

BAYSHORE JOINTURE COMMISSION

Tinton Falls, New Jersey
County of Monmouth

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BAYSHORE JOINTURE COMMISSION

TINTON FALLS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by

**BAYSHORE JOINTURE COMMISSION
Finance Department**

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INTRODUCTORY SECTION

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Bayshore Jointure Commission
The Shore Center for Students with Autism



December 16, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Bayshore Jointure Commission (Commission) for the fiscal year ended June 30, 2021, is hereby submitted. This CAFR includes the Commission's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors (Board). To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Commission's financial position and operating results and other schedules. The statistical section includes selected financial information. The Commission is not required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)* or the New Jersey State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.

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

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

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

ATLANTIC HIGHLANDS

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

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

HAZLET TOWNSHIP

Hazlet Township is a suburban community of approximately 22,000 residents located in Monmouth County in the coastal region of central New Jersey. The school community is a preschool through twelfth grade district comprised of almost 2,700 students. Our schools consist of an early child learning center for preschool and kindergarten, three first through fourth grade schools, two schools serving students in grades five and six, one middle school and one high school.

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

District Goals:

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

HENRY HUDSON REGIONAL SCHOOL DISTRICT

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

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

HIGHLANDS

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

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

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

KEANSBURG

The Keansburg area is beginning to experience increases in their property assessments, which is reflected in their taxing ability. Keansburg has experienced

a loss of \$30 million in ratables which will affect the Borough's ability to raise tax revenue.

Keansburg School District was designated one of the 31 Abbott Special Needs Districts in the State of New Jersey. State Aid represents approximately 75% of their revenues. The socio-economic structure of Keansburg represents low-income households, evident by the free and reduced lunch count which is over 70% of the student population.

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

KEYPORT

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

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

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

MATAWAN/ABERDEEN REGIONAL

The Matawan-Aberdeen Regional School District has an enrollment of approximately 3,700 students. It is comprised of the following K-3 elementary schools: Cliffwood Elementary, Ravine Drive and Strathmore Elementary. Lloyd Road Elementary serves grades 4-5, Matawan Avenue Middle serves grades 6-8 and Matawan Regional High School serves grades 9-12.

The Township of Aberdeen and the Borough of Matawan are in the center of New Jersey, in the northern part of Monmouth County and are halfway between New York and Philadelphia. Within a forty-five-minute drive to the north and the east is Manhattan Borough in New York City. Taking a westerly route, the semi-rural areas of New Jersey is a similar drive away to Philadelphia. These

municipalities are located near one of New Jersey's largest commercial/industrial areas as well as proximity to air, train, highway and public transportation access.

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

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

OCEAN TOWNSHIP

Ocean Township became a member district in September 2010. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. District enrollment is approximately 3,500. Housing in Ocean Township has been affected by the economy; the real estate market continues to be slowed. There are also an increasing number of homes as seasonal rentals resulting in lower student enrollment. The district operates a high school, and intermediate school and three elementary schools.

MIDDLETOWN TOWNSHIP

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

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

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

UNION BEACH

The Union Beach School District services the educational needs of children in grades Pre-K through 8. The district offers a full day Kindergarten program and current enrollment is approximately 600 students in grades Pre-K through 8th grade. The Union Beach School district offers a half-day integrated pre-school program for three- and four-year olds who are residents of Union Beach. The program is designed to bring preschoolers, with and without special needs, together in an integrated environment. This educational program continues to achieve high academic, social and emotional benchmarks under the guidance

and tutelage of our experienced faculty and staff. Our school district has recognized the importance of this early learning opportunity and has taken steps to ensure its continued viability for our families.

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

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

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

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

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

INTERNAL ACCOUNTING CONTROLS: Management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) the cost of a control should not exceed the benefits likely to be derived; and
- (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

A Standard Operating Procedures Manual is maintained by the District.

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

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

FINANCIAL INFORMATION AT FISCAL YEAR END

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

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

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

OTHER INFORMATION:

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

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

Respectfully submitted,

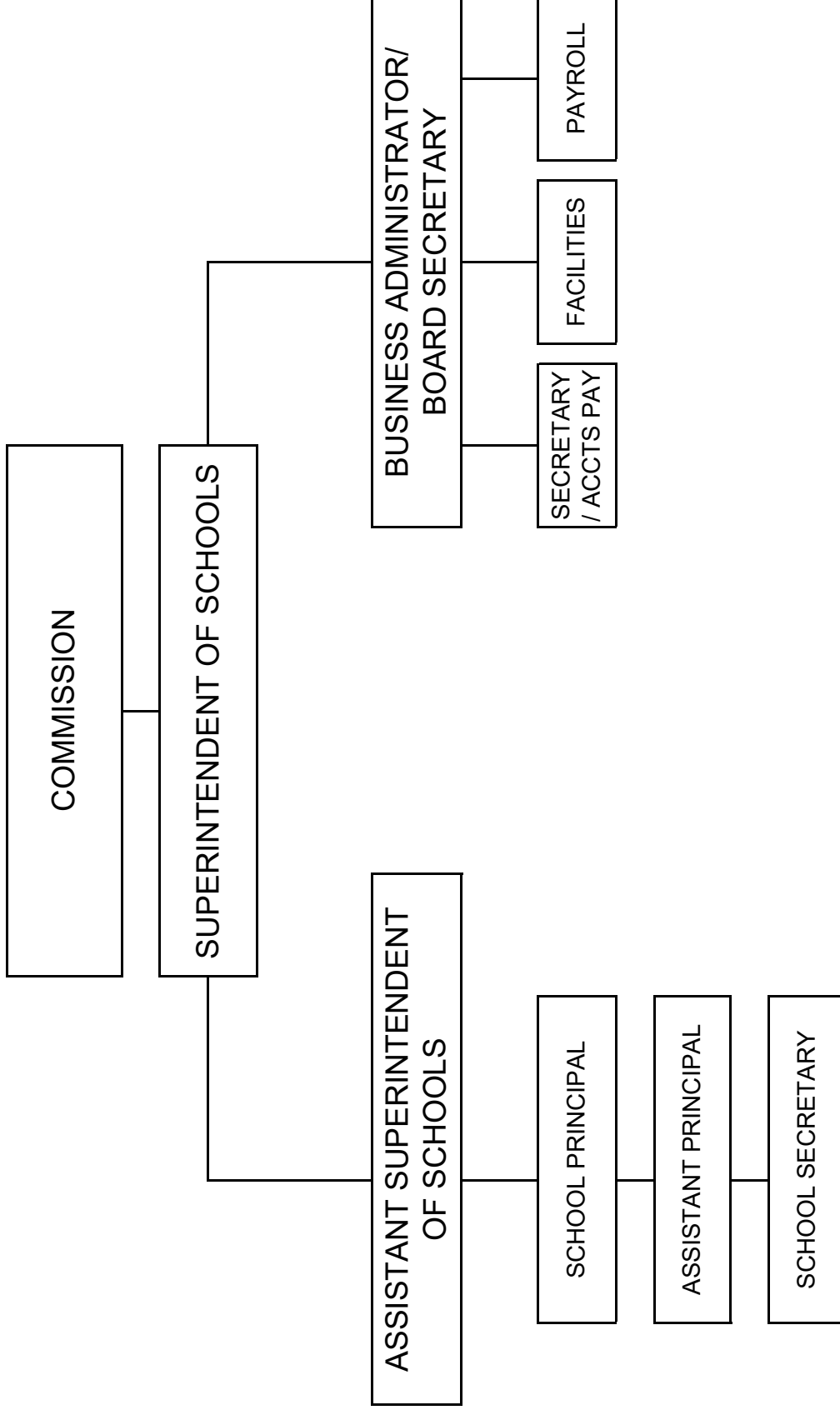


Dr. William O. Geroge
Superintendent



Christopher J. Mullins
School Business Administrator

**BAYSHORE JOINTURE COMMISSION
ORGANIZATIONAL CHART**



**BAYSHORE JOINTURE COMMISSION
TINTON FALLS, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2021**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

| | |
|---------------------------------|---------------|
| Mr. Joseph Annibale, President | June 30, 2021 |
| Dr. Lisa Savoia, Vice President | June 30, 2021 |
| Ms. Kathleen O'Hare | June 30, 2021 |
| Dr. Susan Compton | June 30, 2021 |
| Ms. Mary Walker | June 30, 2021 |
| Dr. Jared Ramage | June 30, 2021 |
| Ms. Jeniffer Zona | June 30, 2021 |
| Mrs. Amanda Lewert | June 30, 2021 |
| Mr. Scott McCue | June 30, 2021 |

OTHER OFFICIALS

Dr. Tara Beams, Superintendent

Mr. Christopher Mullins, Business Administrator/Board Secretary

Mr. Michael Gross, Attorney

**BAYSHORE JOINTURE COMMISSION
TINTON FALLS, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2021**

AUDITOR/AUDIT FIRM

Jerry W. Conaty, CPA, PSA, CFE, RMA
Holman Frenia Allison, P.C.
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Lakewood, New Jersey 08701

ATTORNEY

Michael Gross, Esq.
Kenney, Gross, Kovats & Parton
The Courts of Red Bank
130 Maple Avenue, Building 8
Red Bank, New Jersey 07701

OFFICIAL DEPOSITORY

Bank of America
Matawan, New Jersey

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission, County of Monmouth, State of New Jersey, as of and for the fiscal year ended, June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

| <u>Opinion Unit</u> | <u>Type of Opinion</u> |
|--------------------------------------|------------------------|
| Governmental Activities | Qualified |
| General Fund | Unmodified |
| Special Revenue Fund | Unmodified |
| Proprietary Fund | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

Basis for Qualified Opinion

Governmental Accounting Standards Board (GASB) Statement No. 75 requires governmental entities to accrue and disclose certain information pertaining to other post-employment benefits. The New Jersey Division of Pension and Benefits has been unable to provide updated information in a timely manner to facilitate inclusion of this information in the financial statements and related footnotes for the year ended June 30, 2021. Management has elected to include the most recently available information provided, which was performed with a measurement date of June 30, 2019. Consequently, we were unable to determine the amount by which this departure would affect the expense and offsetting revenues of the Governmental Activities.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of the Bayshore Jointure Commission as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the District adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,
HOLMAN FRENIA ALLISON, P.C.

