continued concern in providing fiscal accountability to the taxpayers and citizens of the Borough of Bay Head, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,

Steven Corso  
Superintendent

Christina M. Galvao  
School Business Administrator

## BAY HEAD BOARD OF EDUCATION

BAY HEAD, NEW JERSEY

## ROSTER OF OFFICIALS

JUNE 30, 2021

Members of the Board of Education:Term Expires:

Shannon Curtis, President

2022

Sandra Antognoli, Vice President

2021

Barry K. Pearce, Board Member

2022

Christine Hesse, Board Member

2023

Eric Pritchard, Board Member

2021

## Other Officials:

Steven Corso, Superintendent

Christina M. Galvao, School Business Administrator

Laurie M. Considine, Board Secretary

Patricia A. Wojcik, Treasurer

BAY HEAD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

**Audit Firm:**

**Robert A. Hulsart and Company**  
Certified Public Accountants  
2807 Hurley Pond Road  
Wall, New Jersey 07719

**Attorney:**

**David M. Casadonte, Esq.**  
202 Main Street  
Toms River, NJ 08753

**Official Depository:**

**Manasquan Savings Bank**  
89 Bridget Avenue  
Bay Head, NJ 08742

**BAY HEAD BOARD OF EDUCATION  
ORGANIZATION CHART  
(UNIT CONTROL)**

**BOARD OF EDUCATION**

**SUPERINTENDENT**

School Business Administrator

Board Secretary

Head Custodian

Custodial Staff

Attendance Officer

Treasurer

Principal

School Secretary

Teaching Staff:

K-8

School Nurse

Foreign Language

Physical Education

Resource

Basic Skills

Speech

Media Center

Music

Art

Student Resources

Aides

**FINANCIAL SECTION**



8.

*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

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  
Bay Head School District  
County of Ocean  
Bay Head, New Jersey

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Bay Head School District, in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2021, 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, each major fund, and the aggregate remaining fund information of the Board of Education of the Bay Head School District, in the County of Ocean, State of New Jersey, as of June 30, 2021, 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*

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Bay Head School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Requirements* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of federal awards and the schedule of state financial assistance as required by NJ OMB 15-08 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 standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

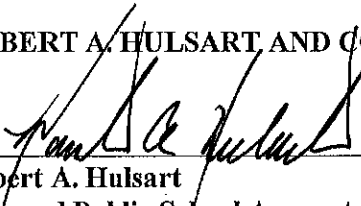
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022 on our consideration of the Bay Head'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 Bay Head 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

February 11, 2022

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**BAY HEAD PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF BAY HEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The discussion and analysis of the Bay Head Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. 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.

**Financial Highlights**

Key Financial highlights for the 2020-2021 fiscal year are as follows:

- General revenues accounted for \$4,182,094 in revenue or 90% 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 \$482,954 or 10% percent to total revenues of \$4,665,048.
- Total assets of governmental activities were \$8,021,062 primarily made up of Capital assets and Cash.
- The School District had \$4,170,392 in expenses; only \$482,954 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,182,094 were adequate to provide for these programs.
- The General Fund had \$4,287,337 in revenues and \$4,204,656 in expenditures. The General Fund's balance increased by \$122,748 over 2019-2020, which included a prior period adjustment of \$32,567 to incorporate the unemployment account.

**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 Bay Head 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 Bay Head Public School District, the General Fund is the most significant fund, with the Special Revenue Fund also having significance.

## **Using this Comprehensive Annual Financial Report (CAFR) (Continued)**

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 Assets 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 2020-2021 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 activities. 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 on 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 Assets 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.

**Table 1**  
**Net Position**

	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,546,451	1,332,323
Capital Assets, Net	<u>6,474,611</u>	<u>6,428,376</u>
Total Assets	<u>\$ 8,021,062</u>	<u>7,760,699</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>\$ 172,251</u>	<u>249,775</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	<u>\$ 353,433</u>	<u>360,159</u>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 49,716	359,909
Long-Term Liabilities	<u>2,748,415</u>	<u>2,854,092</u>
Total Liabilities	<u>\$ 2,798,131</u>	<u>3,214,001</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ 3,726,848	3,926,376
Restricted	1,246,710	1,004,194
Unrestricted	<u>68,191</u>	<u>(494,256)</u>
Total Net Position	<u>\$ 5,041,749</u>	<u>4,436,314</u>

Table 2 shows the changes in net position.

**Table 2  
Changes in Net Position**

	<u>2021</u>	<u>2020</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 379,552	347,456
Operating Grants and Contributions	103,402	78,729
General Revenues		
Property Taxes	3,474,981	3,417,801
Grants and Entitlements	673,792	561,227
Other	<u>33,321</u>	<u>216,822</u>
Total Revenues	<u>4,665,048</u>	<u>4,622,035</u>
<b><u>Program Expenses</u></b>		
Instruction	1,211,746	1,320,281
Support Services		
Tuition	629,408	794,504
Pupils and Instructional Staff	352,738	343,638
General Administration, School Administration, Business	1,425,484	1,177,031
Operations and Maintenance of Facilities	431,382	395,321
Pupil Transportation	58,534	90,778
Debt Service	<u>61,100</u>	<u>65,202</u>
Total Expenses	<u>4,170,392</u>	<u>4,186,755</u>
Other Financing Sources/Adjustment of Prior Period	<u>110,779</u>	<u>          </u>
Increase/ (Decrease) in Net Position	<u>\$ 605,435</u>	<u>435,280</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 74% percent of revenues for governmental activities for the Bay Head Public School District for fiscal year 2021. The District's total revenues were \$4,665,048 fiscal year ended June 30, 2021 Federal, state, local grants and other local revenues accounted for another 26%.

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.



### **Governmental Activities (Continued)**

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 Board' Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Bay Head'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.

As the School Board completed the fiscal year ended June 30, 2021, it reported a combined net position balance of \$5,041,749. 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 assets.

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.

## Capital Assets

At June 30, 2021, the School Board had approximately \$8,060,094 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2021 fiscal year.

	<b><u>Governmental Activities</u></b>
Table II	
Capital Assets at June 30, 2021	
Buildings and Sites	\$ 5,256,130
Machinery and Equipment	962,584
Land	<u>256,549</u>
Total	<u>\$ 6,475,263</u>

## Debt Administration

At June 30, 2021, the School District had outstanding debt of \$2,748,415 consisting of serial bonds at \$2,180,000 and a pension liability of \$568,415.

## Economic Factors and Next Year's Budget

The Bay Head School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Bay Head is primarily a residential community. 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.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Bay Head 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. Christina M. Galvao, Business Administrator of the Bay Head Board of Education, 145 Grove Street, Bay Head, N.J. 08742.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**BAY HEAD SCHOOL DISTRICT****STATEMENT OF NET POSITION**

Exhibit A-1

**JUNE 30, 2021**

	<b><u>Governmental Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 1,048,344	1,048,344
Accounts Receivables, Net	51,143	51,143
Restricted Cash	446,312	446,312
Capital Assets Not Being Depreciated	256,549	256,549
Capital Assets Being Depreciated, Net	6,218,714	6,218,714
Total Assets	<u>8,021,062</u>	<u>8,021,062</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>172,251</u>	<u>172,251</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferral	<u>353,433</u>	<u>353,433</u>
<b><u>Liabilities</u></b>		
Deferred Revenue	1,000	1,000
Accounts Payable	8,578	8,578
Accrued Interest	25,320	25,320
Other Current Liabilities	2,835	2,835
Payroll Deductions and Withholdings Payable	11,983	11,983
Long Term Debt:		
Due Within One Year	210,000	210,000
Long-Term	2,538,415	2,538,415
Total Liabilities	<u>2,798,131</u>	<u>2,798,131</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Related Debt	3,726,848	3,726,848
Restricted For:		
Other Purposes	1,246,710	1,246,710
Unrestricted	<u>68,191</u>	<u>68,191</u>
Total Net Position	<u>\$ 5,041,749</u>	<u>5,041,749</u>

The accompanying notes to financial statements are an integral part of this statement.

BAY HEAD SCHOOL DISTRICT

Exhibit A-2  
Sheet 1 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2021

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions		
	Expenses		Governmental Activities	Total
<b>Functions/Programs</b>				
Governmental Activities:				
Instruction:				
Regular	\$ 916,902		(916,902)	(916,902)
Special Education	139,947	55,588	(84,359)	(84,359)
Other Instruction	154,897		(154,897)	(154,897)
Support Services:				
Tuition	629,408	379,552	(249,856)	(249,856)
Student & Instruction Related Services	352,738	47,814	(304,924)	(304,924)
Other Administration Services	229,286		(229,286)	(229,286)
Plant Operations and Maintenance	431,382		(431,382)	(431,382)
Pupil Transportation	58,534		(58,534)	(58,534)
Unallocated Benefits	966,855		(966,855)	(966,855)
Depreciation	229,343		(229,343)	(229,343)
Interest on Debt	61,100		(61,100)	(61,100)
Total Government Activities	4,170,392	379,552	(3,687,438)	(3,687,438)
Total Primary Government	4,170,392	379,552	(3,687,438)	(3,687,438)

BAY HEAD SCHOOL DISTRICT

Exhibit A-2  
Sheet 2 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2021

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
	<u>Expenses</u>		<u>Governmental Activities</u>
			<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net			3,258,082
Property Taxes Levied for Debt Service			216,899
Federal and State Aid Not Restricted			673,792
Miscellaneous Revenue			33,321
Total General Revenues			<u>4,182,094</u>
Other Financing Sources (Uses):			
Due from Debt Service Fund			7,500
Total Other Financing Sources (Uses)			<u>7,500</u>
Change in Net Position			502,156
Net Position - Beginning			4,436,304
Prior Period Adjustments			<u>103,289</u>
Net Position - Ending			<u>\$ 5,041,749</u>

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

**FUND FINANCIAL STATEMENTS – B**



BALANCE SHEETGOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects	Debt Service	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents:					
Restricted	\$ 580,511 *	84,712 *	383,121		1,048,344
Unrestricted	446,312				446,312
Federal and State Receivables	42,030				42,030
Interfund Receivable	7,500			9,839	17,339
Receivables, Net	9,113				9,113
<b>Total Assets</b>	<b>\$ 1,085,466</b>	<b>84,712</b>	<b>383,121</b>	<b>9,839</b>	<b>1,563,138</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Deferred Revenue	\$ 1,000				1,000
Accounts Payable	8,578				8,578
Interfund Payable			9,839	7,500	17,339
Other Current Liabilities	2,835				2,835
Payroll Deductions and Withholdings Payable	11,983 **				11,983
<b>Total Liabilities</b>	<b>24,396</b>	<b>-</b>	<b>9,839</b>	<b>7,500</b>	<b>41,735</b>
<b>Fund Balance:</b>					
<b>Restricted For:</b>					
Capital Reserve - Designated for Subsequent Years Expenditures	133,000				133,000
Designated For Subsequent Years Expenditure BOE	18,895				18,895
Capital Reserve	174,679				174,679
Maintenance Reserve	209,367				209,367
Unemployment Compensation	32,587				32,587
Scholarships		83,694			83,694
Student Activities		1,018			1,018
<b>Committed To:</b>					
Other Purposes	217,849				217,849
<b>Unassigned:</b>					
General Fund	274,693				274,693
Debt Service Fund				2,339	2,339
Capital Projects Fund			373,282		373,282
<b>Total Fund Balance</b>	<b>1,061,070</b>	<b>84,712</b>	<b>373,282</b>	<b>2,339</b>	<b>1,521,403</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,085,466</b>	<b>84,712</b>	<b>383,121</b>	<b>9,839</b>	

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 \$8,060,094 and the accumulated depreciation is \$1,584,831.	6,475,263
Accrued Interest	(25,320)
Deferred outflow of resources - contributions to the pension plan	172,251
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(353,433)
Long Term Liabilities including bonds payable are payable in the current period and therefore are not reported as liabilities in the funds (see note 3)	(2,748,415)
<b>Net Position of governmental activities</b>	<b>\$ 5,041,749</b>

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

\* Includes former fiduciary fund cash and cash equivalents.

