

SCHOOL DISTRICT

OF

BAY HEAD



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

BAY HEAD BOARD OF EDUCATION

BAY HEAD, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY

**BAY HEAD BOARD OF EDUCATION
FINANCE DEPARTMENT**

BAY HEAD SCHOOL DISTRICT

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INTRODUCTORY SECTION

Bay Head Board of Education

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

John Ravally, Ed.D.
Superintendent

Laurie M. Considine
Board Secretary

Patricia A. Christopher, CPA
Business Administrator

December 3, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Bay Head School District (District) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

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

1. REPORTING ENTITY (Continued)

The District provides a full range of educational services appropriate to grade levels K through 8, and has a sending-receiving relationship with the Point Pleasant Board of Education for grades 9 through 12. Classes offered are regular, vocational, and special education for disabled youngsters. The District completed the 2015 fiscal year with an enrollment of 137 students, an increase of 9 students from June 2014. The following details the changes in the student enrollment over the last ten years:

Average Daily Enrollment, K-8

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-2015	146	6.6%
2013-2014	137	-0.7%
2012-2013	138	8.7%
2011-2012	127	8.5%
2010-2011	117	8.3%
2009-2010	108	12.5%
2008-2009	96	5.5%
2007-2008	91	- 1.1%
2006-2007	92	4.5%
2005-2006	88	- 12.9%

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

3. MAJOR INITIATIVES: Students continue to meet and/or exceed objectives set by the educational administration as reported to the New Jersey Department of Education. The Bay Head Elementary School continues to perform achievement scores reported for math, science, reading and writing on standardized tests. Programming during the 2014-2015 school year focused on a continuation of the Board of Education's emphasis on technology in the classrooms, hands-on science instruction and excellence in language arts.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2015, and the amount and percentage of increases in relation to prior year revenues. Excluded from the presentation are the State of New Jersey TPAF pension contributions on behalf of the Board of Education and the reimbursed TPAF Social Security contributions made by the Board and reimbursed by the State.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increases/(Decreases) from 2013</u>	
			<u>\$</u>	<u>%</u>
Local	\$3,453,883	90%	66,528	1.9%
State	355,808	9%	(82,367)	(18.8)%
Federal	<u>37,381</u>	<u>1%</u>	<u>6,356</u>	20.5%
Total	<u>\$3,847,072</u>	<u>100%</u>	<u>\$(9,483)</u>	0.2%

The local tax levy increased year-to-year \$67,699. Interest earned, tuition aftercare fees and miscellaneous income equaled \$322,770, a decrease of \$1,171 from 2013/2014.

The schedule below presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015, and the percentage of increase or decrease in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/(Decrease) from 2014</u>	
			<u>\$</u>	<u>%</u>
Current:				
Instruction	\$1,153,477	23.2%	(21,304)	-1.8%
Undistributed				
Instruction	1,032,742	20.7%	14,546)	1.4%
Other Expend	1,091,510	21.9%	(44,616)	-4.1%
Capital Outlay	1,388,083	27.9%	1,386,276	767.2%
Debt Service				
Principal	275,000	5.5%	25,000	10.0%
Interest	<u>36,848</u>	<u>0.8%</u>	<u>(10,625)</u>	<u>-22.4%</u>
Total	<u>\$4,977,660</u>	<u>100.00%</u>	<u>\$1,349,277</u>	<u>37.2%</u>

The allocation of expenditures reflects the Board's and Superintendent's objective to provide the best education possible at the least cost, a factor in maintaining the Borough of Bay Head's enviable position as one of the state's lowest school taxpaying districts. During 2015 Bay Head taxpayers were assessed the lowest general school tax for an operating school district in Ocean County.

8. DEBT ADMINISTRATION: During the June 30, 2008 fiscal year the District sold \$2,200,000 of school bonds at with interest rates varying between 4.00%and 4.25% for the purpose of additions and renovations at the Bay Head Elementary School. At June 30, 2015, the District's outstanding balance on the 2008 debt was \$592,000.