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

December 16, 2021
Lakewood, New Jersey

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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**BAYSHORE JOINTURE COMMISSION
MONMOUTH COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

UNAUDITED

This discussion and analysis of Bayshore Jointure Commission's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- ◆ General revenues and special items accounted for \$4,403,137 in revenue or 80.21% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,086,589 or 19.79% of total revenues of \$5,489,726.
- ◆ Total assets of governmental activities increased by \$164,304.
- ◆ The Governmental Activities of the School District had \$5,343,274 in expenses; \$1,086,589 of these expenses were offset by program specific charges for services, grants or contributions. General revenues and special items of \$4,403,137 were adequate to provide for these programs.
- ◆ The General Fund had \$4,947,802 in revenues, \$4,849,022 in expenditures and \$2,379,040 in other financing sources. The General Fund's balance increased \$2,477,820 over 2020.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, “How did we do financially during 2020-21?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds is included in the 2020-21 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary comparison of the School District's net position for 2021 and 2020.

TABLE I - STATEMENT OF NET POSITION

| | Governmental | | Governmental | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Activities</u> | <u>Total</u> | <u>Activities</u> | <u>Total</u> |
| Current and other assets | \$ 4,310,211 | \$ 4,310,211 | \$ 4,145,907 | \$ 4,145,907 |
| Total assets | 4,310,211 | 4,310,211 | 4,145,907 | 4,145,907 |
| Deferred outflow of resources | 455,319 | 455,319 | 692,107 | 692,107 |
| Long-term liabilities | 1,536,832 | 1,536,832 | 1,821,511 | 1,821,511 |
| Other liabilities | 152,505 | 152,505 | 102,310 | 102,310 |
| Total liabilities | 1,689,337 | 1,689,337 | 1,923,821 | 1,923,821 |
| Deferred inflow of resources | 978,449 | 978,449 | 983,399 | 983,399 |
| Restricted | 23,019 | 23,019 | - | - |
| Unrestricted | 2,074,725 | 2,074,725 | 1,930,794 | 1,930,794 |
| | <u>\$ 2,097,744</u> | <u>\$ 2,097,744</u> | <u>\$ 1,930,794</u> | <u>\$ 1,930,794</u> |

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2021 and 2020.

TABLE II – CHANGES IN NET POSITION

| | Governmental Activities | | Total | |
|------------------------|-------------------------|------------------|-------------------|------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Revenues | | | | |
| Program Revenue: | | | | |
| Operating Grants | \$ 1,086,589 | \$ 983,885 | \$ 1,086,589 | \$ 983,885 |
| General Revenues: | | | | |
| Tuition | 4,302,739 | 4,335,324 | 4,302,739 | 4,335,324 |
| Miscellaneous | 100,398 | 23,353 | 100,398 | 23,353 |
| Total Revenues | <u>5,489,726</u> | <u>5,342,562</u> | <u>5,489,726</u> | <u>5,342,562</u> |
| Expenses | | | | |
| Instructional Services | 3,184,675 | 3,299,294 | 3,184,675 | 3,299,294 |
| Support Services | 1,942,530 | 1,816,057 | 1,942,530 | 1,816,057 |
| Special Schools | 216,070 | 162,634 | 216,070 | 162,634 |
| Total Expenses | <u>5,343,274</u> | <u>5,277,985</u> | <u>5,343,274</u> | <u>5,277,985</u> |
| Change in Net Position | <u>\$ 146,452</u> | <u>\$ 64,577</u> | <u>\$ 146,452</u> | <u>\$ 64,577</u> |

Governmental Activities

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

TABLE III – GOVERNMENTAL ACTIVITIES

| | 2021 | | 2020 | |
|---------------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | \$ 3,184,675 | \$ 2,109,579 | \$ 3,299,294 | \$ 2,315,409 |
| Support Services: | | | | |
| Pupil & Instructional Staff | 855,816 | 855,816 | 829,447 | 829,447 |
| General, School & Business Admin | 665,023 | 665,023 | 588,145 | 588,145 |
| Operation & Maintenance of Facilities | 410,362 | 410,362 | 376,147 | 376,147 |
| Pupil Transportation | - | - | 22,318 | 22,318 |
| Student Activities | 11,328 | (165) | - | - |
| Other | 216,070 | 216,070 | 162,634 | 162,634 |
| Total Expenses | <u>5,343,274</u> | <u>4,256,685</u> | <u>5,277,985</u> | <u>4,294,100</u> |

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

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

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

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

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

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

Other includes Special School expenses.

The School District's Funds

Information about the School District's major funds is included in the 2020-21 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and transfers of \$7,358,579 and expenditures of \$4,878,238 as demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2021, and the amount and percentage of increases and decreases in relation to prior year revenues.

| | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) From 19/20</u> | <u>Percent Change</u> |
|-----------------|---------------------|-----------------------------|--|---------------------------|
| Local Sources | \$ 4,416,806 | 88.7% | \$ 1,442,210 | 48.5% |
| State Sources | 544,665 | 10.9% | 143,354 | 35.7% |
| Federal Sources | 18,068 | 0.4% | 18,068 | N/A |
| Total Revenues | <u>\$ 4,979,539</u> | <u>100.0%</u> | <u>\$ 1,603,632</u> | <u>47.5%</u> |

The increase in Local Sources is due to an increase in the number of enrolled students and tuition.

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

The increase in Federal Sources is due to CARES funding received during the year.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2021.

| | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) From 19/20</u> | <u>Percent Change</u> |
|----------------------------|---------------------|-----------------------------|--|---------------------------|
| Instruction | \$ 1,686,916 | 34.6% | \$ 920,310 | 120.0% |
| Undistributed Expenditures | 3,191,322 | 65.4% | 740,097 | 30.2% |
| Total Expenses | <u>\$ 4,878,238</u> | <u>100.0%</u> | <u>\$ 1,660,407</u> | <u>51.6%</u> |

The increase in Current - Instruction is related to a increase in expenditures on salaries, supplies and other services.

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

General Fund Budgeting Highlights

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

General Fund Budgeting Highlights (continued)

During the course of the fiscal year 2021, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

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

While the School District's final budget for the General Fund anticipated utilizing surplus funds of \$286,000, the actual results for the year show a \$1,766,867 increase in surplus funds as of June 30, 2021.

Capital Assets

At the end of the fiscal year 2021, the School District had no capital assets.

Debt Administration

At June 30, 2021, the School District had no outstanding debt.

For the Future

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

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

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

Contacting the School District's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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BAYSHORE JOINTURE COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2021

| ASSETS | GOVERNMENTAL ACTIVITIES | TOTAL |
|--|------------------------------------|--------------|
| Cash & Cash Equivalents | \$ 4,229,449 | \$ 4,229,449 |
| Receivables - Other, Net (Note 3) | 80,762 | 80,762 |
| | | |
| Total Assets | 4,310,211 | 4,310,211 |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Deferred Outflows Related to Pensions (Note 7) | 455,319 | 455,319 |
| | | |
| Total Deferred Outflow of Resources | 455,319 | 455,319 |
| | | |
| Total Assets and Deferred Outflow of Resources | 4,765,530 | 4,765,530 |
| LIABILITIES | | |
| Accounts Payable | 19,900 | 19,900 |
| Payroll Deductions & Withholdings | 13,673 | 13,673 |
| Unearned Revenue | 8,932 | 8,932 |
| Due to Other Governments | 110,000 | 110,000 |
| Noncurrent Liabilities (Note 6): | | |
| Due Beyond One Year | 1,536,832 | 1,536,832 |
| | | |
| Total Liabilities | 1,689,337 | 1,689,337 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Inflows of Related to Pensions (Note 7) | 978,449 | 978,449 |
| | | |
| Total Deferred Inflows of Resources | 978,449 | 978,449 |
| NET POSITION | | |
| Restricted For: | | |
| Student Activities | 23,019 | 23,019 |
| Unrestricted | 2,074,725 | 2,074,725 |
| | | |
| Total Net Position | \$ 2,097,744 | \$ 2,097,744 |
| | | |

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

**BAYSHORE JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | |
|--|---------------------|----------------------|--|-------------------------|---------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS & CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | TOTAL |
| Governmental Activities: | | | | | |
| Instruction: | | | | | |
| Special Education | \$ 3,157,860 | \$ - | \$ 1,066,214 | \$ (2,091,646) | \$ (2,091,646) |
| Other Special Instruction | 2,949 | - | 977 | (1,972) | (1,972) |
| Other Instruction | 23,865 | - | 7,905 | (15,960) | (15,960) |
| Support Services & Undistributed Costs: | | | | | |
| Health Services | 79,701 | - | - | (79,701) | (79,701) |
| Student & Instruction Related Services | 776,116 | - | - | (776,116) | (776,116) |
| School Administrative Services | 345,886 | - | - | (345,886) | (345,886) |
| Other Administrative Services | 319,136 | - | - | (319,136) | (319,136) |
| Student Activities | 11,328 | - | 11,493 | 165 | 165 |
| Plant Operations & Maintenance | 410,362 | - | - | (410,362) | (410,362) |
| Special Schools | 216,070 | - | - | (216,070) | (216,070) |
| Total Governmental Activities | 5,343,274 | - | 1,086,589 | (4,256,685) | (4,256,685) |
| Total Primary Government | \$ 5,343,274 | \$ - | \$ 1,086,589 | (4,256,685) | (4,256,685) |
| General Revenues: | | | | | |
| Tuition | | | | 4,302,739 | 4,302,739 |
| Miscellaneous Income | | | | 100,398 | 100,398 |
| Total General Revenues | | | | 4,403,137 | 4,403,137 |
| Change In Net Position | | | | 146,452 | 146,452 |
| Net Position - Beginning (As Restated, Note 15) | | | | 1,951,292 | 1,951,292 |
| Net Position - Ending | | | | \$ 2,097,744 | \$ 2,097,744 |