\*\* Includes payroll deductions payable and flexible benefits liabilities (flex spending has no net position, only liabilities).

BAY HEAD SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,258,082			216,899	3,474,981
Tuition	379,552				379,552
Interest Earned	3,593				3,593
Miscellaneous	15,738	16,071			31,809
Total Local Sources	3,656,965	16,071	-	216,899	3,889,935
State Sources	630,372			43,420	673,792
Federal Sources		101,321			101,321
Total Revenues	4,287,337	117,392	-	260,319	4,665,048
Expenditures:					
Current:					
Regular Instruction	1,056,389				1,056,389
Special Education Instruction	84,359	55,588			139,947
Other Instruction	154,897				154,897
Support Services and Undistributed Costs:					
Tuition	629,408				629,408
Student and Instruction Related Services	332,657	20,081			352,738
Other Administration Services	229,286				229,286
Plant Operations and Maintenance	431,382				431,382
Pupil Transportation	58,534				58,534
Unallocated Benefits	1,001,734				1,001,734
Capital Outlay	226,010	27,733			253,743
Debt Service:					
Bond Principal				205,000	205,000
Interest and Other Charges				62,819	62,819
Total Expenditures	4,204,656	103,402	-	267,819	4,575,877

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	82,681	13,990	-	(7,500)	89,171
Other Financing Sources (Uses):					
Due From Debt Service Fund	7,500				7,500
Total Financing Sources (Uses)	7,500	-	-	-	7,500
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	90,181	13,990	-	(7,500)	96,671
Net Change in Fund Balances	90,181	13,990	-	(7,500)	96,671
Fund Balance, July 1	938,322		373,282	9,839	1,321,443
Prior Period Adjustments	32,567	70,722			103,289
Fund Balance, July 1, Restated	970,889	70,722	373,282	9,839	1,424,732
Fund Balance, June 30	\$ 1,061,070	84,712	373,282	2,339	1,521,403

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

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

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESJUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 96,671
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital Outlay	253,743	
Fixed Asset Increases	139,487	
Depreciation	<u>(229,343)</u>	
		163,887
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		205,000
Some Liabilities are Not Due and Payable in the Current Period and Therefore are Not Reported in the Funds. That Liability Consists of Pension Liability Payable		105,677
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		(77,524)
Pension related deferrals		6,726
Accrued Interest		<u>1,719</u>
Change in Net Position of Governmental Activities		<u>\$ 502,156</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**BAY HEAD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1: Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Bay Head 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 Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

**B. 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.

**Fiduciary Fund Types**

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

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

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.



**NOTE 1: Summary of Significant Accounting Policies (Continued)****E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. 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). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2021 were insignificant.

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

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

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

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

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

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

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

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

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

**G. Short-Term Interfund Receivables/Payables:**

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

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

**I. Capital Assets and Depreciation**

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

The District contracted with an outside service company during the 2004 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2004-2005 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2005, fiscal year 2005 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. The District has updated the records since 2004-2005 and the service company provides the District with an updated report. 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)****I. Capital Assets and Depreciation (Continued)**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Governmental Activities:				
Capital Assets that are Not being Depreciated:				
Land	\$ 256,549	_____	_____	256,549
Total Capital Assets Not Being Depreciated	<u>256,549</u>	_____	_____	<u>256,549</u>
Depreciable Assets:				
Buildings and Sites	6,334,898	221,140		6,556,038
Equipment	<u>1,286,042</u>	<u>69,321</u>	(107,856)	<u>1,247,507</u>
Totals at Historical Cost	<u>7,620,940</u>	<u>290,461</u>	(107,856)	<u>7,803,545</u>
Less: Accumulated Depreciation:				
Buildings and Sites	(1,127,309)	(177,479)	4,880	(1,299,908)
Equipment	<u>(321,804)</u>	<u>(51,864)</u>	<u>88,745</u>	<u>(284,923)</u>
Total Accumulated Depreciation	<u>(1,449,113)</u>	<u>(229,343)</u>	<u>93,625</u>	<u>(1,584,831)</u>
Net Depreciable Assets	<u>6,171,827</u>	<u>61,118</u>	(14,231)	<u>6,218,714</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,428,376</u>	<u>61,118</u>	(14,231)	<u>6,475,263</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 229,343</u>
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**J. Compensated Absences**

The Board has no policy for payment of accumulated sickness upon retirement.

**K. Deferred Revenue**

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

**L. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to maintenance reserve (See Note 10).

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

**M. 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.

*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.

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

*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.

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 (Continued)****Investments**

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

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

As of June 30, 2021 cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Checking, Money Market Accounts	<u>\$ 1,494,655</u>

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2021 was \$1,494,655 and the bank balance was \$1,665,722. Of the bank balance, \$333,471 was covered by federal depository insurance and \$1,299,664 as covered by a collateral pool maintained by the banks as required by New Jersey statutes and \$32,587 was uninsured.

**Credit Risk Categories**

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

As of June 30, 2021, the District did not hold any long-term investments.

Insured:	
FDIC	\$ 333,471
GUDPA	1,299,664
Uninsured:	
NJ Cash Management	<u>32,587</u>
	<u>\$ 1,665,722</u>

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Long-Term</u> <u>Portion</u>	<u>2021-2022</u> <u>Payment</u>
Capital Lease	\$ 117,000		(117,000)			
Bonds Payable	2,385,000		(205,000)	2,180,000	1,970,000	210,000
Pension Liability	<u>674,092</u>		<u>(105,677)</u>	<u>568,415</u>	<u>568,415</u>	
	<u>\$ 3,176,092</u>		<u>(427,677)</u>	<u>2,748,415</u>	<u>2,538,415</u>	<u>210,000</u>

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 4.00% to 4.25%.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 210,000	58,669	268,669
2023	220,000	54,094	274,094
2024	225,000	48,919	273,919
2025	235,000	43,134	278,134
2026	240,000	36,450	276,450
2027-2030	<u>1,050,000</u>	<u>68,263</u>	<u>1,118,263</u>
	<u>\$ 2,180,000</u>	<u>309,529</u>	<u>2,489,529</u>

**NOTE 4: Pension Plans****Public Employees' Retirement System (PERS)****Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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.

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

The following represents the membership tiers for PERS:

<b><u>Tier</u></b>	<b><u>Definition</u></b>
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<sup>th</sup> 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<sup>th</sup> 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.

**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, 2019 through June 30, 2020. 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.



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

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, 2020 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020.

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by Local employers under Chapter 366, P.L. 2001. This legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for Prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of Prosecutors in the Prosecutors Part. The June 30, 2020 State special funding situation net pension liability amount of \$128.2 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$11 million, for the fiscal year ending June 30, 2020, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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 2020, 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)**

For the year ended June 30, 2021, the District recognized pension expense of \$45,179. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 10,350	2,010
Changes of Assumptions	18,440	238,001
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,429	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	78,853	113,422
District Contributions Subsequent to the Measurement Date	<u>45,179</u>	<u>          </u>
Total	<u>\$ 172,251</u>	<u>353,433</u>

\$45,179 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending****June 30,**

2021	\$ (70,801)
2022	(64,549)
2023	(36,888)
2024	(14,917)
2025	<u>(3,226)</u>
	<u>\$ (190,381)</u>

**Additional Information**

Collective balances at December 31, 2020 and 2019 are as follows:

	<b><u>Dec. 31, 2020</u></b>	<b><u>Dec. 31, 2019</u></b>
Collective Deferred Outflows of Resources	\$ 172,251	249,775
Collective Deferred Inflows of Resources	353,433	360,159
Collective Net Pension Liability	568,415	674,092
District's Proportion	.00346%	.00372%

**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, 2020 were as follows:

	<b>2020</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,272,160,382	39,432,792,871	67,704,953,253
Plan Fiduciary Net Position	<u>6,048,192,857</u>	<u>22,997,176,445</u>	<u>29,045,369,302</u>
Net Pension Liability	<u>\$ 22,223,967,525</u>	<u>16,435,616,426</u>	<u>38,659,583,951</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.39%	58.32%	42.90%

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00%
	Based on years of service
Thereafter	3.00% - 7.00%
	Based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Medial Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**NOTE 4: Pension Plans (Continued)****Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2020, 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:

	<u>2020</u>		
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 715,540</u>	<u>568,415</u>	<u>443,576</u>

**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<sup>th</sup> 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<sup>th</sup> 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.

**NOTE 4: Pension Plans (Continued)****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.

**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, 2020. 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 2020, 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.

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

The components of the net pension liability of the State as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Total Pension Liability	\$ 87,522,678,686	84,215,846,719
Plan Fiduciary Net Position	<u>21,529,179,998</u>	<u>22,696,734,276</u>
Net Pension Liability	<u>\$ 65,993,498,688</u>	<u>61,519,112,443</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%

**State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2020</u>	<u>2019</u>
District's Liability	<u>\$ 6,999,199</u>	<u>6,119,590</u>
District's Proportion	.01061%	.00995%

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45%
	Based on years of service
Thereafter	2.75 - 5.65%
	Based on years of service
Investment Rate of Return	7.00%

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%



**NOTE 4: Pension Plans (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2020 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>2020</u>		
	<u>At 1% Decrease (4.40%)</u>	<u>At Current Discount Rate (5.40%)</u>	<u>At 1% Increase (6.40%)</u>
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the District's Net Pension Liability	<u>8,221,379</u>	<u>6,999,199</u>	<u>5,984,384</u>
	<u>\$ 8,221,379</u>	<u>6,999,199</u>	<u>5,984,384</u>

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

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

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

The 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.