During the June 30, 2014 fiscal year the District sold \$3,300,000 of school bonds at with interest rates varying between 2.00%and 3.25% for the purpose of additions and renovations at the Bay Head Elementary School. At June 30, 2015, the District's outstanding balance on the 2015 debt was \$3,300,000. The total outstanding school bond debt at June 30, 2015 was \$3,892,000.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act. The Board's cash position is adequate, with a balance of \$1,209,587 in cash and temporary investments at June 30, 2014.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, flood, student and volunteer accident,

hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with the New Jersey School Boards Association Insurance Group to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

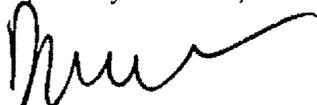
11. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

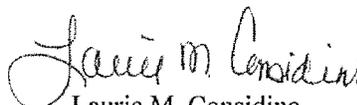
12. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



Dr. Peter S. Morris, Ed.D.
Superintendent



Laurie M. Considine
Board Secretary



Patricia A. Christopher, CPA
School Business Administrator

BAY HEAD BOARD OF EDUCATION

BAY HEAD, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>Members of the Board of Education:</u>	<u>Term Expires:</u>
Joseph S. Cornell, President,	2016
Darren Erbe, Vice President	2017
Benjamin Hinds, Board Member	2018
Sandra Antognoli, Board Member	2016
Barry K. Pearce, Board Member	2017

Other Officials:

Dr. Peter S. Morris, Superintendent

Patricia A. Christopher, CPA, School Business Administrator

Laurie M. Considine, Board Secretary

Patricia A. Wojcik, Treasurer

BAY HEAD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm:

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

Attorney:

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

Official Depository:

Manasquan Savings Bank
89 Bridget Avenue
Bay Head, NJ 08742

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

BOARD OF EDUCATION

SUPERINTENDENT

School Business Administrator

Board Secretary

Facilities Manager

Custodial Staff

Attendance Officer

Treasurer

Principal

School Secretary

Teaching Staff:

K-8

School Nurse

Foreign Language

Physical Education

Resource

Basic Skills

Speech

Media Center

Music

Art

Student Resources

Aides

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

9.

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Bay Head School District
County of Ocean
Bay Head, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Bay Head School District, in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Bay Head School District, in the County of Ocean, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the Bay Head's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bay Head Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

December 3, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

BAY HEAD PUBLIC SCHOOL DISTRICT
BOROUGH OF BAY HEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Bay Head Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2014-2015 fiscal year are as follows:

- General revenues accounted for \$3,526,309 in revenue or 92% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$320,763 or 8% percent to total revenues of \$3,847,072.
- Total assets of governmental activities were \$2,117,329 primarily made up of capital assets and Cash.
- The School District had \$3,351,247 in expenses; only \$320,763 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,526,309 were adequate to provide for these programs.
- The General Fund had \$3,497,113 in revenues and \$3,252,632 in expenditures. The General Fund's balance decreased by \$27,049 over 2014-2015. This decrease was anticipated by the Board of Education due to a transfer of \$271,530 to capital projects.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Bay Head Public School District, the General Fund is the most significant fund, with the Special Revenue Fund also having significance.

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2014-2015 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net position.

Table 1
Net Position

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current and Other Assets	\$ 4,170,626	1,331,163
Capital Assets, Net	<u>2,799,794</u>	<u>1,505,295</u>
Total Assets	<u>\$ 6,970,420</u>	<u>2,836,458</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 106,954</u>	=====
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 41,512</u>	=====
<u>Liabilities</u>		
Current Liabilities	\$ 764,294	
Long-Term Liabilities	<u>4,154,239</u>	=====
Total Liabilities	<u>\$ 4,918,533</u>	=====
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ (1,133,614)	638,295
Restricted	3,584,247	1,061,083
Unrestricted	<u>(333,304)</u>	<u>245,269</u>
Total Net Position	<u>\$ 2,117,329</u>	<u>1,944,647</u>

Table 2 shows the changes in net position for fiscal year 2014.