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

B. Fund Financial Statements

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Governmental Funds

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**BAYSHORE JOINTURE COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

| | GENERAL FUND | SPECIAL REVENUE FUND | <u>TOTAL</u> JUNE 30, 2021 |
|---|---------------------|----------------------------|----------------------------------|
| ASSETS | | | |
| Cash & Cash Equivalents | \$ 4,197,498 | \$ 31,951 | \$ 4,229,449 |
| Accounts Receivable: | | | |
| Other | 80,762 | - | 80,762 |
| | | | |
| Total Assets | <u>\$ 4,278,260</u> | <u>\$ 31,951</u> | <u>\$ 4,310,211</u> |
| LIABILITIES & FUND BALANCES | | | |
| Liabilities: | | | |
| Payroll Deductions & Withholdings Payable | \$ 13,673 | \$ - | \$ 13,673 |
| Unearned Revenues | - | 8,932 | 8,932 |
| Accounts Payable | 19,900 | - | 19,900 |
| | | | |
| Total Liabilities | <u>33,573</u> | <u>8,932</u> | <u>42,505</u> |
| Fund Balances: | | | |
| Restricted for: | | | |
| Student Activities Account | - | 23,019 | 23,019 |
| Committed for: | | | |
| Other Purposes | 24,943 | - | 24,943 |
| Assigned for: | | | |
| Designated for Subsequent Year's Expenditures | 286,000 | - | 286,000 |
| Unassigned | 3,933,744 | - | 3,933,744 |
| | | | |
| Total Fund Balances | <u>4,244,687</u> | <u>23,019</u> | <u>4,267,706</u> |
| Total Liabilities & Fund Balances | <u>\$ 4,278,260</u> | <u>\$ 31,951</u> | |
| Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because: | | | |
| Accrued Pension contributions for the June 30, 2021 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in Accounts Payable in the Government-Wide Statement of Net Position. | | | (110,000) |
| Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore are not reported in the funds. | | | |
| Deferred Outflows related to pensions | | | 455,319 |
| Deferred Inflows related to pensions | | | (978,449) |
| Long-term liabilities, including net pension liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. | | | <u>(1,536,832)</u> |
| Net Position of Governmental Activities | | | <u>\$ 2,097,744</u> |

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

**BAYSHORE JOINTURE COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2021**

| | GENERAL FUND | SPECIAL REVENUE FUND | TOTALS JUNE 30, 2021 |
|--|---------------------|----------------------------|----------------------------|
| Revenues: | | | |
| Local Sources: | | | |
| Tuition | \$ 4,302,739 | \$ - | \$ 4,302,739 |
| Miscellaneous | 100,398 | 13,669 | 114,067 |
| Total Local Sources | 4,403,137 | 13,669 | 4,416,806 |
| State Sources | 544,665 | - | 544,665 |
| Federal Sources | - | 18,068 | 18,068 |
| Total Revenues | 4,947,802 | 31,737 | 4,979,539 |
| Expenditures: | | | |
| Current Expense: | | | |
| Special Education Instruction | 1,652,468 | 20,244 | 1,672,712 |
| Other Special Instruction | 1,562 | - | 1,562 |
| Other Instruction | 12,641 | - | 12,641 |
| Support Services: | | | |
| Health Services | 63,126 | - | 63,126 |
| Student & Instruction Related Services | 614,719 | - | 614,719 |
| Educational Media Services/ School Administrative Services | 273,957 | - | 273,957 |
| Other Administrative Services | 252,770 | - | 252,770 |
| Student Activities | - | 8,972 | 8,972 |
| Plant Operations & Maintenance | 325,025 | - | 325,025 |
| Employee Benefits | 1,481,615 | - | 1,481,615 |
| Special Schools | 171,137 | - | 171,137 |
| Total Expenditures | 4,849,022 | 29,216 | 4,878,238 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | 98,780 | 2,521 | 101,301 |
| Other Financing Sources/(Uses): | | | |
| Transfers In/(Out) | 2,379,040 | - | 2,379,040 |
| Total Other Financing Sources/(Uses) | 2,379,040 | - | 2,379,040 |
| Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses | 2,477,820 | 2,521 | 2,480,341 |
| Fund Balance, July 1 (As Restated, Note 15) | 1,766,867 | 20,498 | 1,787,365 |
| Fund Balance - June 30 | \$ 4,244,687 | \$ 23,019 | \$ 4,267,706 |

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

**BAYSHORE JOINTURE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| | |
|---|--------------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 2,480,341 |
| Amounts reported for governmental activities in the Statement of Activities (A-2) are different because: | |
| Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. | 47,986 |
| In the statement of activities, internal service fund revenue and expenses are reported as a governmental activity. However, they are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds (from B-5) | (2,379,040) |
| In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-), when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). | <u>(2,835)</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 146,452</u></u> |

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

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Proprietary Funds

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**BAYSHORE JOINTURE COMMISSION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

| ASSETS | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS | | TOTAL |
|-------------------------------|---|-------------------|------------------|
| | ADDITIONAL SERVICES | DISTRICT AIDES | JUNE 30, 2021 |
| Current Assets: | | | |
| Cash & Cash Equivalents | \$ - | \$ - | \$ - |
| Intergovernmental Receivables | - | - | - |
| | | | |
| Total Current Assets | - | - | - |
| | | | |
| Total Assets | - | - | - |
| | | | |
| NET POSITION | | | |
| Unrestricted | - | - | - |
| | | | |
| Total Net Position | \$ - | \$ - | \$ - |
| | | | |

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

**BAYSHORE JOINTURE COMMISSION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

| | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS | | TOTAL |
|--|---|-------------------|------------------|
| | ADDITIONAL SERVICES | DISTRICT AIDES | JUNE 30, 2021 |
| Nonoperating Revenues/(Expenses): | | | |
| Transfer to General Fund | \$ (617,552) | \$ (1,761,488) | \$ (2,379,040) |
| Total Nonoperating Revenues/(Expenses) | (617,552) | (1,761,488) | (2,379,040) |
| Change in Net Position | (617,552) | (1,761,488) | (2,379,040) |
| Total Net Position - Beginning | 617,552 | 1,761,488 | 2,379,040 |
| Total Net Position - Ending | \$ - | \$ - | \$ - |

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

**BAYSHORE JOINTURE COMMISSION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

| | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS | | TOTAL |
|--|---|-------------------|------------------|
| | ADDITIONAL SERVICES | DISTRICT AIDES | JUNE 30, 2021 |
| Cash Flows From Operating Activities: | | | |
| Receipts from Customers | \$ - | \$ 12,600 | \$ 12,600 |
| Net Cash Flows From Operating Activities | - | 12,600 | 12,600 |
| Net Change in Cash & Cash Equivalents | - | 12,600 | 12,600 |
| Cash & Cash Equivalents, July 1 | 617,552 | 1,748,888 | 2,366,440 |
| Other Financing Sources/(Uses) | | | |
| Transfer to General Fund | (617,552) | (1,761,488) | (2,379,040) |
| Cash & Cash Equivalents, June 30 | \$ - | \$ - | \$ - |

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

| | | | |
|---|--------------|----------------|---------------|
| Operating Income | \$ (617,552) | \$ (1,761,488) | \$(2,379,040) |
| Adjustments to Reconcile Operating Income to Net Cash Cash Flows Operating Activities: | | | |
| Depreciation Expense | | | - |
| Transfer to General Fund | 617,552 | 1,761,488 | 2,379,040 |
| Prior Period Adjustment | | | - |
| Change in Assets & Liabilities: | | | |
| (Increase)/Decrease in Accounts Receivable | - | 12,600 | 12,600 |
| Net Cash Flows From Operating Activities | \$ - | \$ 12,600 | \$ 12,600 |

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

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Fiduciary Fund
Not Applicable

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BAYSHORE JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

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

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

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

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

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14* and GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan- an Amendment of GASB Statements No. 14 and No. 84*. The School District had no component units as of for the year ended June 30, 2021.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements (continued)

revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

The School District reports the following major governmental funds:

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

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

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements (continued)

improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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

Proprietary Fund Financial Statements

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

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

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

The School District reports the following major proprietary funds:

Internal Service Fund – The Internal Service fund accounts for the financial transactions related to the District Personal Aides and Additional Services of the School District. Effective July 1, 2020, Management has made the decision to close the Internal Service Fund in favor of recording the activity within the General Fund.

Fiduciary Fund Financial Statements

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

The School District reports no Fiduciary Funds.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control

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

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

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

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

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

Encumbrances

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

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Encumbrances (continued)

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

Cash, Cash Equivalents and Investments

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

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

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

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

Tuition Receivable/Payable

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

Interfund Receivables/Payables

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets

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

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

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

Compensated Absences

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Accrued Liabilities and Long-Term Obligations (continued)

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Pensions

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

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

Net Position

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

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

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

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and December 16, 2021, the date the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2021:

For the year June 30, 2021 the District implemented GASB Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. See Note 15 for additional information.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Districts' financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Districts' financial statements.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Adopted Accounting Pronouncements (continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Requirements of this pronouncement related to section 1, paragraph 4 are effective immediately. All other requirements will be effective for reporting periods beginning June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Districts' financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases in addition to identifying appropriate benchmark interest rates for hedging derivative instruments. Requirements of this pronouncement related to paragraph 11b will be effective for reporting periods ending after December 31, 2021, and requirements related to paragraphs 13 and 14 will be effective for fiscal years beginning after June 15, 2021.