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 20, 2019, with was rolled forward to June 30, 2020. 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:

Total Nonemployer OPEB Liability      \$67,809,962,608

Inflation rate      2.50%

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 – 4.45% based on service years	2.00% - 6.00% based on service years	3.25% - 15.25% based on service years
Thereafter	1.55 – 4.45% based on service years	3.00% - 7.00% based on service years	Applied to all future years

**NOTE 5: Post Retirement Benefits (Continued)**

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

***(a) Health Care Trend Assumptions***

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

***(b) Discount Rate***

The discount rate for June 30, 2020 was 2.21%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State of New Jersey's proportionate share of the total Non-Employer OPEB Liability associated with the School District:

	<b>Total OPEB Liability</b>
Balances at June 30, 2019	\$ 5,020,138
Changes for the Year:	
Service Cost	212,373
Interest	180,727
Difference Between Expected and Actual Experience	1,453,613
Changes in Assumptions or Other Inputs	1,503,613
Benefit Payments	(143,304)
Member Contributions	<u>4,344</u>
Balance at June 30, 2020	<u>\$ 8,231,504</u>

There were no changes in benefit terms between the June 30, 2019 measurement date and the June 30, 2020 measurement date.

**NOTE 5: Post Retirement Benefits (Continued)**

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% percent in 2019 to 2.21% percent in 2020.

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:

	<b>1% Decrease</b> <b><u>(1.21%)</u></b>	<b>Discount Rate</b> <b><u>(2.21%)</u></b>	<b>1% Increase</b> <b><u>(3.21%)</u></b>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 9,923,503</u>	<u>8,231,504</u>	<u>6,908,524</u>

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 are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 6,644,748</u>	<u>8,231,504</u>	<u>10,120,978</u>

**OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.**

For the year ended June 30, 2020, the Board of Education recognized OPEB expense of \$400,131 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.

In accordance with GASBS No. 75, the Bay Head 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 or resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 1,249,757	1,113,239
Changes in Proportion	119,194	123,551
Changes of Assumptions or Other Inputs	<u>1,400,152</u>	<u>939,261</u>
Total	<u>\$ 2,769,103</u>	<u>2,176,051</u>

**NOTE 5: Post Retirement Benefits (Continued)**

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:	
2022	\$ 69,771
2023	69,771
2024	69,771
2025	69,771
2026	69,771
Thereafter	<u>244,197</u>
	<u>\$ 593,052</u>

**NOTE 6: Risk Management**

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2020-2021	\$ 0	20		32,587
2019-2020	0	491	0	32,567
2018-2019	0	706	0	32,076

**NOTE 7: Tuition Adjustments**

Regulations specify that tuition adjustments for any given school year shall be remitted/ received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2021 financial statements.

**NOTE 8: Economic Dependency**

The District receives approximately 17% 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 9: 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 10: Fund Balance Appropriated**

**General Fund** – Of the \$1,068,407 General Fund fund balance at June 30, 2021, \$209,367 is reserved for maintenance reserve; \$133,000 is capital reserve – designated for subsequent years expenditures; \$174,679 is capital reserve; \$217,849 is reserve for encumbrances; \$282,030 is undesignated; \$18,895 is designated for subsequent year's expenditures; and \$32,587 is reserved for unemployment claims.

**NOTE 11: 4% Calculation of Excess Surplus**

2020-21 Total General Fund Expenditures Per the CAFR	\$ 4,204,656
Decreased by:	
On-Behalf TPAF Pension & Social Security	(513,741)
Adjusted 2020-21 General Fund Expenditures	<u>\$ 3,690,915</u>
4% of Adjusted 2020-21 General Fund Expenditures	<u>\$ 147,637</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>32,030</u>
Maximum Unassigned/Undesignated – Unreserved Fund Balance	<u>\$ 282,030</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-21	\$ 1,068,407
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Decreased by:	
Restricted Fund Balance:	
Other Reserves	(384,046)
Encumbrances	(217,849)
Unemployment Compensation	(32,587)
Assigned Fund Balance:	
Designated for Subsequent Years Expenditures – Capital Reserve	(133,000)
Designated for Subsequent Years Expenditures	<u>(18,895)</u>
Total Unassigned Fund Balance	<u>\$ 282,030</u>

Reserved Fund Balance – Excess Surplus	<u>\$ 0</u>
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**Section 3**

Reserved Fund Balance – Excess Surplus	\$ 0
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Designated for Subsequent Years Expenditures – Excess Surplus	<u>0</u>
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	<u>\$ 0</u>
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**NOTE 11: 4% Calculation of Excess Surplus (Continued)****Detail of Allowable Adjustment**

Extraordinary Aid	<u>\$ 32,030</u>
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**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 209,367
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Capital Reserve	<u>174,679</u>
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Total Other Restricted Fund Balance	<u>\$ 384,046</u>
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**NOTE 12: Operating Leases**

The District had commitments to lease copiers under operating leases that expires in 2021. These leases were paid in full during the 2020-21 school year.

**NOTE 13: Lease Purchase**

On March 15, 2016, the Board of Education approved a contract with T.D. Equipment Finance, Inc. for a lease purchase agreement for the purchase of a boiler for the school for \$550,000 at an interest rate of 1.70%, for a period of five years dated March 7, 2016. The lease was paid in full during the 2020-21 school year.

**NOTE 14: Interfund Receivables and Payables**

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

There were interfunds as of June 30, 2021 as follows:

	<u>From</u>	<u>To</u>
Debt Service Fund	\$ 7,500	9,839
Capital Projects Fund	9,839	
General Fund	<u>          </u>	7,500
	<u>\$ 17,339</u>	<u>17,339</u>

These interfund loans are due to the Debt Service Fund awaiting interest reimbursement from the Capital Projects Fund. Once received, the interfunds will be eliminated, which is expected to be within one year.

**NOTE 15: COVID-19**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread to other countries, including the United States, and to each state within the United States, including New Jersey, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State has likewise declared a state of emergency. While the potential impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the finances of the State and the Board of Education (collectively, the "Affected Entities").

The degree of any such impact to the Affected Entities' respective operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Affected Entities and their respective economies.

**NOTE 16: Prior Period Adjustment/Restatement of Fund Balance and Net Position**

Net position as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

Net Position as Previously Reported At June 30, 2020	\$ 4,436,314
Prior Period Adjustment – Implementation of GASB 84:	
Restricted Fund Balance – Unemployment	32,567
Restricted Fund Balance – Student Activities	69,669
Restricted Fund Balance – Scholarship	<u>1,053</u>
Total Prior Period Adjustment	<u>103,289</u>
Net Position as Restated, July 1, 2020	<u>\$ 4,539,603</u>

Fund Balance in the General Fund and the Special Revenue Fund as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Fund Balance as Previously Reported at June 30, 2020	\$ 945,675	
Prior Period Adjustments:		
Implementations of GASB 84:		
Restricted Fund Balance - Unemployment	32,567	
Restricted Fund Balance – Student Activities		69,669
Restricted Fund Balance – Scholarship		<u>1,053</u>
Total Prior Period Adjustment	<u>32,567</u>	<u>70,722</u>
Fund Balance as Restated, July 1, 2020	<u>\$ 978,242</u>	<u>70,722</u>



**NOTE 17: Subsequent Events**

Subsequent events have been evaluated through February 11, 2022, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,258,082		3,258,082	3,258,082	-
Tuition From Individuals	347,500		347,500	373,664	26,164
Tuition Other LEAs	10,000		10,000	5,888	(4,112)
Afterschool	8,850		8,850		(8,850)
Interest Earned	1,568		1,568	3,593	2,025
Restricted Miscellaneous				20	20
Unrestricted Miscellaneous	7,715		7,715	15,718	8,003
Total Local Sources	<u>3,633,715</u>	<u>-</u>	<u>3,633,715</u>	<u>3,656,965</u>	<u>23,250</u>
State Sources:					
Extraordinary Aid	10,000		10,000	42,030	32,030
Special Education Aid	61,445		61,445	61,445	-
Security Aid	4,291		4,291	4,291	-
Transportation Aid	8,849		8,849	8,849	-
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	83,998	83,998
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)				102,501	102,501
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)				29,958	29,958
On-Behalf T.P.A.F Non-Contributory Insurance				297,119	297,119
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability				165	165
Total State Sources	<u>84,585</u>	<u>-</u>	<u>84,585</u>	<u>630,356</u>	<u>545,771</u>
Total Revenues	<u>3,718,300</u>	<u>-</u>	<u>3,718,300</u>	<u>4,287,321</u>	<u>569,021</u>

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool/Kindergarten - Salaries of Teachers	107,245	2,287	109,532	109,532	-
Grades 1-5 - Salaries of Teachers	479,183	(2,139)	477,044	477,044	-
Grades 6-8 - Salaries of Teachers	323,451	10,000	333,451	331,451	2,000
Regular Program - Undistributed Instruction:					
Other Salaries For Instruction	34,668		34,668	34,668	-
Purchased Professional Educational Services	4,080	(4,080)	-	-	-
Purchased Technical Services	2,733	2,278	5,011	3,244	1,767
Other Purchased Services	4,200	434	4,634	4,634	-
General Supplies	37,594	15,918	53,512	50,606	2,906
Textbooks	20,000	(2,258)	17,742	17,742	-
Other Objects	18,000	9,468	27,468	27,468	-
Total Regular Programs - Instruction	<u>1,031,154</u>	<u>31,908</u>	<u>1,063,062</u>	<u>1,056,389</u>	<u>6,673</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	82,047	2,312	84,359	84,359	-
General Supplies	650	(650)	-	-	-
Total Resource Room/Resource Center	<u>82,697</u>	<u>1,662</u>	<u>84,359</u>	<u>84,359</u>	<u>-</u>
Total Special Education - Instruction	<u>82,697</u>	<u>1,662</u>	<u>84,359</u>	<u>84,359</u>	<u>-</u>

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	77,907	2,741	80,648	80,648	-
General Supplies	200	(200)	-	-	-
Total Basic Skills/Remedial - Instruction	<u>78,107</u>	<u>2,541</u>	<u>80,648</u>	<u>80,648</u>	<u>-</u>
School-Sponsored Co-Curricular Activities - Instruction:					
Salaries	33,000	1,309	34,309	34,309	-
School Sponsored Athletics - Instruction:					
Salaries	25,000	1,263	26,263	26,263	-
Purchased Services	8,000	(5,034)	2,966	2,966	-
Supplies and Materials	2,800	(2,255)	545	545	-
Total School Sponsored Athletics - Instruction	<u>35,800</u>	<u>(6,026)</u>	<u>29,774</u>	<u>29,774</u>	<u>-</u>
Before/After School Programs - Instruction:					
Salaries of Teachers	10,000		10,000	10,000	-
Community Services Programs - Instruction:					
Supplies and Materials	500		500	166	334
Total Community Services-Instruction	<u>500</u>	<u>-</u>	<u>500</u>	<u>166</u>	<u>334</u>
Total Instructional Programs	<u>1,271,258</u>	<u>31,394</u>	<u>1,302,652</u>	<u>1,295,645</u>	<u>7,007</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	536,218	(23,714)	512,504	510,155	2,349
Tuition to Other LEA's Within the State - Special	66,275	(5,265)	61,010	48,519	12,491
Tuition to County Vocational School-Regular	2,000	(1,500)	500	500	0
Tuition to Private Schools for the Disabled Within State	73,408	(2,272)	71,136	70,734	402
Total Undistributed Expenditures - Instruction	<u>677,901</u>	<u>(32,751)</u>	<u>645,150</u>	<u>629,408</u>	<u>15,742</u>