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues		
Operating Grants and Contributions	\$ 320,763	31,025
General Revenues		
Property Taxes	3,131,113	3,063,414
Grants and Entitlements	355,808	438,175
Other	<u>39,388</u>	<u>323,941</u>
Total Revenues	<u>3,847,072</u>	<u>3,856,555</u>
<u>Program Expenses</u>		
Instruction	1,153,477	1,198,978
Support Services		
Tuition	517,485	501,227
Pupils and Instructional Staff	302,863	359,736
General Administration, School Administration, Business	878,279	845,017
Operations and Maintenance of Facilities	311,376	333,206
Pupil Transportation	106,657	162,481
Debt Service	<u>81,110</u>	<u>43,046</u>
Total Expenses	<u>3,351,247</u>	<u>3,443,691</u>
Other Financing Source	<u>406,310</u>	<u>432,746</u>
Increase/ (Decrease) in Net Position	<u>\$ 902,135</u>	<u>845,610</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 77% percent of revenues for governmental activities for the Bay Head Public School District for fiscal year 2015. The District's total revenues were \$3,856,555 for the fiscal year ended June 30, 2015. Federal, state, local grants and other local revenues accounted for another 23%.

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

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

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

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

Governmental Activities (Continued)

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2015, it reported a combined net position balance of \$2,117,329. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

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

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

Capital Assets

At June 30, 2015, the School Board had approximately \$3,693,312 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2015 fiscal year.

	Governmental Activities
Table II	
Capital Assets at June 30, 2015	
Buildings and Sites	\$ 2,453,959
Machinery and Equipment	89,286
Land	<u>256,549</u>
Total	<u>\$ 2,799,794</u>

Debt Administration

At June 30, 2015, the School District had outstanding debt of \$4,629,981 consisting of serial bonds at \$3,892,000, capital leases at \$20,666 and a pension liability of \$696,573.

Economic Factors and Next Year's Budget

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

The Borough of Bay Head is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Mrs. Patricia A. Christopher, Business Administrator of the Bay Head Board of Education, 145 Grove Street, Bay Head, N.J. 08742.

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

Exhibit A-1

JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 544,530	544,530
Accounts Receivables, Net	800,197	800,197
Restricted Cash	2,825,899	2,825,899
Capital Assets Not Being Depreciated	256,549	256,549
Capital Assets Being Depreciated, Net	<u>2,543,245</u>	<u>2,543,245</u>
Total Assets	<u>\$ 6,970,420</u>	<u>6,970,420</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 106,954</u>	<u>106,954</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 41,512</u>	<u>41,512</u>
<u>Liabilities</u>		
Accounts Payable	\$ 271,530	271,530
Deferred Revenue	17,022	17,022
Long Term Debt:		
Due Within One Year	475,742	475,742
Long-Term	<u>4,154,239</u>	<u>4,154,239</u>
Total Liabilities	<u>\$ 4,918,533</u>	<u>4,918,533</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	\$ (1,133,614)	(1,133,614)
Restricted For:		
Other Purposes	3,584,247	3,584,247
Unrestricted	<u>(333,304)</u>	<u>(333,304)</u>
Total Net Position	<u>\$ 2,117,329</u>	<u>2,117,329</u>

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

BAY HEAD SCHOOL DISTRICT

Exhibit A-2

Sheet 1 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2015

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
<u>Functions/Programs</u>					
Governmental Activities:					
Instruction:					
Regular	\$ 904,303			(904,303)	(904,303)
Special Education	125,988		30,359	(95,629)	(95,629)
Other Instruction	123,186			(123,186)	(123,186)
Support Services:					
Tuition	517,485	283,382		(234,103)	(234,103)
Student & Instruction Related Services	302,863		7,022	(295,841)	(295,841)
School Administration	86,650			(86,650)	(86,650)
Other Administration Services	125,744			(125,744)	(125,744)
Plant Operations and Maintenance	311,376			(311,376)	(311,376)
Pupil Transportation	106,657			(106,657)	(106,657)
Unallocated Benefits	608,055			(608,055)	(608,055)
Depreciation	57,830			(57,830)	(57,830)
Interest on Debt	81,110			(81,110)	(81,110)
Total Government Activities	<u>3,351,247</u>	<u>283,382</u>	<u>37,381</u>	<u>(3,030,484)</u>	<u>(3,030,484)</u>
Total Primary Government	<u>3,351,247</u>	<u>283,382</u>	<u>37,381</u>	<u>(3,030,484)</u>	<u>(3,030,484)</u>