Management has not yet determined the potential impact of these statements on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSIA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2021, the School District's bank balance of \$4,270,321 was exposed to custodial credit risk as follows:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 2. Deposits and Investments (continued)

Deposits

| | | |
|--------------------------------|----|-------------------------|
| Insured under FDIC and GUDPA | \$ | 4,233,534 |
| Uninsured and Uncollateralized | | <u>36,787</u> |
| | \$ | <u><u>4,270,321</u></u> |

Investments

The School District had no investments at June 30, 2021.

Note 3. Accounts Receivable

Accounts receivable at June 30, 2021 consisted of intergovernmental accounts open for tuition services rendered. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities.

Accounts receivable in the School District’s governmental activities as of June 30, 2021, consisted of the following:

| <u>Description</u> | <u>Governmental Funds</u> | |
|--------------------|---------------------------|--------------------------------------|
| | <u>General Fund</u> | <u>Total Governmental Activities</u> |
| Tuition | \$ 80,762 | \$ 80,762 |
| Total | \$ <u>80,762</u> | \$ <u>80,762</u> |

Note 4. Capital Assets

The School District had no capital assets at June 30, 2021.

Note 5. Interfund Receivables, Payables and Transfers

There were no interfund receivables/payables balances at June 30, 2021.

A summary of interfund transfers is as follows:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 5. Interfund Receivables, Payables and Transfers (continued)

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------|---------------------|----------------------|
| General Fund | \$ 2,379,040 | \$ - |
| Internal Service Fund | <u>-</u> | <u>2,379,040</u> |
| | <u>\$ 2,379,040</u> | <u>\$ 2,379,040</u> |

Note 6. Long-Term Obligations

During the fiscal year-ended June 30, 2020 the following changes occurred in long-term obligations for the governmental and business-type activities:

| | <u>Balance July 1, 2020</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2021</u> | <u>Balance Due Within One Year</u> |
|--------------------------|---------------------------------|------------------|-------------------|----------------------------------|--|
| Governmental Activities: | | | | | |
| Compensated Absences | \$ 8,873 | \$ 2,835 | \$ - | \$ 11,708 | \$ - |
| Net Pension Liability | <u>1,812,638</u> | <u>-</u> | <u>287,514</u> | <u>1,525,124</u> | <u>-</u> |
| | <u>\$ 1,821,511</u> | <u>\$ 2,835</u> | <u>\$ 287,514</u> | <u>\$ 1,536,832</u> | <u>\$ -</u> |

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

Bonds Authorized but not Issued

As of June 30, 2021, the School District had no bonds authorized but not issued.

Note 7. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 7. Pension Plans (continued)

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

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

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

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2021, the School District reported a liability of \$1,525,124 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The School District's proportion measured as of June 30, 2020, was .0093523507%, which was a decrease of .0007075293% from its proportion measured as of June 30, 2019.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$58,362 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date.

At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between Expected and Actual Experience | \$ 27,770 | \$ 5,393 |
| Changes of Assumptions | 49,477 | 638,584 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 52,130 | - |
| Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions | 215,942 | 334,472 |
| School District contributions subsequent to measurement date | <u>110,000</u> | <u>-</u> |
| | <u>\$ 455,319</u> | <u>\$ 978,449</u> |

\$110,000 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2020-2021 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

| Year Ending | |
|------------------------|----------------------|
| <u>June 30,</u> | <u>Amount</u> |
| 2022 | \$ (201,417) |
| 2023 | (194,229) |
| 2024 | (131,045) |
| 2025 | (92,775) |
| 2026 | <u>(13,664)</u> |
| | <u>\$ (633,130)</u> |

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

| | Deferred Outflow of <u>Resources</u> | Deferred Inflow of <u>Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | 5.63 | - |
| June 30, 2019 | 5.21 | - |
| June 30, 2020 | 5.16 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| June 30, 2019 | - | 5.21 |
| June 30, 2020 | - | 5.16 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 5.00 | - |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |
| June 30, 2019 | 5.21 | 5.21 |
| June 30, 2020 | 5.16 | 5.16 |

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

Actuarial Assumptions – 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 assumptions:

| | |
|--------------------------------|---|
| Inflation | |
| 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% |
| Mortality Rate Table | |
| PERS | Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020 |
| Period of Actuarial Experience | |
| Study upon which Actuarial | |
| Assumptions were Based | July 1, 2014 - June 30, 2018 |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median 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. It is likely that future experience will not exactly conform to these assumptions. To the extent actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

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 Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| Private Credit | 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% |
| | <u>100.00%</u> | |

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 will be made 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 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.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

| | 1% Decrease <u>(6.00%)</u> | Current Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|--|---|---|---|
| District's Proportionate Share of the Net Pension Liability | \$ 1,934,973 | \$ 1,525,124 | \$ 1,199,524 |

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

| | <u>6/30/2021</u> | <u>6/30/2020</u> |
|---|------------------|------------------|
| Collective Deferred Outflows of Resources | \$ 2,347,583,337 | \$ 3,149,522,616 |
| Collective Deferred Inflows of Resources | 7,849,949,467 | 7,645,087,574 |
| Collective Net Pension Liability | 16,435,616,426 | 18,143,832,135 |
| School District's portion | 0.00935% | 0.01006% |

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

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 |

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 7. Pension Plans (continued)

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal year 2018. 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.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2021 was \$6,632,792. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was .0100727610%, which was an increase of .0003071271% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized a pension expense in the amount of \$412,455 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2020 measurement date.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

Actuarial Assumptions – 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% |

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. 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.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

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 Markets Equity | 13.50% | 8.57% |
| Emerging Markets 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% |
| | 100.00% | |

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.40% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

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

| | 1% Decrease <u>(4.40%)</u> | Current Discount Rate <u>(5.40%)</u> | 1% Increase <u>(6.40%)</u> |
|--|---|---|---|
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District | <u>\$ 7,790,991</u> | <u>\$ 6,632,792</u> | <u>\$ 5,671,102</u> |

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

| | <u>6/30/2021</u> | <u>6/30/2020</u> |
|---|------------------|-------------------|
| Collective Deferred Outflows of Resources | \$ 9,626,548,228 | \$ 10,129,162,237 |
| Collective Deferred Inflows of Resources | 14,591,988,841 | 17,736,240,054 |
| Collective Net Pension Liability | 65,993,498,688 | 61,519,112,443 |
| District's portion | 0.01007% | 0.00977% |

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Pension Plans (continued)

C. Defined Contribution Retirement Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

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

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

For the year ended June 30, 2021, employee contributions totaled \$217 and the School District recognized an expense for payments made to the Defined Contributions Retirement Plan in the amount of \$118.

BAYSHORE JOINTURE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Other Post-Retirement Benefits

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other post-employment obligations for the year ended June 30, 2020. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2019.

General Information about the OPEB Plan

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

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

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

Basis of Presentation

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)**

Note 8. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | | | |
|-----------------------|--|--|-----------------------------------|
| Inflation Rate | 2.50% | | |
| | <u>TPAF/ABP</u> | <u>PERS</u> | <u>PFRS</u> |
| Salary Increases: | | | |
| Through 2026 | 1.55 - 3.05% based on years of service | 2.00 - 6.00% based on years of service | 3.25 - 15.25% based on age |
| Thereafter | 1.55 - 3.05% based on years of service | 3.00 - 7.00% based on years of service | Applied to all future years |

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 the Scale MP-2019. Postretirement mortality rates were based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 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, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$3,139,558.00. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.00674251103035517%, which was an increase of 0.000781158% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$535,480.00 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)**

Note 8. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. 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.

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

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2019 | | |
|--|--------------------------|----------------------------|--------------------------|
| | At 1% Decrease (2.5%) | At Discount Rate (3.5%) | At 1% Increase (4.5%) |
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District | \$ 3,709,059 | \$ 3,139,558 | \$ 2,687,178 |
| State of New Jersey's Total Nonemployer OPEB Liability | \$ 49,298,534,898 | \$ 41,729,081,045 | \$ 35,716,321,820 |

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)**

Note 8. Other Post-Retirement Benefits (continued)

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

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2019 | | |
|--|----------------------|---------------------------------|-------------------|
| | 1% Decrease | Healthcare Cost Trend Rate * | 1% Increase |
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District | \$ 2,867,518 | \$ 3,139,558 | \$ 4,265,009 |
| State of New Jersey's Total Nonemployer OPEB Liability | \$ 38,113,289,045 | \$ 41,729,081,045 | \$ 56,687,891,003 |

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences Between Expected & Actual Experience | \$ - | \$ (10,484,965,300) |
| Change in Assumptions | - | (8,481,529,343) |
| Contributions Made in Fiscal Year Year Ending 2019 After June 30, 2018 Measurement Date ** | TBD | - |
| | <u>\$ -</u> | <u>\$ (18,966,494,643)</u> |

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)**

Note 8. Other Post-Retirement Benefits (continued)

Additional Information (continued):

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

| Fiscal Year Ending June 30, | |
|--------------------------------|----------------------------|
| 2020 | \$ (2,546,527,182) |
| 2021 | (2,546,527,182) |
| 2022 | (2,546,527,182) |
| 2023 | (2,546,527,182) |
| 2024 | (2,546,527,182) |
| Thereafter | <u>(6,233,858,733)</u> |
| | <u>\$ (18,966,494,643)</u> |

** Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

| | <u>June 30, 2018</u> |
|--|----------------------|
| Active Plan Members | 216,892 |
| Inactive Plan Members or Beneficiaries | |
| Currently Receiving Benefits | <u>148,051</u> |
| | <u>364,943</u> |

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

| | |
|---|--------------------------|
| Total OPEB Liability | |
| Service Cost | \$ 1,734,404,850 |
| Interest Cost | 1,827,787,206 |
| Difference Between Expected & Actual Experience | (7,323,140,818) |
| Changes of Assumptions | 622,184,027 |
| Contributions: Member | 37,971,171 |
| Gross Benefit Payments | <u>(1,280,958,373)</u> |
| Net Change in Total OPEB Liability | (4,381,751,937) |
| Total OPEB Liability (Beginning) | <u>46,110,832,982</u> |
| Total OPEB Liability (Ending) | <u>\$ 41,729,081,045</u> |
| Total Covered Employee Payroll | 13,929,083,479 |
| Net OPEB Liability as a Percentage of Payroll | 300% |

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2021, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$333,298, \$106,323, \$104,450 and \$594, respectively.