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Attendance and Social Work: Salaries	27,213		27,213	27,213	-
Undistributed Expenditures - Health Services: Salaries	49,419	(4,080)	45,339	45,339	-
Supplies and Materials	750	91	841	841	-
Total Undistributed Expenditures - Health Services	50,169	(3,989)	46,180	46,180	-
Undistributed Expenditures - Other Support Services - Students - Related Services: Purchased Professional Educational Services	16,810	1,675	18,485	18,485	-
Total Undistributed Expenditures - Other Support Services Students - Related Services	16,810	1,675	18,485	18,485	-
Undistributed Expenditures-Other Support Services-Extra: Salaries	17,505		17,505	17,505	-
Total Undistributed Expenditures-Other Support Services-Extra	17,505	-	17,505	17,505	-
Undistributed Expenditures - Other Support Services - Students - Special: Salaries	44,080	(448)	43,632	43,632	-
Salaries of Secretarial and Clerical Assistants	1,384		1,384	1,384	-
Purchased Professional Educational Services	3,250	(867)	2,383	2,383	-
Supplies and Materials	500	(500)	-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Special	49,214	(1,815)	47,399	47,399	-

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Other Support Services - Students - Child Study Teams	18,369	(1,491)	16,878	16,878	-
Salaries-Secretarial and Clerical	16,000	(3,733)	12,267	12,267	-
Purchased Professional Educational Services					
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	34,369	(5,224)	29,145	29,145	-
Undistributed Expenditures - Improvement of Instructional Services: Salaries of Supervisors of Instruction	35,010	(543)	34,467	34,467	-
Other Salaries	12,920	(1,250)	11,670	11,670	-
Other Purchased Professional and Technical Services	6,469	(5,744)	725	694	31
Total Undistributed Expenditures - Improvement of Instructional School Library:	54,399	(7,537)	46,862	46,831	31
Undistributed Expenditures - Educational Media Services/ School Library:					
Purchased Professional and Technical Services	46,000	12,536	58,536	51,371	7,165
Other Purchased Services	5,000	354	5,354	5,354	-
Supplies and Materials	10,000	(7,826)	2,174	2,174	-
Total Undistributed Expenditures - Educational Media Services/School Library	61,000	5,064	66,064	58,899	7,165
Undistributed Expenditures - Instructional Staff Training Services: Salaries of Supervisors of Instruction	21,006	(1,269)	19,737	19,737	-
Salaries of Secretarial and Clerical	5,768	12,259	18,027	18,027	-
Purchased Professional Educational Services	20,000	(9,729)	10,271	2,100	8,171
Other Purchased Services	4,000	(3,600)	400	400	-
Other Items	1,500	(764)	736	736	-
Total Undistributed Expenditures - Instr. Staff Training Services	52,274	(3,103)	49,171	41,000	8,171



BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	2,200		2,200	2,200	-
Legal Services	6,000	11,210	17,210	17,210	-
Audit Fees	7,500	(800)	6,700	6,700	-
Other Purchased Professional Services	45,000	1,000	46,000	46,000	-
Communications/Telephone	2,497	1,414	3,911	3,911	-
Other Purchased Services (400-500 Series)	5,900	1,105	7,005	7,001	4
BOE Meeting/Training Supplies	500	(17)	483	483	-
BOE Membership Dues and Fees	2,300	(124)	2,176	2,176	-
Total Undistributed Expenditures - Support Services - General Administration	71,897	13,788	85,685	85,681	4
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	43,179	701	43,880	43,880	-
Salaries of Secretarial and Clerical Assistants	7,869		7,869	7,869	-
Total Undistributed Expenditures - Support Services - School Administration	51,048	701	51,749	51,749	-
Undistributed Expenditures - Central Services:					
Salaries	18,055		18,055	18,055	-
Purchased Services (400-500 Series)	8,500	1,092	9,592	9,592	-
Interest on Lease Purchase Agreements	2,500	(1,505)	995	995	-
Miscellaneous	56,000	(786)	55,214	55,214	-
Total Undistributed Expenditures - Central Services	85,055	(1,199)	83,856	83,856	-

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Admin Info Technology Purchased Technical Services	8,000		8,000	8,000	-
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	69,561	5,324	74,885	74,885	-
Cleaning, Repair and Maintenance Services	33,500	9,324	42,824	42,824	-
General Supplies	10,000	5,292	15,292	15,292	-
Other Objects	3,250	(1,930)	1,320	1,320	-
Total Undistributed Expenditures - Required Maintenance - School Facilities	116,311	18,010	134,321	134,321	-
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	13,410	5,000	18,410	18,410	-
Purchased Professional and Technical Services	7,750	5,968	13,718	13,468	250
Cleaning, Repair and Maintenance Services	15,000	(14,284)	716	716	-
General Supplies	600	(356)	244	244	-
Total Undistributed Expenditures - Care & Upkeep of Grounds	36,760	(3,672)	33,088	32,838	250
Undistributed Expenditures - Security:					
Salaries	28,244	1,997	30,241	30,241	-
Purchased Professional and Technical Services	32,000	700	32,700	32,700	-
Total Undistributed Expenditures - Security	60,244	2,697	62,941	62,941	-

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Other Operations and Maintenance of Plant Services:					
Salaries	46,153	7,000	53,153	49,153	4,000
Salaries of Non-Instructional Aides	5,778		5,778	5,778	-
Purchased Professional and Technical Services	17,380	1,732	19,112	19,112	-
Other Purchased Professional Services	6,669	163	6,832	6,832	-
Insurance	60,000	15,977	75,977	75,977	-
Miscellaneous Purchased Services	5,000	5,875	10,875	10,875	-
Energy (Natural Gas)	23,000	(8,373)	14,627	14,627	-
Energy (Electric)	25,000	(6,347)	18,653	18,653	-
Other Objects	200	75	275	275	-
<b>Total Undistributed Expenditures - Other Operations and Maintenance of Plant Services</b>	<b>189,180</b>	<b>16,102</b>	<b>205,282</b>	<b>201,282</b>	<b>4,000</b>
<b>Total Undistributed Expenditures - Operations and Maintenance of School Facilities</b>	<b>402,495</b>	<b>33,137</b>	<b>435,632</b>	<b>431,382</b>	<b>4,250</b>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	32,661		32,661	32,661	-
Salaries for Pupil Transportation - (Between Home & School) Reg.	10,939		10,939	10,939	-
Contracted Services (Between Home & School) - Vendors	16,000	(4,485)	11,515	7,370	4,145
Contracted Services (Between Home & School) Jointures	12,500	(4,500)	8,000		8,000
Contracted Services (Special Education Students) Jointures	30,000	(1,725)	28,275	7,564	20,711
Contracted Services - (Special Education Students) - Vendors	5,000		5,000		5,000
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>107,100</b>	<b>(10,710)</b>	<b>96,390</b>	<b>58,534</b>	<b>37,856</b>

BAY HEAD SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits:					
Social Security Contributions	30,000	19,151	49,151	49,151	-
Other Retirement Contributions - PERS	43,000	2,179	45,179	45,179	-
Workers Compensation	18,500	(15,900)	2,600	2,599	1
Health Benefits	320,292	47,991	368,283	367,225	1,058
Tuition Reimbursement		4,434	4,434	4,434	-
Other Employee Benefits	30,000	(10,595)	19,405	19,405	-
Total Unallocated Benefits	<u>441,792</u>	<u>47,260</u>	<u>489,052</u>	<u>487,993</u>	<u>1,059</u>
Reimbursed TPAF Social Security Contributions - (Non-Budgeted)				83,998	(83,998)
On-Behalf T.P.A.F Pension Contributions -				102,501	(102,501)
Post Retirement Medical (Non-Budgeted)				29,958	(29,958)
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)				297,119	(297,119)
On-Behalf T.P.A.F Non-Contributory Insurance				165	(165)
On-Behalf T.P.A.F Pension Contributions - Long Term Disability				513,741	(513,741)
Total On-Behalf Contributions	-	-	-	<u>513,741</u>	<u>(513,741)</u>
Total Undistributed Expenditures	<u>2,208,241</u>	<u>35,297</u>	<u>2,243,538</u>	<u>2,683,001</u>	<u>(439,463)</u>
Capital Outlay:					
Equipment-Instructional	25,800		25,800	24,201	1,599
Equipment-General Administration	5,000		5,000	4,232	768
Undistributed Expenditures	10,000	(1,352)	8,648	8,400	248
Lease Purchase	117,000		117,000	117,000	-
Facilities Acquisition and Construction Services:					
Construction Services	275,000		275,000	70,970	204,030
Debt Service Assessment	1,207		1,207	1,207	-
Total Capital Outlay	<u>434,007</u>	<u>(1,352)</u>	<u>432,655</u>	<u>226,010</u>	<u>206,645</u>
Total General Fund Expenditures	<u>3,913,506</u>	<u>65,339</u>	<u>3,978,845</u>	<u>4,204,656</u>	<u>(225,811)</u>

BAY HEAD SCHOOL DISTRICT

Exhibit C-1  
Sheet 10 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2021

	<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>(195,206)</u>	<u>(65,339)</u>	<u>(260,545)</u>	<u>82,665</u>	<u>343,210</u>
Other Financing Sources (Uses):					
Due from Debt Service			-	<u>7,500</u>	<u>7,500</u>
Total Excess (Deficiency) of Revenues Over/Under Expenditures and Other Financing Sources (Uses)	<u>(195,206)</u>	<u>(65,339)</u>	<u>(260,545)</u>	<u>90,165</u>	<u>350,710</u>
Fund Balance July 1	945,675		945,675	945,675	
Prior Period Adjustment			-	<u>32,567</u>	<u>32,567</u>
Fund Balances, July 1, Restated	<u>945,675</u>	<u>-</u>	<u>945,675</u>	<u>978,242</u>	<u>32,567</u>
Fund Balance, June 30	<u>\$ 750,469</u>	<u>(65,339)</u>	<u>685,130</u>	<u>1,068,407</u>	<u>383,277</u>
Recapitulation:					
Restricted Fund Balance:					
Designated for Subsequent Years Expenditures - By the BOE				\$ 18,895	
Designated for Subsequent Years Expenditures - Capital Reserve				133,000	
Maintenance Reserve				209,367	
Capital Reserve				174,679	
Unemployment Compensation				32,587	
Assigned Fund Balances:					
Reserved For Encumbrances				217,849	
Unassigned Fund Balance				<u>282,030</u>	
				<u>1,068,407</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(7,337)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,061,070</u>	