BAY HEAD SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2015

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Charges for</u>	<u>Operating</u>	<u>Governmental</u>	
	<u>Services</u>	<u>Grants and</u>	<u>Activities</u>	<u>Total</u>
	<u>Expenses</u>	<u>Contributions</u>		
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purpose, Net			2,893,085	2,893,085
Property Taxes Levied for Debt Service			238,028	238,028
Federal and State Aid Not Restricted			355,808	355,808
Miscellaneous Revenue			39,388	39,388
Total General Revenues			<u>3,526,309</u>	<u>3,526,309</u>
Other Financing Sources (Uses):				
Due from Foundation			<u>406,310</u>	<u>406,310</u>
Total General Revenues, Special Items, Extraordinary Items and Transfers			<u>3,932,619</u>	<u>3,932,619</u>
Change in Net Position			902,135	902,135
Restatement for Pension			(696,573)	(696,573)
Net Position - Beginning			<u>1,911,747</u>	<u>1,911,747</u>
Net Position - Ending			<u>\$ 2,117,309</u>	<u>2,117,309</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,033,876	17,022	2,318,801	730	3,370,429
Federal and State Receivables	20,460		96,800		117,260
Receivables, Net	5,097		677,840		682,937
Total Assets	<u>\$ 1,059,433</u>	<u>17,022</u>	<u>3,093,441</u>	<u>730</u>	<u>4,170,626</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Deferred Revenue		17,022			17,022
Accounts Payable	\$ 271,530				271,530
Total Liabilities	<u>271,530</u>	<u>17,022</u>	<u>-</u>	<u>-</u>	<u>288,552</u>
Fund Balance:					
Restricted For:					
Emergency Reserve	99,133				99,133
Maintenance Reserve	81,309				81,309
Designated For Subsequent Years Expenditure	1,690				1,690
Capital Reserve	284,869				284,869
Excess Surplus	23,075				23,075
Committed To:					
Other Purposes	47,448				47,448
Unassigned:					
General Fund	250,379				250,379
Debt Service Fund				730	730
Capital Projects Fund			3,093,441		3,093,441
Total Fund Balance	<u>787,903</u>	<u>-</u>	<u>3,093,441</u>	<u>730</u>	<u>3,882,074</u>
Total Liabilities and Fund Balance	<u>\$ 1,059,433</u>	<u>17,022</u>	<u>3,093,441</u>	<u>730</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 3,693,312 and the accumulated depreciation is \$893,518	2,799,794
Deferred outflow of resources - contributions to the pension plan	106,954
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(41,512)
Long Term Liabilities including bonds payable are payable in the current period and therefore are not reported as liabilities in the funds (see note 3)	<u>(4,629,981)</u>
Net Position of governmental activities	<u>\$ 2,117,329</u>