Note 10. Risk Management

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

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

Note 11. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

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

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 12. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2021, the liability for compensated absences reported on the government-wide Statement of Net Position was \$11,708. As of June 30, 2021 there was no liability for compensated absences in proprietary fund types.

Note 13. Commitments

The School District has contractual commitments at June 30, 2021 to various vendors, which are recorded in the general fund as committed to other purposes in the amount of \$24,943.

Note 14. Fund Balances

General Fund – Of the \$4,244,687 General Fund fund balance at June 30, 2021, \$24,943 has been committed to other purposes, \$286,000 has been assigned – designated for subsequent year’s expenditures, and \$3,933,744 has been unassigned.

Special Revenue Fund – Of the \$23,019 Special Revenue Fund fund balance at June 30, 2021, \$23,019 is restricted for student activities expenditures.

BAYSHORE JOINTURE COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 15: 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 | \$ 1,930,794.00 |
| Prior Period Adjustment- Implementation of GASB 84: | |
| Restricted Fund Balance-Student Activities | <u>20,498.00</u> |
| Total Prior Period Adjustment | <u>20,498.00</u> |
| Net Position as restated, July 1, 2020 | <u><u>\$ 1,951,292.00</u></u> |

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

| | |
|---|---------------------------------|
| | Special Revenue Fund |
| Fund Balance as previously reported at June 30, 2020 | \$ - |
| Prior Period Adjustment- Implementation of GASB 84: | |
| Restricted Fund Balance-Student Activities | <u>20,498.00</u> |
| Total Prior Period Adjustment | <u>20,498.00</u> |
| Fund Balance as restated, July 1, 2020 | <u><u>\$ 20,498.00</u></u> |

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| ACCOUNT NUMBER | JUNE 30, 2021 | | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | |
|---|-----------------|------------------|---------------|------------------|---|------------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | | |
| Revenues: | | | | | | |
| Local Sources: | | | | | | |
| Tuition | 10-1300 | \$ 4,619,000 | \$ - | \$ 4,619,000 | 4,302,738 | \$ (316,262) |
| Miscellaneous | 10-1990 | 20,000 | - | 20,000 | 100,398 | 80,398 |
| Total Local Sources | | 4,639,000 | - | 4,639,000 | 4,403,136 | (235,864) |
| State Sources: | | | | | | |
| Nonbudgeted: | | | | | | |
| On-Behalf TPAF: | | | | | | |
| Post-Retirement Medical Contributions | | - | - | - | 104,450 | 104,450 |
| Normal Pension Contributions | | - | - | - | 333,298 | 333,298 |
| Long-Term Disability Insurance | | - | - | - | 594 | 594 |
| Reimbursed TPAF Social Security | | - | - | - | 106,323 | 106,323 |
| Total State Sources | | - | - | - | 544,665 | 544,665 |
| Total Revenues | | 4,639,000 | - | 4,639,000 | 4,947,802 | 308,802 |
| Expenditures: | | | | | | |
| Current Expense: | | | | | | |
| Autism: | | | | | | |
| Salaries of Teachers | 11-214-100-101 | 845,485 | 24,610 | 870,095 | 805,264 | 64,831 |
| Other Salaries for Instruction | 11-214-100-106 | 795,000 | 62,336 | 857,336 | 804,086 | 53,250 |
| Purchased Technical Services | 11-214-100-340 | 500 | 10,000 | 10,500 | 3,546 | 6,954 |
| General Supplies | 11-214-100-610 | 34,153 | 10,000 | 44,153 | 27,221 | 16,932 |
| Textbooks | 11-214-100-640 | 13,700 | - | 13,700 | 12,039 | 1,661 |
| Other Objects | 11-214-100-891 | 13,500 | (10,000) | 3,500 | 312 | 3,188 |
| Total Autism | | 1,702,338 | 96,946 | 1,799,284 | 1,652,468 | 146,816 |
| Total Special Education | | 1,702,338 | 96,946 | 1,799,284 | 1,652,468 | 146,816 |
| Vocational Programs - Local - Instruction: | | | | | | |
| General Supplies | 11-301-100-610 | 2,500 | - | 2,500 | 1,562 | 938 |
| Total Vocational Programs - Local - Instruction | | 2,500 | - | 2,500 | 1,562 | 938 |
| School Sponsored Cocurricular Activities: | | | | | | |
| Supplies and Materials | 11-401-100-600 | 5,500 | - | 5,500 | 4,397 | 1,103 |
| Total School Sponsored Cocurricular - Activities | | 5,500 | - | 5,500 | 4,397 | 1,103 |
| Total - Instruction | | 1,710,338 | 96,946 | 1,807,284 | 1,658,428 | 148,856 |
| Undistributed Expenditures | | | | | | |
| Instruction: | | | | | | |
| Tuition to Other LEAs Within State | | | | | | |
| Regular | 11-000-100-561 | - | 8,244 | 8,244 | 8,244 | - |
| Total Undistributed Expenditures - Instruction | | - | 8,244 | 8,244 | 8,244 | - |
| Health Services: | | | | | | |
| Salaries | 11-000-213-100 | 58,550 | 2,125 | 60,675 | 57,675 | 3,000 |
| Purchased Professional & Technical Services | 11-000-213-300 | 17,000 | (2,000) | 15,000 | 3,000 | 12,000 |
| Supplies and Materials | 11-000-213-600 | 2,500 | 2,000 | 4,500 | 2,451 | 2,049 |
| Total Health Services | | 78,050 | 2,125 | 80,175 | 63,126 | 17,049 |

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | ACCOUNT NUMBER | JUNE 30, 2021 | | | ACTUAL | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|---|-------------------|--------------------|---------------------|-----------------|----------------|---|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | | |
| Other Support Services - Students - Related Services: | | | | | | |
| Salaries | 11-000-216-100 | 174,950 | - | 174,950 | 165,660 | 9,290 |
| Purchased Professional - Educational Services | 11-000-216-320 | 331,143 | - | 331,143 | 231,865 | 99,278 |
| Supplies and Materials | 11-000-216-600 | 3,500 | - | 3,500 | 1,981 | 1,519 |
| Total Other Support Services - Students - Related Services | | 509,593 | - | 509,593 | 399,506 | 110,087 |
| Other Support Services - Guidance - Extraordinary Services: | | | | | | |
| Salaries | 11-000-217-100 | 114,692 | 31,492 | 146,184 | 146,184 | - |
| Total Other Support Services - Students - Extraordinary Services | | 114,692 | 31,492 | 146,184 | 146,184 | - |
| Other Support Services - Students - Regular: | | | | | | |
| Salaries of Other Professional Staff | 11-000-218-104 | 62,761 | - | 62,761 | 60,635 | 2,126 |
| Total Other Support Services - Students - Regular | | 62,761 | - | 62,761 | 60,635 | 2,126 |
| Instructional Staff Training Services: | | | | | | |
| Purchased Professional - Educational Services | 11-000-223-320 | 97,000 | (32,032) | 64,968 | 7,800 | 57,168 |
| Other Purchased Services | 11-000-223-500 | 4,000 | - | 4,000 | 593 | 3,407 |
| Total Instructional Staff Training Services | | 101,000 | (32,032) | 68,968 | 8,393 | 60,575 |
| Support Services General Administration: | | | | | | |
| Salaries | 11-000-230-100 | 54,700 | 500 | 55,200 | 55,200 | - |
| Legal Services | 11-000-230-331 | 23,620 | - | 23,620 | 9,065 | 14,555 |
| Audit Services | 11-000-230-332 | 15,000 | - | 15,000 | 12,079 | 2,921 |
| Other Purchased Professional Services | 11-000-230-339 | 31,000 | (1,000) | 30,000 | 26,508 | 3,492 |
| Purchased Technical Services | 11-000-230-340 | 7,000 | - | 7,000 | 6,252 | 748 |
| Communications / Telephone | 11-000-230-530 | 6,500 | (4,000) | 2,500 | 1,920 | 580 |
| BOE Other Purchased Services | 11-000-230-585 | 1,500 | (1,500) | - | - | - |
| Other Purchased Services (400-500 Series) | 11-000-230-590 | 9,000 | 7,500 | 16,500 | 9,395 | 7,105 |
| Miscellaneous Expenditures | 11-000-230-890 | 2,500 | - | 2,500 | 356 | 2,144 |
| BOE Membership Dues & Fees | 11-000-230-895 | 1,600 | - | 1,600 | 213 | 1,387 |
| Total Support Services General Administration | | 152,420 | 1,500 | 153,920 | 120,988 | 32,932 |
| Support Services School Administration: | | | | | | |
| Salaries of Principals & Assistant Principals | 11-000-240-103 | 231,800 | 900 | 232,700 | 232,700 | - |
| Salaries of Secretarial & Clerical Assistants | 11-000-240-105 | 37,200 | 300 | 37,500 | 37,500 | - |
| Supplies and Materials | 11-000-240-600 | 4,500 | - | 4,500 | 1,811 | 2,689 |
| Other Objects | 11-000-240-800 | 3,500 | - | 3,500 | 1,947 | 1,553 |
| Total Support Services School Administration | | 277,000 | 1,200 | 278,200 | 273,958 | 4,242 |