BAY HEAD SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ -	16,071	16,071	16,071	-
Federal Sources:					
Title I, Part A	24,500	6,233	30,733	30,733	-
Title IIA, Part A	2,920	39	2,959	2,959	-
Title IV, Part A	8,500	1,500	10,000	10,000	-
IDEA Part B, Basic	19,630	9,603	29,233	29,233	-
IDEA Part B, Preschool		663	663	663	-
Coronavirus Relief Fund		1,816	1,816	1,816	-
Educational Stabilization Fund (CARES Act)		25,917	25,917	25,917	-
Educational Stabilization Fund (ESSER II)		170,739	170,739	170,739	-
Total Federal Sources	<u>55,550</u>	<u>216,510</u>	<u>272,060</u>	<u>101,321</u>	<u>170,739</u>
Total Revenues	<u>55,550</u>	<u>232,581</u>	<u>288,131</u>	<u>117,392</u>	<u>170,739</u>
Expenditures:					
Instruction:					
Salaries of Teachers	27,420	89,539	116,959	22,959	94,000
Other Salaries for Instruction	19,630	9,603	29,233	29,233	-
Purchased Professional Educational Services		1,479	1,479		1,479
Other Purchased Services	8,531	14,865	23,396	3,396	20,000
Other Objects		13,342	13,342		13,342
Total Instruction	<u>55,581</u>	<u>128,828</u>	<u>184,409</u>	<u>55,588</u>	<u>128,821</u>

BAY HEAD SCHOOL DISTRICT

Exhibit C-2  
Sheet 2 of 2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services:					
Employee Benefits		41,718	41,718	8,000	33,718
Purchased Technical Services	2,080	7,920	10,000	10,000	-
Other Purchased Services		8,200	8,200		8,200
Scholarships Awarded		1,000	1,000	1,000	-
Student Activities		1,081	1,081	1,081	-
Total Support Services	<u>2,080</u>	<u>59,919</u>	<u>61,999</u>	<u>20,081</u>	<u>41,918</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	19,743	7,990	27,733	27,733	-
Total Facilities Acquisition and Construction Services	<u>19,743</u>	<u>7,990</u>	<u>27,733</u>	<u>27,733</u>	<u>-</u>
Total Expenditures	<u>77,404</u>	<u>196,737</u>	<u>274,141</u>	<u>103,402</u>	<u>170,739</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,854)</u>	<u>35,844</u>	<u>13,990</u>		<u>-</u>
Fund Balance, July 1					
Prior Period Adjustment				<u>70,722</u>	
Fund Balance, July 1 (Restated)				<u>70,722</u>	
Fund Balance, June 30				<u>\$ 84,712</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 83,694	
Student Activities				1,018	
Total Fund Balance				<u>\$ 84,712</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**



**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET-TO-GAAP-RECONCILIATION**

**NOTE TO RSI**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual Amounts (budgetary) "revenues" from the budgetary comparison schedule	\$ 4,287,321	117,392
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Delayed Payment	7,353	
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>(7,337)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u>\$ 4,287,337</u>	<u>117,392</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 4,204,656	103,402
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.		
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 4,204,656</u>	<u>103,402</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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

BAY HEAD SCHOOL DISTRICT

Exhibit L-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

LAST EIGHT FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
District's Proportion of the Net Pension Liability (Asset)	\$ 568,415	674,092	811,055	937,726	844,622	797,857	696,573	646,680
District's Proportionate Share of the Net Pension Liability (Asset)								
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	-	-	-	-	-	-	-	-
<b>Total</b>	<u>\$ 568,415</u>	<u>674,092</u>	<u>811,055</u>	<u>937,726</u>	<u>844,622</u>	<u>797,857</u>	<u>696,573</u>	<u>646,680</u>
District's Covered-Employee Payroll	\$ 265,004	244,120	265,848	284,068	253,593	243,181	244,243	245,255
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	46.62%	36.21%	32.78%	30.29%	30.02%	30.48%	35.06%	37.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

BAY HEAD SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

LAST EIGHT FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 36,664	41,311	38,381	25,502	25,502	30,671	25,495	25,053
Contributions in Relation to the Contractually Required Contribution	36,664	41,311	38,381	25,502	25,502	30,671	25,495	25,053
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-
District's Covered-Employee Payroll	\$ 265,004	244,120	265,848	284,068	253,593	243,181	244,243	245,255
Contributions as a Percentage of Covered-Employee Payroll	13.84%	16.92%	14.44%	8.98%	10.06%	12.61%	10.44%	10.22%

BAY HEAD SCHOOL DISTRICT

Exhibit L-3

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

LAST EIGHT FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	6,999,199	6,119,590	6,350,250	5,705,542	7,204,325	5,696,417	5,109,031	4,546,359
Total	<u>6,999,199</u>	<u>6,119,590</u>	<u>6,350,250</u>	<u>5,705,542</u>	<u>7,204,325</u>	<u>5,696,417</u>	<u>5,109,031</u>	<u>4,546,359</u>
District's Covered-Employee Payroll	\$ 1,180,072	1,189,387	1,132,714	1,048,826	988,044	889,148	929,694	945,089
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.86%	19.44%	17.84%	18.38%	13.71%	15.61%	18.20%	20.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

**BAY HEAD SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS**  
**TEACHER'S PENSION AND ANNUITY FUND (TPAF)**  
**LAST TEN FISCAL YEARS**

L-4

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**BAY HEAD SCHOOL DISTRICT****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III**

L-5

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021****Public Employee's Retirement System (PERS)**

*Changes in Benefit Terms* – None

*Changes in Assumptions* – The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020, in accordance with Paragraph 44 of GASB Statement No. 67.

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

*Changes in Benefit Terms* – None

*Changes in Assumption* – The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020, in accordance with Paragraph 44 of GASB Statement No. 67.



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

BAY HEAD SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Exhibit M-1

LAST FIVE FISCAL YEARS

	2020	2019	2018	2017	2016
<u>State's OPEB Liability Attributable to the District</u>					
Service Cost	\$ 212,373	217,825	259,139	313,094	*
Interest	180,727	224,855	240,844	206,652	*
Benefit Payments	(143,304)	(154,103)	(151,519)	(151,500)	*
Member Contributions	4,344	4,568	5,237	5,579	*
Difference between Expected and Actual Experience	1,453,613	(1,014,302)	(577,843)		*
Change of Assumptions	1,503,613	74,851	(650,253)	(843,288)	*
Net Change in Total OPEB Liability	3,211,366	(646,306)	(874,395)	(469,463)	*
Total Attributable OPEB Liability - Beginning	5,020,138	5,666,444	6,540,839	7,010,302	*
Total Attributable OPEB Liability - Ending	\$ 8,231,504	5,020,138	5,666,444	6,540,839	7,010,302
District's Covered Payroll	\$ 1,445,076	1,433,507	1,398,563	1,332,894	1,241,637
District's Contribution	None	None	None	None	None
State's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	569.62%	350.20%	405.16%	490.72%	564.60%

\* - 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.

**BAY HEAD SCHOOL DISTRICT****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****FOR THE FISCAL YEAR ENDED JUNE 30, 2021****Exhibit M-2**Change of Benefit Terms

None

Difference Between Expected and Actual Experience

The change in the liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes of Assumptions

The Discount Rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

N/A

**SPECIAL REVENUE FUND – E**

SPECIAL REVENUE FUND

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

JUNE 30, 2021

	IDEA Preschool	IDEA Part B Basic	Title I	Title IIA	Title IV	Cares Act	Coronavirus Relief Fund	Student Activity /Athletic Funds	Scholarship Funds	Total June 30, 2021
Revenues:										
Federal Sources	\$ 663	29,233	30,733	2,959	10,000	25,917	1,816	1,046	15,025	101,321
Local Sources										16,071
Total Revenues	\$ 663	29,233	30,733	2,959	10,000	25,917	1,816	1,046	15,025	117,392
Expenditures:										
Instruction:										
Salaries	\$ -		20,000	2,959						22,959
Other Salaries for Instruction		29,233								29,233
Other Purchased Services	663		2,733							3,396
Total Instruction	663	29,233	22,733	2,959						55,588
Support Services:										
Employee Benefits			8,000		10,000					18,000
Purchased Technical Services										
Scholarships Awarded									1,000	1,000
Student Activities								1,081		1,081
Total Support Services			8,000		10,000			1,081	1,000	20,081
Facilities Acquisition and Construction Services:										
Non-Instructional Equipment						25,917	1,816			27,733
Total Facilities Acquisition and Construction Services						25,917	1,816			27,733
Total Expenditures	663	29,233	30,733	2,959	10,000	25,917	1,816	1,081	1,000	103,402
Excess (Deficiency) of Revenues Over (Under)										
Expenditures								(35)	14,025	13,990
Fund Balance, July 1										
Prior Period Adjustment								1,053	69,669	70,722
Fund Balance, July 1 (Restated)								1,053	69,669	70,722
Fund Balance, June 30	\$ -							1,018	83,694	84,712

\*Represents scholarship fund net position as of June 30, 2020 per Exhibit H-2.

\*\*Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups per Exhibit H-3.

**CAPITAL PROJECTS FUND – F**



**BAY HEAD 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, 2021**

Fund Balance - Beginning	<u>\$ 373,282</u>
Fund Balance - Ending	<u><u>\$ 373,282</u></u>

**BAY HEAD SCHOOL DISTRICT**

Exhibit F-1a

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT****BALANCE, AND PROJECT STATUS - BUDGETARY BASIS****HVAC AND ELECTRICAL UPGRADE - ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
Transfer from General - Insurance				
Recoveries	\$ 145,200		145,200	145,200
ROD Grants	85,947		85,947	85,947
Total Revenues	<u>231,147</u>	<u>-</u>	<u>231,147</u>	<u>231,147</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Other Purchased Professional and Technical Services	10,977		10,977	10,977
Construction Services	161,571		161,571	161,571
Total Expenditures	<u>172,548</u>	<u>-</u>	<u>172,548</u>	<u>172,548</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 58,599</u>	<u>-</u>	<u>58,599</u>	<u>58,599</u>

**Additional Project Information**

Project Number	0210-020-14-1003-004
Grant Date	2/27/2014
Original Authorized Cost	\$ 242,000
Additional Authorized Cost	
Revised Authorized Cost	242,000
Percentage Completion	100%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	8/30/2016

**BAY HEAD SCHOOL DISTRICT**

Exhibit F-1b

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT****BALANCE, AND PROJECT STATUS - BUDGETARY BASIS****GYM AND CLASSROOM CONSTRUCTION - ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
Transfer from General - Insurance				
Recoveries	\$ 247,930		247,930	247,930
Sale of Bonds	3,300,000		3,300,000	3,300,000
Foundation	470,430		470,430	470,430
Capital Reserve	272,950		272,950	272,950
Total Revenues	<u>4,291,310</u>	<u>-</u>	<u>4,291,310</u>	<u>4,291,310</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Other Purchased Professional and Technical Services	244,122		244,122	244,122
Construction Services	3,517,579		3,517,579	3,790,673
Other Objects	256,515		256,515	256,515
Total Expenditures	<u>4,018,216</u>	<u>-</u>	<u>4,018,216</u>	<u>4,291,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 273,094</u>	<u>-</u>	<u>273,094</u>	<u>-</u>

**Additional Project Information**

Project Number	0210-020-14-2000 & 3000
Grant Date	N/A
Original Authorized Cost	\$ 4,291,310
Additional Authorized Cost	
Revised Authorized Cost	4,192,310
Percentage Completion	100%
Original Target Completion Date	8/30/2016
Revised Target Completion Date	8/30/2016