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

BAY HEAD SCHOOL DISTRICT

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,893,085			238,028	3,131,113
Tuition	283,382				283,382
Aftercare and Other Fees From Individuals	17,976				17,976
Miscellaneous	20,682		730		21,412
Total Local Sources	3,215,125	-	730	238,028	3,453,883
State Sources	281,988			73,820	355,808
Federal Sources		37,381			37,381
Total Revenues	<u>3,497,113</u>	<u>37,381</u>	<u>730</u>	<u>311,848</u>	<u>3,847,072</u>
Expenditures:					
Current:					
Regular Instruction	904,303				904,303
Special Education Instruction	95,629	30,359			125,988
Other Instruction	123,186				123,186
Support Services and Undistributed Costs:					
Tuition	517,485				517,485
Student and Instruction Related Services	295,841	7,022			302,863
School Administration	86,650				86,650
Other Administration Services	125,744				125,744
Plant Operations and Maintenance	311,376				311,376
Pupil Transportation	106,657				106,657
Unallocated Benefits	673,477				673,477
Capital Outlay	12,284		1,375,799		1,388,083
Debt Service:					
Bond Principal				275,000	275,000
Interest and Other Charges				36,848	36,848
Total Expenditures	<u>3,252,632</u>	<u>37,381</u>	<u>1,375,799</u>	<u>311,848</u>	<u>4,977,660</u>

BAY HEAD SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Exhibit B-2
Sheet 2 of 2

GOVERNMENTAL FUNDS

JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>244,481</u>	<u>-</u>	<u>(1,375,069)</u>	<u>-</u>	<u>(1,130,588)</u>
Other Financing Sources (Uses):					
Due From Foundation			406,310		406,310
Transfer from Capital Projects to Debt Service			(730)	730	-
Transfer from Capital Reserve to Capital Projects	(271,530)		271,530		-
Sale of Bonds			3,300,000		3,300,000
Total Financing Sources (Uses)	<u>(271,530)</u>	<u>-</u>	<u>3,977,110</u>	<u>730</u>	<u>3,706,310</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(27,049)</u>	<u>-</u>	<u>2,602,041</u>	<u>730</u>	<u>2,575,722</u>
Net Change in Fund Balances	(27,049)	-	2,602,041	730	2,575,722
Fund Balance - July 1	<u>814,952</u>	<u>-</u>	<u>491,400</u>		<u>1,306,352</u>
Fund Balance - June 30	<u>\$ 787,903</u>	<u>-</u>	<u>3,093,441</u>	<u>730</u>	<u>3,882,074</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 2,575,722
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Capital Outlay	1,388,083
Depreciation	<u>(57,830)</u>
	1,330,253
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	275,000
Some Liabilities are Not Due and Payable in the Current Period and Therefore are Not Reported in the Funds. That Liability Consists of Bonds Payable	(3,300,000)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	106,954
Pension related deferrals	(41,512)
Accrued Interest	<u>(44,262)</u>
Change in Net Position of Governmental Activities	<u>\$ 902,155</u>

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

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

Exhibit B-7

FIDUCIARY FUNDS**JUNE 30, 2015**

	Unemployment Compensation Trust	Private Purpose Trust Scholarship Funds
	<hr/>	<hr/>
Assets:		
Cash and Cash Equivalents	\$ 30,717	57,390
	<hr/>	<hr/>
Total Assets	\$ 30,717	57,390
	<hr/> <hr/>	<hr/> <hr/>
Net Position:		
Reserved Unemployment Benefits	\$ 30,717	
Reserved Scholarships		57,390
	<hr/>	<hr/>
Total Net Position	\$ 30,717	57,390
	<hr/> <hr/>	<hr/> <hr/>

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

BAY HEAD SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Exhibit B-8

FIDUCIARY FUNDS**JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Scholarship Fund</u>
Additions:		
Securities Increase	\$ -	(1,616)
Interest Earned	19	2
Donations		525
Total Additions	<u>19</u>	<u>(1,089)</u>
Deductions:		
Scholarship Awarded		<u>1,250</u>
Total Deductions	<u>-</u>	<u>1,250</u>
Change in Net Position	19	(2,339)
Net Position - Beginning of Year	<u>30,698</u>	<u>59,729</u>
Net Position - End of the Year	<u>\$ 30,717</u>	<u>57,390</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
BAY HEAD SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

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

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Fiduciary Fund Types

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Fund Types (Continued)

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

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

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

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

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

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

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

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

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.