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| ACCOUNT NUMBER | JUNE 30, 2021 | | | | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL | |
|--|-----------------|------------------|-----------------|------------------|---|-----------------|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | | |
| Central Services: | | | | | | |
| Salaries | 11-000-251-100 | - | 76,975 | 76,975 | 76,500 | 475 |
| Purchased Professional Services | 11-000-251-330 | 75,000 | (75,000) | - | - | - |
| Purchased Technical Services | 11-000-251-340 | 15,000 | 1,958 | 16,958 | 16,110 | 848 |
| Supplies and Materials | 11-000-251-600 | 2,000 | - | 2,000 | 1,326 | 674 |
| Miscellaneous Expenditures | 11-000-251-890 | 2,000 | 1,725 | 3,725 | 3,595 | 130 |
| Total Central Services | | 94,000 | 5,658 | 99,658 | 97,531 | 2,127 |
| Administration Information Technology: | | | | | | |
| Purchased Technical Services | 11-000-252-340 | 35,000 | (1,725) | 33,275 | 8,414 | 24,861 |
| Supplies and Materials | 11-000-252-600 | 17,500 | 15,722 | 33,222 | 25,837 | 7,385 |
| Total Administration Information Technology | | 52,500 | 13,997 | 66,497 | 34,251 | 32,246 |
| Other Operation & Maintenance of Plant: | | | | | | |
| Cleaning, Repair & Maintenance Services | 11-000-262-420 | 1,000 | - | 1,000 | 616 | 384 |
| Rental of Land & Building | 11-000-262-441 | 328,109 | (2,000) | 326,109 | 317,051 | 9,058 |
| Insurance | 11-000-262-520 | 5,000 | - | 5,000 | 4,031 | 969 |
| General Supplies | 11-000-262-610 | 12,000 | - | 12,000 | 3,327 | 8,673 |
| Total Other Operation & Maintenance of Plant | | 346,109 | (2,000) | 344,109 | 325,025 | 19,084 |
| Student Transportation Services: | | | | | | |
| Contracted Services (Other Than Between Home & School) - Vendors | 11-000-270-512 | 51,000 | (19,000) | 32,000 | - | 32,000 |
| Total Student Transportation Services | | 51,000 | (19,000) | 32,000 | - | 32,000 |
| Unallocated Benefits - Employee Benefits: | | | | | | |
| Group Insurance | 11-000-291-210 | 43,000 | (2,722) | 40,278 | 28,549 | 11,729 |
| Social Security | 11-000-291-220 | 90,000 | - | 90,000 | 86,469 | 3,531 |
| Other Retirement Contributions - PERS | 11-000-291-241 | 120,000 | (8,245) | 111,756 | 105,049 | 6,707 |
| Unemployment Compensation | 11-000-291-250 | 30,000 | - | 30,000 | 3,706 | 26,294 |
| Workmen's Compensation | 11-000-291-260 | 50,000 | - | 50,000 | 45,774 | 4,226 |
| Health Benefits | 11-000-291-270 | 795,000 | (60,874) | 734,126 | 638,029 | 96,097 |
| Tuition Reimbursements | 11-000-291-280 | 16,000 | - | 16,000 | - | 16,000 |
| Other Employee Benefits | 11-000-291-290 | 9,000 | 22,374 | 31,374 | 29,373 | 2,000 |
| Total Unallocated Benefits | | 1,153,000 | (49,466) | 1,103,534 | 936,950 | 166,584 |
| Nonbudgeted: | | | | | | |
| On-Behalf TPAF: | | | | | | |
| Post-Retirement Medical Contributions | | - | - | - | 104,450 | (104,450) |
| Normal Pension Contributions | | - | - | - | 333,298 | (333,298) |
| Long-Term Disability Insurance | | - | - | - | 594 | (594) |
| Reimbursed TPAF Social Security | | - | - | - | 106,323 | (106,323) |
| Total Undistributed Expenditures | | 2,992,125 | (38,283) | 2,953,841 | 3,019,457 | (65,616) |
| Total Expenditures - Current Expense | | 4,702,463 | 58,663 | 4,761,125 | 4,677,885 | 83,240 |

**BAYSHORE JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | ACCOUNT NUMBER | JUNE 30, 2021 | | | ACTUAL | POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|--|-------------------|--------------------|---------------------|-----------------|--------------|---|
| | | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | | |
| Special Schools | | | | | | |
| Summer School - Instruction: | | | | | | |
| Instruction: | | | | | | |
| Salaries | 13-422-100-101 | 90,000 | (19,180) | 70,820 | 70,820 | - |
| Other Salaries for Instruction | 13-422-100-106 | 70,000 | (13,667) | 56,333 | 56,333 | - |
| General Supplies | 13-422-100-610 | 3,500 | (594) | 2,906 | 2,906 | - |
| Support Services | | | | | | |
| Salaries | 13-422-200-100 | 9,000 | 9,260 | 18,260 | 18,260 | - |
| Purchased Professional and Technical Serv | 13-422-200-300 | 52,500 | (29,683) | 22,817 | 22,817 | - |
| Other Purchased Services | 13-422-200-500 | 4,800 | (4,800) | - | - | - |
| Total Special Schools | | 229,800 | (58,663) | 171,137 | 171,137 | - |
| Total Expenditures | | 4,932,263 | - | 4,932,262 | 4,849,022 | 83,240 |
| Excess/(Deficiency) of Revenues Over/(Under) | | | | | | |
| Expenditures Before Other Financing Sources/(Uses) | | (293,263) | - | (293,262) | 98,780 | 392,042 |
| Other Financing Sources/(Uses): | | | | | | |
| Operating Transfers In: | | | | | | |
| Transfer from Internal Service Fund: | | - | - | - | 2,379,040 | - |
| Total Other Financing Sources/(Uses) | | - | - | - | 2,379,040 | - |
| Excess/(Deficiency) of Revenues Over/(Under) | | | | | | |
| Expenditures After Other Financing Sources/(Uses) | | (293,263) | - | (293,262) | 2,477,820 | 392,042 |
| Fund Balances, July 1 (As restated) | | 1,766,867 | - | 1,766,867 | 1,766,867 | - |
| Fund Balances, June 30 | | \$ 1,473,605 | \$ - | \$ 1,473,605 | \$ 4,244,687 | \$ 392,042 |

RECAPITULATION OF FUND BALANCE

| | | |
|--|--|---------------------|
| Committed Fund Balance: | | |
| Year-End Encumbrances | | \$ 24,943 |
| Assigned Fund Balance: | | |
| Designated for Subsequent Year's Expenditures | | 286,000 |
| Unassigned Fund Balance | | 3,933,744 |
| Total Fund Balance per Governmental Funds (GAAP) | | <u>\$ 4,244,687</u> |

**BAYSHORE JOINTURE COMMISSION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2021**

| | JUNE 30, 2021 | | | | VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL |
|---|--------------------|---------------------|------------------|------------------|---|
| | ORIGINAL BUDGET | BUDGET TRANSFERS | FINAL BUDGET | ACTUAL | |
| REVENUES | | | | | |
| Local Sources | \$ - | \$ 13,669 | \$ 13,669 | \$ 13,669 | \$ - |
| Federal Sources | - | 27,000 | 27,000 | 27,000 | - |
| Total Revenues | - | 40,669 | 40,669 | 40,669 | - |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| General Supplies | | 29,176 | 29,176 | 29,176 | - |
| Total Instruction | - | 29,176 | 29,176 | 29,176 | - |
| Support Services: | | | | | |
| Student Activities | - | 11,493 | 11,493 | 8,972 | 2,521 |
| Total Support Services | - | 11,493 | 11,493 | 8,972 | 2,521 |
| Total Expenditures | - | 40,669 | 40,669 | 38,148 | 2,521 |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | - | - | - | 2,521 | 2,521 |
| Fund Balance, July 1 (As Restated) | 20,498 | - | 20,498 | 20,498 | - |
| Fund Balance, June 30 | <u>\$ 20,498</u> | <u>\$ -</u> | <u>\$ 20,498</u> | <u>\$ 23,019</u> | <u>\$ 2,521</u> |

RECAPITULATION OF FUND BALANCE

| | |
|--------------------|-------------------------|
| Restricted: | |
| Student Activities | <u>\$ 23,019</u> |
| Total Fund Balance | <u><u>\$ 23,019</u></u> |

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BAYSHORE JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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

| | GENERAL FUND | SPECIAL REVENUE FUND |
|---|-----------------|----------------------------|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" | | |
| From the Budgetary Comparison Schedule (C-Series) | \$ 4,947,802 | \$ 40,669 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| Current Year | - | (8,932) |
| Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2) | \$ 4,947,802 | \$ 31,737 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | \$ 4,849,023 | \$ 38,148 |
| Differences - budget to GAAP | | |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. | - | (8,932) |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2) | \$ 4,849,023 | \$ 29,216 |

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| School District's Proportion of the Net Pension Liability | 0.00935235% | 0.01005988% | 0.01060405% | 0.00876474% | 0.01097440% | 0.00988436% | 0.00805145% | 0.00779000% |
| School District's Proportionate Share of the Net Pension Liability | \$ 1,525,124 | \$ 1,812,638 | \$ 2,087,884 | \$ 2,040,292 | \$ 3,250,302 | \$ 2,218,841 | \$ 1,507,452 | \$ 1,489,685 |
| School District's Covered Payroll | \$ 734,212 | \$ 643,034 | \$ 682,195 | \$ 636,852 | \$ 582,344 | \$ 695,441 | \$ 534,371 | N/A |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll | 207.72% | 281.89% | 306.05% | 320.37% | 558.14% | 319.06% | 282.10% | N/A |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 56.27% | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% | 48.72% |