**BAY HEAD SCHOOL DISTRICT**

Exhibit F-1c

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT****BALANCE, AND PROJECT STATUS - BUDGETARY BASIS****BOILER REPLACEMENT - ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
Local Share	\$ 550,000		550,000	550,000
SDA Grant	345,520		345,520	345,520
Total Revenues	<u>895,520</u>	<u>-</u>	<u>895,520</u>	<u>895,520</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Other Purchased Professional and Technical Services	97,431		97,431	100,000
Construction Services	717,751		717,751	795,520
Total Expenditures	<u>815,182</u>	<u>-</u>	<u>815,182</u>	<u>895,520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 80,338</u>	<u>-</u>	<u>80,338</u>	<u>-</u>
<b><u>Additional Project Information</u></b>				
Project Number	0210-020-14-1005			
Grant Date	10/20/2016			
Original Authorized Cost	\$ 895,520			
Additional Authorized Cost				
Revised Authorized Cost	895,520			
Percentage Completion	100%			
Original Target Completion Date	5/31/2017			
Revised Target Completion Date	5/31/2017			

**PROPRIETARY FUNDS – G**

N/A

**FIDUCIARY FUND – H**

N/A

**LONG-TERM DEBT – I**

BAY HEAD SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2021

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>				
Gym and Elementary School Classrooms	8/1/2015	\$ 3,300,000	8/1/21	\$ 210,000	2.000%	\$ 2,385,000	205,000	2,180,000
			8/1/22	220,000	2.250%			
			8/1/23	225,000	2.400%			
			8/1/24	235,000	2.625%			
			8/1/25	240,000	3.000%			
			8/1/26	250,000				
			8/1/27	260,000				
			8/1/28	265,000	3.250%			
			8/1/29	275,000				
						\$ 2,385,000	205,000	2,180,000



BAY HEAD SCHOOL DISTRICTLONG-TERM LIABILITIES

Exhibit I-2

OBLIGATIONS UNDER CAPITAL LEASESJUNE 30, 2021

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2020</u>	<u>Paid</u>	<u>Amount Outstanding June 30, 2021</u>
Boiler	1.70%	\$ 550,000	\$ 117,000	117,000	-

BAY HEAD SCHOOL DISTRICT

LONG-TERM DEBT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 216,899		216,899	216,899	
State Sources:					
Debt Service Aid Type II	43,420		43,420	43,420	
Total Revenues	<u>260,319</u>	<u>-</u>	<u>260,319</u>	<u>260,319</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	62,819		62,819	62,819	-
Redemption of Principal	205,000		205,000	205,000	-
Total Expenditures	<u>267,819</u>	<u>-</u>	<u>267,819</u>	<u>267,819</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,500)</u>	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>
Fund Balance July 1	9,839		9,839	9,839	
Fund Balance June 30	<u>\$ 2,339</u>	<u>-</u>	<u>2,339</u>	<u>2,339</u>	<u>-</u>

**STATISTICAL SECTION**

**(Unaudited)**

J-1

Bay Head Board of Education  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	245,229	245,229	(1,133,614)	(1,133,614)	2,186,313	2,979,486	3,548,393	3,777,707	3,926,376	3,726,848
Restricted = Capital Purposes	-	-	-	-	-	1,991,540	1,223,460	986,249	1,004,194	1,246,710
Restricted = Other	851,229	851,229	3,584,247	3,584,247	1,907,215	1,391,540	1,223,460	986,249	1,004,194	1,246,710
Unrestricted	386,348	386,348	(333,304)	(333,304)	(996,197)	(471,873)	(863,371)	(772,922)	(494,256)	68,191
Total governmental activities net assets	982,806	982,806	2,117,329	2,117,329	3,097,331	3,899,153	3,908,482	4,001,034	4,436,314	5,041,749
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>District-wide</b>										
Invested in capital assets, net of related debt	245,229	245,229	(1,133,614)	(1,133,614)	2,186,313	2,979,486	3,548,393	3,777,707	3,926,376	3,726,848
Restricted	851,229	851,229	3,584,247	3,584,247	1,907,215	1,391,540	1,223,460	986,249	1,004,194	1,246,710
Unrestricted	386,348	386,348	(333,304)	(333,304)	(996,197)	(471,873)	(863,371)	(772,922)	(494,256)	68,191
Total district net assets	982,806	982,806	2,117,329	2,117,329	3,097,331	3,899,153	3,908,482	4,001,034	4,436,314	5,041,749

Bay Head Board of Education  
 Changes In Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	903,038	934,962	930,968	\$ 845,812	968,209	961,712	1,122,938	1,020,425	1,052,345	916,002
Special Education	62,400	92,897	158,631	53,000	176,573	187,767	124,494	185,219	134,550	136,947
Other instruction	69,047	97,098	102,159	59,804	136,800	111,405	41,124	160,300	133,386	164,897
Support Services										
Tuition	589,249	634,657	501,227	664,922	461,013	542,360	733,578	677,445	794,504	829,408
Student & instruction related services	372,870	363,833	350,739	252,439	283,500	309,817	312,792	304,416	343,638	362,738
School Administrative services	60,692	35,052	59,030	32,043	135,920	55,824	73,573	210,375	220,346	51,748
General Administration	36,953	103,580	99,197	89,878	70,113	100,391	135,320	416,960	395,321	177,538
Plant operations and maintenance	310,391	401,501	333,203	293,024	348,311	351,492	382,757	100,418	90,778	431,382
Pupil transportation	107,243	121,505	182,481	77,028	106,547	111,789	103,264			55,534
Other support services				-						
Depreciation net of fixed asset increases	55,467	54,837	70,335	68,217	147,847	144,400	180,945	174,788	23,763	229,343
Capital Outlay			1,207	-	549,681		219,805	1,207	202,432	
Interest on long-term debt	53,100	53,060	43,045	60,539	55,298	88,175	74,819	89,194	65,202	61,100
Unallocated benefits	507,485	668,230	616,242	631,039	885,522	697,174	744,573	855,114	884,893	966,555
Total governmental activities expenses	3,258,045	3,559,362	3,443,891	\$ 3,074,635	4,135,331	3,722,293	4,210,832	4,218,857	4,327,158	4,170,392
<b>Business-type activities</b>										
Food service	-	-	-	\$ -	-	-	-	-	-	-
Child care	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district expenses	-	-	-	\$ -	-	-	-	-	-	-
<b>Program revenues</b>										
<b>Governmental activities</b>										
Charges for services										
Instruction	345,434	288,272	284,154	\$ 49,728	302,444	306,817	306,485	326,477	347,458	379,552
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	9,977	31,025	-	69,115	75,164	-	72,878	10,000	103,402
Capital grants and contributions	345,434	-	-	49,728	371,559	384,981	305,485	402,355	357,456	482,954
Total governmental activities program revenues	345,434	278,249	295,179	49,728	371,559	384,981	305,485	402,355	357,456	482,954
<b>Business-type activities</b>										
Charges for services										
Food service	-	-	-	-	-	-	-	-	-	-
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-	-	-	-	-	-
Total district program revenues	345,434	278,249	295,179	\$ 49,728	371,559	384,981	305,485	402,355	357,456	482,954
<b>Net (expense) Revenue</b>										
Governmental activities	\$ 2,942,811	\$ 3,559,362	\$ 3,443,891	\$ 3,026,209	\$ 3,763,772	\$ 3,337,312	\$ 3,905,347	\$ 3,816,502	\$ 3,969,702	\$ 3,687,438
Business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total district-wide net expense	\$ 2,942,811	\$ 3,559,362	\$ 3,443,891	\$ 3,026,209	\$ 3,763,772	\$ 3,337,312	\$ 3,905,347	\$ 3,816,502	\$ 3,969,702	\$ 3,687,438
<b>General Revenues and Other Changes In Net Assets</b>										
<b>Governmental activities</b>										
Property taxes levied for general purpose, net	2,780,744	2,780,744	2,838,358	\$ 2,716,250	2,850,946	3,006,965	3,070,194	3,131,597	3,194,108	3,258,082
Taxes levied for debt service	202,298	210,491	227,056	183,721	239,821	238,000	166,236	222,724	223,093	219,869
Grants and contributions, Federal & state aid		373,279	438,175	283,943	348,308	844,734	543,502	520,771	629,950	673,762
Investment & Miscellaneous income	28,201	71,395	59,787	23,783	809,799	46,434	47,968	33,902	215,823	33,321
Insurance recoveries			432,746							
Transfers	-	(70,706)			(2,070)					
Total governmental activities	3,012,241	3,365,203	3,904,122	3,208,697	4,743,774	4,139,133	3,827,602	3,900,054	4,204,680	4,182,064
<b>Business-type activities</b>										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Fixed Asset Adjustments	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide revenue	3,012,241	3,365,203	3,904,122	3,208,697	4,743,774	4,139,133	3,827,602	3,900,054	4,204,680	4,182,064
<b>Change In Net Assets</b>	424,372	987,954	1,099,037	(62,951)	980,002	801,821	(77,745)	92,552	435,280	605,435
Ending Total district	982,805	10,720,474	1,644,647	261,830	3,097,332	3,699,153	3,821,408	4,001,034	4,436,314	5,041,749

Bay Head Board of Education  
 Fund Balances, Government Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Fund Balance</b>										
Maintenance reserve	6,309	6,309	6,309	81,309	156,309	213,959	221,623	221,623	209,367	209,367
Reserved for Subsequent Years' Expenditures	132,288	172,349	32,842	1,690	6,996	12,996	253,869	9,930	14,548	151,895
Capital Reserve		165,426	506,399	284,869	334,869	334,869	196,869	220,526	197,158	174,679
Emergency reserve	24,133	24,133	24,133	99,133	174,133	174,133	59,133	59,133		
Excess Surplus	320,787			23,075	77,934	54,859				
Capital Projects Fund			491,400	3,093,441	379,665	422,884	422,884	422,884	373,282	217,849
Committed to other purposes				47,448	78,196	126,549		54,663	255,707	32,587
Unemployment Fund					477,383					
Lease Purchase-Boller					221,730	51,291	-	7,500	9,839	
Debt service fund										
Unreserved, reported in:										
General Fund	283,678	281,638	245,269	251,109	256,379	257,133	259,930	257,377	261,542	282,030
Total all other governmental funds	767,195	629,855	1,306,352	3,882,074	2,163,594	1,648,673	1,414,308	1,253,626	1,321,443	1,068,407