F. Encumbrances:

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

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

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

G. Short-Term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses

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

I. Capital Assets and Depreciation

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

The District contracted with an outside service company during the 2004 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2004-2005 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2005, fiscal year 2005 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. The District has updated the records since 2004-2005 and the service company provides the District with an updated report. Estimated useful lives, in years, for depreciable assets are as follows:

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

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:				
Capital Assets that are				
Not being Depreciated:				
Land	\$ 256,549	_____	_____	256,549
Total Capital Assets Not	<u>256,549</u>	_____	_____	<u>256,549</u>
Being Depreciated				
Depreciable Assets:				
Buildings and Sites	1,772,614	1,336,423	38,812	3,070,225
Equipment	<u>366,538</u>	_____	_____	<u>366,538</u>
Totals at Historical Cost	<u>2,139,152</u>	<u>1,336,423</u>	<u>38,812</u>	<u>3,436,763</u>
Less: Accumulated				
Depreciation:				
Buildings and Sites	(486,981)	(54,472)	(74,813)	(616,266)
Equipment	<u>(273,894)</u>	<u>(3,358)</u>	_____	<u>(277,252)</u>
Total Accumulated				
Depreciation	<u>(760,875)</u>	<u>(57,830)</u>	<u>(74,813)</u>	<u>(893,518)</u>
Net Depreciable Assets	<u>1,378,277</u>	<u>1,278,593</u>	<u>(36,001)</u>	<u>2,543,245</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 1,634,826</u>	<u>1,278,593</u>	<u>(36,001)</u>	<u>2,799,794</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 57,830</u>
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NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Compensated Absences**

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

K. Deferred Revenue

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

L. Fund Equity

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

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Investments**

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

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

As of June 30, 2015 cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking, Money Market Accounts	<u>\$3,460,881</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2015 was \$3,460,881 and the bank balance was \$3,617,603. Of the bank balance, \$306,799 was covered by federal depository insurance and \$3,280,087 as covered by a collateral pool maintained by the banks as required by New Jersey statutes and \$30,717 was uninsured.

Credit Risk Categories

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

As of June 30, 2015, the District did not hold any long-term investments.

Insured:	
FDIC	\$ 306,799
GUDPA	3,280,087
Uninsured:	
NJ Cash Management	<u>30,717</u>
	<u>\$ 3,617,603</u>

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Long-Term</u> <u>Portion</u>	<u>2015-2016</u> <u>Payment</u>
Capital Lease	\$ 15,999	62,150	36,741	41,408	20,666	20,742
Bonds Payable	867,000	3,300,000	275,000	3,892,000	3,437,000	455,000
Pension Liability	_____	696,573	_____	696,573	696,573	_____
	<u>\$ 882,999</u>	<u>4,058,723</u>	<u>311,741</u>	<u>4,629,981</u>	<u>4,154,239</u>	<u>475,742</u>

During the fiscal year ended June 30, 2015, the district issued long-term debt consisting of bonds issued for additions and renovations to the Bay Head Elementary school. The amount of the bonds issued was \$3,300,000. During the fiscal year ended June 30, 2015, the District entered into a lease purchase agreement for Apple Computers at a total cost of \$66,464 with a balance of \$41,408 At June 30, 2015 at interest of 5.53%.

<u>Year</u>	<u>Total Cost</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2015-2016	\$22,154	2,015	20,139	21,268
2016-2017	22,154	886	21,269	0

A. Bonds Payable

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 455,000	118,792	573,792
2017	472,000	90,679	562,679
2018	185,000	74,619	259,619
2019	195,000	70,819	265,819
2020	200,000	66,869	266,869
2021-2025	1,095,000	267,834	1,362,834
2026-2030	<u>1,290,000</u>	<u>104,713</u>	<u>1,394,713</u>
	<u>\$ 3,892,000</u>	<u>794,325</u>	<u>4,686,325</u>

NOTE 4: Pension Plans

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

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

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

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

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

NOTE 4: Pension Plans (Continued)

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

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2015, the State of New Jersey contributed \$126,078 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$71,777 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

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

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/15	\$ 126,078	100%	0
6/30/14	106,743	100%	0
6/30/13	123,850	100%	0

NOTE 4: Pension Plans (Continued)