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

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

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| School Districts Contractually Required Contribution | \$ 102,310 | \$ 97,853 | \$ 105,476 | \$ 81,196 | \$ 97,495 | \$ 84,979 | \$ 66,375 | \$ 66,375 |
| Contributions in Relation to the Contractually Required Contribution | (102,310) | (97,853) | (105,476) | (81,196) | (97,495) | (84,979) | (66,375) | (66,375) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School Districts Covered Payroll | \$ 848,096 | \$ 734,212 | \$ 643,034 | \$ 682,195 | \$ 636,852 | \$ 582,344 | \$ 695,441 | \$ 695,441 |
| Contributions as a Percentage of Covered Payroll | 12.06% | 13.33% | 16.40% | 11.90% | 15.31% | 14.59% | 9.54% | 9.54% |

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

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| School District's Proportion of the Net Pension Liability | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% |
| School District's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net Pension Liability associated with the School District | \$ 6,632,792 | \$ 5,993,262 | \$ 6,674,637 | \$ 6,870,981 | \$ 6,959,808 | \$ 3,961,281 | \$ 4,093,919 | \$ 4,093,919 |
| School District's Covered Payroll | \$ 6,632,792 | \$ 5,993,262 | \$ 6,674,637 | \$ 6,870,981 | \$ 6,959,808 | \$ 3,961,281 | \$ 4,093,919 | \$ 4,093,919 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 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% | 33.64% |

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

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

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

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

| | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 517,229 | \$ 566,310 | \$ 687,665 |
| Interest Cost | 138,544 | 152,078 | 122,480 |
| Differences Between Expected and Actual Experiences | (578,536) | (893,776) | - |
| Changes of Assumptions | 46,811 | (356,777) | (656,753) |
| Contributions: Member | 2,857 | 2,873 | 3,174 |
| Gross Benefit Payments | (96,375) | (83,134) | (86,197) |
| Net Change in District's Total OPEB Liability | 30,530 | (612,426) | 70,369 |
| District's Total OPEB Liability (Beginning) | 3,109,028 | 3,721,454 | 3,651,085 |
| District's Total OPEB Liability (Ending) | <u>\$ 3,139,558</u> | <u>\$ 3,109,028</u> | <u>\$ 3,721,454</u> |
| District's Covered Employee Payroll | \$ 1,104,666 | \$ 916,591 | \$ 1,082,636 |
| District's Net OPEB Liability as a Percentage of Payroll | 284% | 339% | 344% |

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

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**BAYSHORE JOINTURE COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2019, to 6.28% as of June 30, 2020.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.5% as of June 30, 2019.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**BAYSHORE JOINTURE COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

| | NJSIB - SAFETY GRANT | MONMOUTH - COUNTY CARES | STUDENT ACTIVITIES | Totals |
|---|-------------------------|----------------------------|-----------------------|-----------|
| Revenues: | | | | |
| Local Sources | \$ 2,176 | \$ - | \$ 11,493 | \$ 13,669 |
| Federal Source | - | 27,000 | - | 27,000 |
| Total Revenues | 2,176 | 27,000 | 11,493 | 40,669 |
| Expenditures: | | | | |
| Instruction: | | | | |
| Supplies | 2,176 | 27,000 | - | 29,176 |
| Total Instruction | 2,176 | 27,000 | - | 29,176 |
| Support Services: | | | | |
| Student Activities | - | - | 8,972 | 8,972 |
| Total Support Services | - | - | 8,972 | 8,972 |
| Total Expenditures | \$ 2,176 | \$ 27,000 | \$ 8,972 | \$ 38,148 |
| Excess/(Deficiency) of Revenues Over/ (Under) Expenditures | - | - | 2,521 | 2,521 |
| Fund Balance, July 1 (As Restated) | - | - | 20,498 | 20,498 |
| Fund Balance, June 30 | \$ - | \$ - | \$ 23,019 | \$ 23,019 |

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F. Capital Projects Fund

Not Applicable

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H. Fiduciary Fund
Not Applicable

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I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|
| FISCAL YEAR ENDING JUNE 30, | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ - | \$ - | \$ - | \$ - | \$ 12,072 | \$ 13,524 | \$ 60,004 | \$ 70,473 | \$ 22,153 | \$ 15,676 |
| Restricted | 23,019 | - | - | - | - | - | - | - | - | - |
| Unrestricted | 2,074,725 | 1,930,794 | 1,866,217 | 1,672,458 | 1,001,655 | 762,034 | 533,142 | 1,750,289 | 1,093,134 | 357,331 |
| Total Governmental Activities | \$ 2,097,744 | \$ 1,930,794 | \$ 1,866,217 | \$ 1,672,458 | \$ 1,013,727 | \$ 775,558 | \$ 593,146 | \$ 1,820,762 | \$ 1,115,287 | \$ 373,007 |
| Government-Wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ - | \$ - | \$ - | \$ - | \$ 12,072 | \$ 13,524 | \$ 60,004 | \$ 70,473 | \$ 22,153 | \$ 15,676 |
| Restricted | 23,019 | - | - | - | - | - | - | - | - | - |
| Unrestricted | 2,074,725 | 1,930,794 | 1,866,217 | 1,672,458 | 1,001,655 | 762,034 | 533,142 | 1,750,289 | 1,093,134 | 357,331 |
| Total Net Position | \$ 2,097,744 | \$ 1,930,794 | \$ 1,866,217 | \$ 1,672,458 | \$ 1,013,727 | \$ 775,558 | \$ 593,146 | \$ 1,820,762 | \$ 1,115,287 | \$ 373,007 |

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

| | FISCAL YEAR ENDING JUNE 30, | | | | | | | | | |
|---|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Expenses: | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Special Education | \$ 3,157,860 | \$ 3,289,164 | \$ 2,980,880 | \$ 3,080,790 | \$ 2,033,731 | \$ 1,863,855 | \$ 1,764,636 | \$ 1,321,652 | \$ 1,187,469 | \$ 840,587 |
| Other Special Instruction | 2,949 | 2,953 | 4,933 | 4,585 | 2,611 | 2,251 | 313 | - | - | - |
| Other Instruction | 23,865 | 7,177 | 10,778 | 16,449 | 3,791 | 994 | 1,636 | 77 | - | 1,847 |
| Support Services & Undistributed Costs: | | | | | | | | | | |
| Health Services | 79,701 | 104,852 | 114,756 | 116,260 | 86,368 | 81,832 | 54,652 | - | - | - |
| Student & Instruction Related Services | 776,116 | 724,595 | 698,608 | 845,866 | 516,983 | 445,825 | 614,036 | 1,486,197 | 1,193,591 | 1,659,398 |
| School Administrative Services | 345,886 | 312,374 | 333,291 | 392,179 | 246,293 | 251,277 | 201,376 | 226,200 | 216,698 | 197,021 |
| Other Administrative Services | 319,136 | 275,771 | 336,419 | 325,752 | 192,679 | 165,913 | 154,883 | 132,695 | 152,409 | 144,406 |
| Student Activities | 11,328 | - | - | - | - | - | - | - | - | - |
| Plant Operations & Maintenance | 410,362 | 376,147 | 467,079 | 422,874 | 275,302 | 277,973 | 279,732 | 275,346 | 247,899 | 258,516 |
| Pupil Transportation | - | 22,318 | 7,433 | 26,142 | 18,202 | 15,054 | 15,546 | 12,115 | 10,752 | 12,414 |
| Employee Benefits | - | - | - | - | 1,023,004 | 877,740 | 884,385 | - | - | - |
| Special Schools | 216,070 | 162,634 | 265,618 | 259,214 | 145,754 | 158,377 | 156,522 | 248,726 | 201,526 | 152,813 |
| Unallocated Increase/(Decrease) in Compensated Absences | - | - | - | - | - | - | (3,500) | - | - | - |
| Unallocated Depreciation | - | - | - | - | 1,452 | 1,452 | 10,469 | 9,362 | 3,483 | 3,483 |
| Total Governmental Activities Expenses | \$ 5,343,274 | \$ 5,277,985 | \$ 5,219,795 | \$ 5,490,111 | \$ 4,546,170 | \$ 4,142,543 | \$ 4,134,686 | \$ 3,712,370 | \$ 3,213,827 | \$ 3,270,485 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Operating Grants & Contributions | \$ 1,086,589 | \$ 983,885 | \$ 1,073,733 | \$ 1,362,117 | \$ 405,424 | \$ 406,297 | \$ 351,101 | \$ 219,953 | \$ 169,442 | \$ 143,535 |
| Total Governmental Activities Program Revenues | \$ 1,086,589 | \$ 983,885 | \$ 1,073,733 | \$ 1,362,117 | \$ 405,424 | \$ 406,297 | \$ 351,101 | \$ 219,953 | \$ 169,442 | \$ 143,535 |
| Net/(Expense)/Revenue: Governmental Activities | \$ (4,256,685) | \$ (4,294,100) | \$ (4,146,062) | \$ (4,127,994) | \$ (4,140,746) | \$ (3,736,246) | \$ (3,783,585) | \$ (3,492,417) | \$ (3,044,385) | \$ (3,126,950) |
| Total District-Wide Net Expense | \$ (4,256,685) | \$ (4,294,100) | \$ (4,146,062) | \$ (4,127,994) | \$ (4,140,746) | \$ (3,736,246) | \$ (3,783,585) | \$ (3,492,417) | \$ (3,044,385) | \$ (3,126,950) |

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

| | FISCAL YEAR ENDING JUNE 30, | | | | | | | | | |
|---|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General Revenues & Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Tuition Received | \$ 4,302,739 | \$ 4,335,324 | \$ 4,290,828 | \$ 4,735,746 | \$ 4,363,247 | \$ 4,003,109 | \$ 4,116,923 | \$ 4,192,012 | \$ 3,771,328 | \$ 3,246,354 |
| Miscellaneous Income | 100,398 | 23,353 | 48,993 | 37,343 | 30,000 | 94,967 | 3,537 | 5,880 | 4,270 | 3,820 |
| Cancellation of Prior Year Receivables | - | - | - | 13,636 | (14,332) | - | (74,806) | - | - | - |
| Non-Cash Contributions | - | - | - | - | - | - | - | - | 11,067 | - |
| Total Governmental Activities | \$ 4,403,137 | \$ 4,358,677 | \$ 4,339,821 | \$ 4,786,725 | \$ 4,378,915 | \$ 4,098,076 | \$ 4,045,654 | \$ 4,197,892 | \$ 3,786,665 | \$ 3,250,174 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 146,452 | \$ 64,577 | \$ 193,759 | \$ 658,731 | \$ 238,169 | \$ 361,830 | \$ 262,069 | \$ 705,475 | \$ 742,280 | \$ 123,224 |
| Total District | \$ 146,452 | \$ 64,577 | \$ 193,759 | \$ 658,731 | \$ 238,169 | \$ 361,830 | \$ 262,069 | \$ 705,475 | \$ 742,280 | \$ 123,224 |