BAY HEAD SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax/levy	2,993,040	2,991,295	3,063,414	3,131,113	3,187,767	3,247,965	3,236,402	3,354,291	3,417,801	3,474,981
Tuition	320,415	268,272	284,154	283,382	302,444	309,817	305,485	329,477	347,456	379,552
Miscellaneous	29,201	71,395	59,787	39,398	80,199	46,434	47,698	33,992	226,623	35,402
Contribution			529,570							
State Sources	320,554	979,279	498,175	355,808	948,308	844,734	467,782	520,771	561,227	673,792
Federal Sources	27,833	9,977	31,025	37,381	69,115	75,164	75,555	72,878	68,729	101,321
Total Revenue	3,681,043	3,714,158	3,856,535	3,847,072	5,117,403	4,524,114	4,132,922	4,311,409	4,622,036	4,665,048
<b>General Fund Expenditures</b>										
Instruction:										
Regular	903,038	934,962	939,988	904,303	968,206	961,712	1,046,983	1,020,425	1,052,345	1,056,389
Special	62,400	92,867	156,831	125,988	175,573	187,757	177,055	186,219	134,560	139,947
Other	99,047	97,088	102,159	123,186	136,800	111,405	116,679	190,300	133,386	154,897
Support Services and Undistributed Costs:										
Tuition	689,249	694,697	501,227	517,485	481,013	842,360	733,578	677,445	794,504	629,408
Student & Instruction Related Services	372,870	363,633	359,738	302,863	283,500	309,817	335,786	304,416	343,638	352,738
School & General Administration	127,845	138,832	157,233	212,394	215,033	216,215	209,893	210,375	226,346	229,286
Operations and Maintenance	310,301	401,901	333,206	311,376	348,311	351,492	362,787	418,980	395,321	431,392
Student Transportation	107,243	121,505	162,481	106,687	106,547	111,786	103,284	100,416	90,778	58,634
Unallocated Employee Benefits	506,213	666,230	616,242	673,477	659,222	676,993	744,573	834,254	852,021	1,001,734
Capital Outlay	20,726	25,850	1,807	1,388,083	2,903,816	1,006,819	219,805	320,307	202,432	253,743
Debt Service:										
Principal	200,000	225,000	250,000	275,000	508,598	472,000	185,000	195,000	200,000	205,000
Interest and other charges	65,035	57,035	47,473	36,848	65,194	90,679	74,619	70,819	66,869	62,819
Total General Fund Expenditures	3,363,967	3,759,360	3,628,383	4,977,680	6,833,813	5,039,035	4,310,442	4,528,936	4,492,190	4,575,877
Excess (Deficiency) of revenues over (under) expenditures	317,076	(45,202)	228,172	(1,130,588)	(1,716,410)	(514,921)	(177,520)	(217,527)	129,846	89,171
Other Financing sources (uses)										
Transfers In										110,789
Transfers Out					(2,070)				(62,025)	
Sandy related sources (uses) net		(70,706)	432,748						2,339	
Total Other Financing Sources (uses)		(70,706)	432,748		(2,070)				(62,025)	110,789
Net change in fund balance	206,638	(115,908)	560,918	(1,130,588)	(1,718,480)	(514,921)	(177,620)	(217,527)	67,817	199,960

Source: District Records

## BAY HEAD SCHOOL DISTRICT

## GENERAL FUND OTHER LOCAL REVENUE BY SOURCE

## LAST TEN FISCAL YEARS

## UNAUDITED

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Interest	5,235						6,695	7,900	6,433	3,593
Tuition	320,415	288,272	264,164	283,382	302,444	309,817	305,485	392,477	347,456	379,552
Miscellaneous	23,966	71,395	69,787	39,388	80,199	46,434	41,003	26,092	220,380	15,738
	<u>349,616</u>	<u>339,667</u>	<u>323,941</u>	<u>322,770</u>	<u>382,643</u>	<u>356,251</u>	<u>350,637</u>	<u>426,469</u>	<u>574,279</u>	<u>398,883</u>

Source: District records



Exhibit J-6

## BAY HEAD SCHOOL DISTRICT

## LAST TEN FISCAL YEARS

## UNAUDITED

<u>Year</u>	<u>Net Taxable Value (CI 6)</u>	<u>Net Valuation for Apportionment (11)</u>	<u>County Equal Ratio R.S.:54:3-17-19</u>
2012	1,593,565,285	1,579,312,359	100.90%
2013	1,549,312,732	1,521,569,925	101.82%
2014	1,587,863,332	1,553,241,240	102.23%
2015	1,586,865,100	1,597,112,490	101.65%
2016	1,572,878,600	1,549,939,495	98.54%
2017	1,588,756,100	1,523,528,055	95.89%
2018	1,600,762,700	1,611,574,738	100.68%
2019	1,606,483,200	1,610,222,322	100.23%
2020	1,618,686,600	1,721,716,411	106.37%
2021	1,625,624,100	1,704,669,171	104.86%

Source: Abstract of Ratables

County Board of Taxation

\*R Reassessment

Exhibit J-7

## BAY HEAD SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

## UNAUDITED

Fiscal Year Ended June 30,	Bay Head School District	Borough of Bay Head	Ocean County	Total
2012	0.187	0.184	0.358	0.729
2013	0.197	0.2	0.385	0.782
2014	0.197	0.200	0.399	0.796
2015	0.203	0.208	0.422	0.833
2016	0.206	0.207	0.423	0.836
2017	0.204	0.212	0.432	0.848
2018	0.21	0.217	0.408	0.835
2019	0.212	0.226	0.410	0.848
2020	0.215	0.231	0.430	0.876
2021	0.221	0.244	0.345	0.810

Source: Ocean County Board of Taxation

Bay Head Board of Education  
 Ten Highest Taxpayers  
 2021

Exhibit J-8

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of District's Net Assessed Value</u>
Bay Head Yacht Club	\$ 19,245,000	1.184%
Bathgate	10,578,100	.651%
8 Howe Street LLC	8,350,000	.514%
Hartington J Truct c/o N Jencarelli	8,000,000	.492%
Kellogg, Gail Trust Etal	7,872,700	.484%
Denihan, B c/o Denihan Hospitality	7,738,700	.476%
RDCC LLC	7,675,400	.472%
Cofsky	7,507,500	.462%
O'Brien	7,399,300	.455%
BHPC-Ocean LLC c/o W&M Smith	7,300,000	.449%
Total of 10 highest	\$ 91,666,700	5.639%
Total Assessed Value	\$ 1,625,624,100	

Source: Municipal Finance Officer

Exhibit J-9

BAY HEAD SCHOOL DISTRICT  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year Ended <u>June 30,</u>	School <u>Levy</u>	Taxes Levied for <u>the Calendar Year</u>	Current Tax <u>Collections</u>	Percentage <u>of Levy</u>
2012	2,991,235	11,611,255	11,326,207	97.23%
2013	3,053,414	12,199,640	12,019,112	98.52%
2014	3,131,113	12,585,417	12,405,275	98.57%
2015	3,431,946	13,120,024	12,957,080	98.75%
2016	3,187,767	13,083,597	12,878,311	98.43%
2017	3,247,965	13,035,096	12,922,332	99.13%
2018	3,236,402	13,519,185	13,411,602	99.42%
2019	3,417,801	13,723,394	N/A	N/A
2020	3,474,981	14,173,850	13,411,602	99.42%
2021	3,590,355	14,250,780	14,138,438	99.21%

Source: Municipal Finance Officer  
 Abstract of Ratables

Exhibit J-10

## BAY HEAD SCHOOL DISTRICT

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS\*  
UNAUDITED

Fiscal Year Ended <u>June 30</u>	<u>Governmental Activities</u>			<u>Business - Type Activities</u>		
	General Obligation <u>Bonds</u>	Certificates of <u>Participation</u>	Capital <u>Leases</u>	Bonded Debt Anticipation Notes (BANs)	Percentage of Personal Income	<u>Per Capita</u>
2012	1,342,000.00	NONE	\$31,997	NONE		NO DATA TO REPORT
2013	\$1,117,000	NONE	\$15,999	NONE		NO DATA TO REPORT
2014	\$867,000	NONE	\$15,999	NONE		NO DATA TO REPORT
2015	\$ 3,892,000	NONE	\$31,475	NONE		NO DATA TO REPORT
2016	\$ 3,437,800	NONE	\$ 560,779	NONE		NO DATA TO REPORT
2017	\$ 2,965,000	NONE	\$ 446,000	NONE		NO DATA TO REPORT
2018	\$ 2,780,000	NONE	\$ 340,000	NONE		NO DATA TO REPORT
2019	\$ 2,585,000	NONE	\$ 230,000	NONE		NO DATA TO REPORT
2020	\$ 2,385,000	NONE	\$ 117,000	NONE		NO DATA TO REPORT
2021	\$ 2,180,000	NONE	\$ -	NONE		NO DATA TO REPORT

Exhibit J-11

## BAY HEAD SCHOOL DISTRICT

## RATIO OF NET GENERAL BONDED DEBT OUTSTANDING

## LAST TEN FISCAL YEARS

## UNAUDITED

Fiscal Year Ended <u>June 30</u>	General Obligation <u>Bonds</u>	<u>Deductions</u>	Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value # of <u>Property</u>
2012	\$ 1,342,000		\$ 1,342,000	0.085%
2013	\$ 1,117,000		\$ 1,117,000	0.071%
2014	\$ 867,000		\$ 867,000	0.055%
2015	\$ 3,892,000		\$ 3,892,000	0.245%
2016	\$ 3,437,800		\$ 3,437,800	0.219%
2017	\$ 2,965,000		\$ 2,965,000	0.185%
2018	\$ 2,780,000		\$ 2,780,000	0.174%
2019	\$ 2,585,000		\$ 2,585,000	0.161%
2020	\$ 2,385,000		\$ 2,385,000	0.148%
2021	\$ 2,180,000		\$ 2,180,000	0.135%

## Exhibit J-12

BAY HEAD SCHOOL DISTRICT  
Computation of Direct and Overlapping Bonded Debt  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED

Net Direct Debt of School District as of June 30, 2021	\$ 2,180,000
Net Overlapping Debt of School District: Borough of Bay Head	<u>\$ 513,200</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2021	<u><u>\$ 2,693,200</u></u>

COMPUTATION OF LEGAL DEBT MARGIN INFORMATION

UNAUDITED

Legal Debt Margin For Fiscal Year 2021

Equalized valuation basis

2021	1,704,669,171
2020	1,721,716,411
2019	1,610,222,322
	<u>5,036,607,904</u>

Average equalized valuation of taxable property \$ 1,678,869,301

Debt limit (3% of average equalization value) 50,366,079

Total Net Debt Applicable to Limit 2,180,000

Legal debt margin \$ 48,186,079

Fiscal Year

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debit Limit	47,618,707	47,170,881	46,964,494	46,719,237	47,232,323	46,719,237	46,850,423	47,933,232	50,366,079	50,366,079
Total net debt applicable to limit	1,117,000	867,000	3,892,000	3,437,800	3,437,800	2,965,000	2,780,000	2,585,000	2,180,000	2,180,000
Legal debt margin	46,501,707	46,303,881	43,072,494	43,281,437	43,794,523	43,754,237	45,166,757	45,348,232	48,186,079	48,186,079
Total net debt applicable to the limit as a percentage of debt limit	2.35%	1.87%	2.35%	7.36%	7.28%	6.35%	5.80%	5.39%	4.33%	4.33%



Bay Head Board of Education  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

J-14

<u>Year</u>	<u>Population</u>	<u>Household</u>	<u>Unemployment Rate</u>	<u>Annual Births</u>
2009	1273			6
2010	968	\$77,790		0
2011				2
2012	983		10.70%	3
2013	992		8.90%	1
2014-2018	data unavailable			
2019	1023			
2020	968			

Source: Municipal Finance Officer, County of Ocean, U.S. Bureau of the Census,  
 Population Division, U.S. Department of Labor, Statistics Division

Exhibit J-15

BAY HEAD SCHOOL DISTRICT  
Principal Employers

Current Year and Ten Years Ago  
UNAUDITED

Data Unavailable

Bay Head Board of Education  
 Full-Time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Instruction</b>										
Regular	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Special Education	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
<b>Support Services</b>										
Student & instruction related services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General administration	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
School administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other administrative services	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Central Services	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Administrative Information Technology	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Plant operations & maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
<b>Special Schools</b>										
Special Schools	-	-	-	-	-	-	-	-	-	-
<b>Food Service</b>										
Food Service	-	-	-	-	-	-	-	-	-	-
<b>Child Care</b>										
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.8</b>	<b>22.8</b>	<b>22.8</b>

Source: District Personnel Records

Bay Head Borough Board of Education  
 Operating Statistics  
 Last Ten Fiscal Years

J-17  
 GASB F-6  
 NJ J-12, 14

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil (c)	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) b	Average Daily Attendance (ADA) b	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	127	3,190,204	25,112	-1.01%	13.0	1:9.8	137.2	131.8	18.28%	96.06%
2013	138	3,467,348	25,126	0.05%	13.0	1:7	138.4	132.7	0.87%	95.88%
2014	137	3,299,285	24,082	-4.15%	13.0	1:7	137.1	131.6	-0.94%	95.99%
2015	146	3,277,729	22,450	-6.78%	13.0	1:7	146.4	139.8	6.78%	95.49%
2016	147	3,484,775	23,754	5.81%	13.0	1:7	146.7	140.3	0.20%	95.65%
2017	131	3,621,508	27,645	16.38%	13.0	1:7	131.0	124.4	-10.70%	94.95%
2018	128	3,975,268	31,081	12.43%	13.0	1:7	127.9	121.8	-2.37%	95.20%
2019	122	4,263,117	34,829	12.06%	13.5	1:7	122.4	117.1	-4.30%	95.68%
2020	121	4,022,889	33,636	-3.43%	13.5	1:7	119.6	115.9	-2.29%	95.68%
2021	128	4,204,656	32,952	-2.03%	13.5	1:7	127.6	124.0	6.69%	97.37%

Sources: District records, School Register Summary

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

b Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**BAY HEAD ELEMENTARY SCHOOL**

**BUILDING INFORMATION**

**LAST TEN FISCAL YEARS ENDING JUNE 30**

**UNAUDITED**

<b>District Building</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<u>Elementary School and Offices</u>										
Bay Head School Square Feet	19,834	19,834	19,834	19,834	29,655	29,655	29,655	29,655	29,655	29,655
Bay Head School Library Square Feet	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348
FES Capacity (students)	151	151	151	151	168	168	168	168	168	168
Enrollment	127	138	137	146	147	131	128	122	120	128

Exhibit J-19

BAY HEAD SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
 UNAUDITED

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

	Library	Bay Head Elementary	Other Facilities	Total School Facilities
2012	3430	25154	N/A	28,584
2013	4039	36351	N/A	40,390
2014	637	5673	N/A	6,310
2015	637	5673	N/A	6,310
2016	637	8481	N/A	9,274
2017	637	8481	N/A	9,274
2018	637	8481	N/A	9,274
2018	637	8481	N/A	9,274
2019	637	8481	N/A	9,274
2020	637	8481	N/A	9,274
2021	686	9050	N/A	9,736

\* School facilities as defined under EFCFA.

(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

## BAY HEAD SCHOOL DISTRICT

EXHIBIT J-20

## Insurance Schedule

June 30, 2021 - Unaudited

	<u>Coverage</u>		<u>Deductible</u>
<b>I. Commercial Package</b>			
<b>A. Property</b>			
Blanket Building and Contents	\$9,774,576		\$1,000
Valuable Papers and Records	\$10,000,000		\$1,000
Extra Expense	\$50,000,000		\$1,000
Increased cost of Construction/Building Ordinance	\$25,000,000		\$1,000
Crime/Employee Dishonesty	\$250,000		\$1,000
<b>B. Comprehensive General Liability</b>			
General Liability	\$31,000,000		N/A
<b>C. School Leaders Wrongful Acts Coverage A</b>			
	\$31,000,000	\$	5,000
<b>D. Inland I Contents</b>			
Electronic Data Processing	\$183,110		\$1,000
<b>E. Auto Liability</b>			
	\$31,000,000		N/A
<b>II. Workers' Compensation</b>			
Professional payroll	\$1,698,300		
Non-Professional payroll	\$85,003		
<b>III. Employers Liability Coverage B</b>			
Bodily Injury Each Accident	\$3,000,000		
Bodily Injury Each Employee	\$3,000,000		
Policy Limit Bodily Injury by Disease	\$3,000,000		
<b>IV. Equipment Breakdown Coverage, Part II</b>			
Comprehensive coverage (Boiler & Machinery)	\$100,000,000		\$25,000
<b>V. Public Officials Bonds (Selective Insurance Co.)</b>			
Patricia A. Wojcik, Limit of Coverage	\$171,000		0
Patricia A. Christopher, Limit of Coverage	\$171,000		0
Laurie M. Considine, Limit of Coverage	\$171,000		0
<b>VI. Catastrophe Access Liability</b>			
	\$25,000,000		\$31,000,000
<b>VII. Pollution Legal Liability</b>			
	\$ 1,000,000	\$	10,000

Source: District records

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.  

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

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Honorable President and Members  
of the Board of Education  
Bay Head School District  
County of Ocean  
Bay Head, 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 Bay Head Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Bay Head Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated February 11, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bay Head Board of Education, County of Ocean, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bay Head Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay Head Board of Education, County of Ocean, 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 Bay Head Board of Education, County of Ocean, State of New Jersey's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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**

February 11, 2022

BAY HEAD SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor/ of Education:	Federal C.F.D.A.	Federal Fain	Grant or State Project	Award	Grant Period	Balance June 30, 2020	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2021	
										(Accounts Receivable)	Deferred Revenue
Passed Through State Department											
Special Revenue:											
Title I	84.010	S010A200030	N/A	\$ 30,733	07/01/2020 - 09/30/2021	\$ -	-	30,733	(30,733)	-	-
Title IIA	84.367A	S367A200029	N/A	2,959	07/01/2020 - 09/30/2021	-	-	2,959	(2,959)	-	-
Title IV	84.424	S424A200031	N/A	10,000	07/01/2020 - 09/30/2021	-	-	10,000	(10,000)	-	-
IDEA Part B Basic	84.027	H027A200100	N/A	29,223	07/01/2020 - 09/30/2021	-	-	29,223	(29,223)	-	-
IDEA Preschool	84.173	H173A200114	N/A	663	07/01/2020 - 09/30/2021	-	-	663	(663)	-	-
CARES Act	84.425D	S425D200027	N/A	25,917	3/13/2020 - 09/30/2022	-	-	25,917	(25,917)	-	-
Coronavirus Relief Fund	21.019	STL0040	N/A	1,816	09/20/2020 - 12/01/2020	-	-	1,816	(1,816)	-	-
<b>Total Federal Financial Assistance</b>						\$ -	-	101,311	(101,311)	-	-

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

BAY HEAD SCHOOL DISTRICT

Schedule B  
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SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment of Prior Years Balances	Balance at June 30, 2021		MEMO Budgetary Receivable	MEMO Cumulative Expenditures
			From	To	Deferred Revenue Accts. Receivable	Due To Grantor					(Accounts Receivable)	Deferred Revenue Interfund Payable		
General Fund:														
Extraordinary Aid	21-495-034-5120-044	\$ 42,030	07/01/2020	06/30/2021	\$ -				(42,030)					42,030
Extraordinary Aid	20-495-034-5120-044	28,895	07/01/2019	06/30/2020	(28,895)		28,895		(61,445)				(6,044)	61,445
Special Education Categorical Aid	21-495-034-5120-089	61,445	07/01/2020	06/30/2021			55,401		(4,291)				(423)	4,291
Security Aid	21-495-034-5120-084	4,291	07/01/2020	06/30/2021			3,868		(8,849)				(870)	8,849
Transportation Aid	21-495-034-5120-014	8,849	07/01/2020	06/30/2021			7,979							
Reimbursed TPAF Social Security Cont. (Nonbudgeted)	20-495-034-5094-003	88,990	07/01/2019	06/30/2020	(8,631)		8,631							
Reimbursed TPAF Social Security Cont. (Nonbudgeted)	21-495-034-5094-003	83,998	07/01/2020	06/30/2021			83,998		(83,998)					83,998
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	21-495-034-5094-001	102,501	07/01/2020	06/30/2021			102,501		(102,501)					102,501
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	21-495-034-5094-002	29,958	07/01/2020	06/30/2021			29,958		(29,958)					29,958
On-Behalf T.P.A.F. Non-Contributory Insurance - Long Term Disability	21-495-034-5094-004	297,119	07/01/2020	06/30/2021			297,119		(297,119)					297,119
Total General		165	07/01/2020	06/30/2021	(37,526)		618,515		(630,356)				(7,337)	165
Debt Service:														
Debt Service Aid Type II	21-495-034-5120-017	1,207	07/01/2020	06/30/2021			1,207		(1,207)					1,207
Total State Financial Assistance					\$ (57,526)		619,722		(631,563)				(7,337)	631,563
Less On Behalf TPAF Pension System Contributions							429,743							
Total for State Financial Assistance - Major Program Determination							\$ (201,820)							

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION**

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**BAY HEAD SCHOOL DISTRICT****NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2021****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, Bay Head 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 using the modified accrual basis of accounting. This basis of accounting is described in 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 *N.J.S.A.* 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

**NOTE 3: Relationship to General Purpose Financial Statements**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>			
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 630,356	43,420	673,776
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized			
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)			
	_____16	_____	_____16
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 630,372</u>	<u>43,420</u>	<u>673,792</u>

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

	<u>Special Revenue Fund</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>		
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 101,311	101,311
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 101,311</u>	<u>101,311</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**

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, 2021. 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, 2021.

BAY HEAD SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2021*Part I - Summary of Auditor's Results***Financial Statement Section**

(A) Type of auditor's report issued on financial statements

**Description**Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

           Yes   x   No2) Significant deficiencies identified that are  
not considered to be material weaknesses?           Yes   x   None Reported

Noncompliance material to basic financial statements noted?

           Yes   x   No**Federal Awards**

NOT APPLICABLE

**State Awards**

NOT APPLICABLE

**BAY HEAD SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part II - Schedule of Financial Statement Findings*

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

There are none.



**BAY HEAD SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part III - Schedule of Federal Awards and State Financial Assistance  
Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

**Current Year Federal Awards**

Not Applicable

**Current Year State Awards**

Not Applicable

**BAY HEAD SCHOOL DISTRICT****SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

**Status of Prior Year Findings**

There were none.