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

| | FISCAL YEAR ENDING JUNE 30, | | | | | | | | | |
|---|-----------------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General Fund: | | | | | | | | | | |
| Committed | \$ 24,943 | \$ 7,262 | \$ 24,201 | \$ 14,749 | \$ 18,719 | \$ 850 | \$ 7,239 | \$ - | \$ - | \$ - |
| Assigned | 286,000 | 286,000 | 268,000 | - | 240,000 | - | - | - | - | - |
| Unassigned | 3,933,744 | 1,473,605 | 1,316,590 | 1,467,212 | 704,748 | 613,075 | 453,661 | 610,406 | 484,479 | 375,531 |
| Total General Fund | \$ 4,244,687 | \$ 1,766,867 | \$ 1,608,791 | \$ 1,481,961 | \$ 963,467 | \$ 613,925 | \$ 460,900 | \$ 610,406 | \$ 484,479 | \$ 375,531 |
| All Other Governmental Funds: | | | | | | | | | | |
| Restricted, Reported in: | | | | | | | | | | |
| Special Revenue Fund | \$ 23,019 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total All Other Governmental Funds | \$ 23,019 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

*For the year ended June 30, 2021 fund balance was reclassification due to GASB 84.

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | | | | | | | |
| District Charges | \$ 4,302,739 | \$ 2,949,322 | \$ 2,808,079 | \$ 3,143,677 | \$ 2,878,352 | \$ 2,705,652 | \$ 2,857,313 | \$ 2,924,726 | \$ 2,551,326 | \$ 2,322,173 |
| Miscellaneous | 114,067 | 25,274 | 51,947 | 38,166 | 30,612 | 29,790 | 3,537 | 64,669 | 4,270 | 3,820 |
| State Sources | 544,665 | 401,311 | 369,514 | 346,251 | 290,186 | 235,259 | 164,694 | 161,164 | 169,442 | 143,535 |
| Federal Sources | 18,068 | - | - | - | - | - | - | - | - | - |
| Total Revenue | 4,979,539 | 3,375,907 | 3,229,540 | 3,528,094 | 3,199,150 | 2,970,701 | 3,025,544 | 3,150,559 | 2,725,038 | 2,469,528 |
| Expenditures: | | | | | | | | | | |
| Instruction | 1,686,916 | 766,606 | 828,920 | 767,213 | 776,837 | 852,128 | 985,514 | 912,530 | 870,564 | 600,402 |
| Undistributed Instruction | 3,020,186 | 2,311,311 | 2,092,095 | 2,087,058 | 1,917,343 | 1,812,948 | 1,999,484 | 1,883,949 | 1,604,425 | 1,631,830 |
| Special Schools | 171,137 | 139,914 | 181,695 | 168,965 | 145,754 | 158,377 | 156,522 | 169,364 | 141,101 | 110,589 |
| Capital Outlay | - | - | - | - | - | - | - | 58,789 | - | - |
| Total Expenditures | 4,878,238 | 3,217,831 | 3,102,710 | 3,023,236 | 2,839,934 | 2,823,453 | 3,141,520 | 3,024,632 | 2,616,090 | 2,342,821 |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | 101,301 | 158,076 | 126,830 | 504,858 | 359,216 | 147,248 | (115,976) | 125,927 | 108,948 | 126,707 |
| Other Financing Sources/(Uses): | | | | | | | | | | |
| Cancellation of Prior Year Receivables | - | - | - | 13,636 | (9,674) | - | (33,530) | - | - | - |
| Transfers In | 2,379,040 | - | - | - | - | 65,177 | - | - | - | - |
| Total Other Financing Sources/ (Uses) | 2,379,040 | - | - | 13,636 | (9,674) | 65,177 | (33,530) | - | - | - |
| Net Change in Fund Balances | \$ 2,480,341 | \$ 158,076 | \$ 126,830 | \$ 518,494 | \$ 349,542 | \$ 212,425 | \$ (149,506) | \$ 125,927 | \$ 108,948 | \$ 126,707 |
| Debt Service as a Percentage of Noncapital Expenditures | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Source: District records

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

| FISCAL YEAR ENDED JUNE 30, | INTEREST ON INVESTMENTS | MISCELLANEOUS | TOTAL |
|-------------------------------------|----------------------------|---------------|------------|
| 2021 | \$ - | \$ 100,398 | \$ 100,398 |
| 2020 | - | 23,353 | 23,353 |
| 2019 | - | 48,993 | 48,993 |
| 2018 | - | 30,000 | 30,000 |
| 2017 | - | 29,790 | 29,790 |
| 2016 | - | 3,037 | 3,037 |
| 2015 | - | 64,669 | 64,669 |
| 2014 | - | 4,270 | 4,270 |
| 2013 | - | 3,820 | 3,820 |
| 2012 | - | 697 | 697 |

Source: District Records

Operating Information

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

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BAYSHORE JOINTURE COMMISSION
INSURANCE SCHEDULE
June 30, 2021

| | <u>COVERAGE</u> | <u>DEDUCTIBLE</u> |
|---|---------------------------|-------------------|
| Commercial Package Policy | | |
| New Jersey School Boards Association | | |
| Insurance Group: | | |
| Building & Personal Property | \$ 500,000,000 | \$ 1,000 |
| Electronic Data Processing | 50,000 | 1,000 |
| Equipment Breakdown | 100,000,000 | 25,000 |
| Flood | 75,000,000 | 10,000 |
| Comprehensive General Liability | 6,000,000 | |
| Automobile | 6,000,000 | |
| Crime Coverage: | | |
| Blanket Dishonesty | 250,000 | 1,000 |
| Forgery or Alteration | 25,000 | 500 |
| School Leaders' Errors and Omissions | | |
| New Jersey School Boards Associations | | |
| Insurance Group: | | |
| Coverage A | 5,000,000 | 5,000 |
| Coverage B | Each Claim 100,000 | 5,000 |
| | Each policy period | 300,000 |
| Workers' Compensation | | |
| New Jersey School Boards Association | | |
| Insurance Group: | NJ Statutory | |
| Employers' Liability | | |
| New Jersey School Boards Association | | |
| Insurance Group: | | |
| Bodily Injury by Accident | 3,000,000 each accident | |
| Bodily Injury by Disease | 3,000,000 each employee | |
| Bodily Injury by Disease | 3,000,000 aggregate limit | |
| Employers' Liability | | |
| New Jersey School Boards Association | | |
| Insurance Group: | NJ Statutory | |
| Officials' Bonds | | |
| New Jersey School Boards Association | | |
| Insurance Group: | | |
| Business Administrator, Christopher Mullins | 75,000 | |

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bayshore Jointure Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designated to identify all deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Bayshore Jointure Commission's Response to Findings

The Bayshore Jointure Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
December 16, 2021

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

| | | |
|---|-------------------|---------------------|
| Type of auditor's report issued | Qualified | |
| Internal control over financial reporting: | | |
| 1) Material weakness(es) identified? | _____ yes | _____ X _____ no |
| 2) Significant deficiency(ies) identified? | _____ X _____ yes | _____ none reported |
| Noncompliance material to financial statements noted? | _____ yes | _____ X _____ no |

Federal Awards - NOT APPLICABLE

| | | |
|---|-----------|---------------------|
| Internal control over major programs: | | |
| 1) Material weakness(es) identified? | _____ yes | _____ no |
| 2) Significant deficiency(ies) identified? | _____ yes | _____ none reported |
| Type of auditor's report issued on compliance for major programs | _____ | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? | _____ yes | _____ no |

Identification of major programs:

CFDA Number(s)

FAIN Number(s)

**Name of Federal Program
or Cluster**

NOT APPLICABLE

| | |
|--|-------|
| Dollar threshold used to determine Type A programs | _____ |
|--|-------|

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

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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

State Financial Assistance - NOT APPLICABLE

Dollar threshold used to determine Type A programs _____

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

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular 15-08? _____ yes _____ no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

NOT APPLICABLE

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section II - Financial Statement Findings

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

Finding 2021-001

Criteria or Specific Requirement

Governmental Accounting Standards Board Statement No. 75 requires governmental entities to accrue and disclose certain information pertaining to other post-employment benefits.

Condition:

The School District did not accrue and disclose updated information pertaining to other post-employment benefits for the year ended June 30, 2021.

Context:

The New Jersey Division of Pension and Benefits has been unable to provide updated information in a timely manner to facilitate the inclusion of this information in the financial statements for the year ended June 30, 2021.

Effect or potential effect:

The School District did not comply with GASB Statement No. 75.

Recommendation:

The District will continue to urge the New Jersey Division of Pensions and Benefits to release updated information on a more timely basis for inclusion in the financial statements.

View of responsible officials and planned corrective actions:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BAYSHORE JOINTURE COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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

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

FEDERAL AWARDS

N/A - No Federal Single Audit performed.

STATE FINANCIAL ASSISTANCE

N/A - No State Single Audit performed.

**BAYSHORE JOINTURE COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

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

Financial Statement Findings

No Prior Year findings.

Federal Awards

N/A - No Federal Single Audit performed.

State Financial Assistance

N/A - No State Single Audit performed.