<u>Year</u> <u>Funding</u>	<u>Three-Year Trend Information for PERS</u>		
	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 30,671	100%	0
6/30/14	25,495	100%	0
6/30/13	25,053	100%	0

Pension Expense Deferred Outflows/Inflows – PERS

For the year ended June 30, 2015, the District recognized pension expense of \$30,671. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Experience Changes of Assumptions	\$ 21,904	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		41,512
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	54,379	
District Contributions Subsequent to the Measurement Date	<u>30,671</u>	<u>—</u>
Total	<u>\$ 106,954</u>	<u>41,512</u>

\$106,954 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2013 and 2014 are as follows:

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Collective Deferred Outflows of Resources	\$ 106,954	
Collective Deferred Inflows of Resources	41,512	
Collective Net Pension Liability	696,573	646,680
District's Proportion	.00372%	.00338%

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

The components of the net pension liability of the participating employers for PERS as of June 30, 2014 and 2013 are as follows:

	2014		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%

	2013		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 27,515,277,069	37,272,295,162	64,787,572,231
Plan Fiduciary Net Position	<u>8,216,653,950</u>	<u>18,160,308,251</u>	<u>26,376,962,201</u>
Net Pension Liability	<u>\$ 19,298,623,119</u>	<u>19,111,986,911</u>	<u>38,410,610,030</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	29.86%	48.72%	40.71%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2014		
	At 1%	At Current	At 1%
	<u>Decrease (4.39%)</u>	<u>Rate (5.39%)</u>	<u>Increase (6.39%)</u>
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>
	2013		
	At 1%	At Current	At 1%
	<u>Decrease (4.55%)</u>	<u>Rate (5.55%)</u>	<u>Increase (6.55%)</u>
State	\$ 22,822,255,839	19,298,623,119	16,351,193,705
Local	<u>23,791,905,551</u>	<u>19,111,986,911</u>	<u>15,190,834,283</u>
Total	<u>\$ 46,614,161,390</u>	<u>38,410,610,030</u>	<u>31,542,027,988</u>

Teachers Pensions and Annuity Fund (TPAF)**Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 81,095,320,000	76,678,639,671
Plan Fiduciary Net Position	<u>27,282,252,461</u>	<u>25,888,126,040</u>
Net Pension Liability	<u>\$ 53,813,067,539</u>	<u>50,790,513,631</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

	<u>2014</u>	<u>2013</u>
District's Liability	<u>\$ 5,109,031</u>	<u>4,546,359</u>
District's Proportion	.00949%	.00895%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvements. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2014 (3.68%, 4.68%, 5.68%)	\$ 64,722,984,539	53,813,067,539	44,738,870,539
2013 (3.95%, 4.95%, 5.95%)	61,017,578,926	50,790,513,631	42,351,665,847

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 6: Risk Management

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

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

NOTE 6: Risk Management

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2014-2015	\$ 0	19	0	30,717
2013-2014	0	18	0	30,698
2012-2013	0	19	0	30,680

NOTE 7: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/ received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2015 financial statements.

NOTE 8: Economic Dependency

The District receives approximately 10% of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District’s programs and activities.

NOTE 9: Contingent Liabilities

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

NOTE 10: Fund Balance Appropriated

General Fund – Of the \$794,520 General Fund fund balance at June 30, 2015, \$81,309 is reserved for maintenance reserve; \$99,133 is emergency reserve; \$284,869 is capital reserve; \$47,448 is reserve for encumbrances; \$256,996 is undesignated and \$23,075 is excess surplus; and \$1,690 is designated for subsequent year’s expenditures.

NOTE 11: 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures Per the CAFR	\$ 3,252,632
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(197,855)</u>
Adjusted 2014-15 General Fund Expenditures	<u>\$ 3,054,777</u>
2% of Adjusted 2013-14 General Fund Expenditures	<u>\$ 61,097</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>6,996</u>
Maximum Unassigned/Undesignated – Unreserved Fund Balance	<u>\$ 256,996</u>

Section 2

Total General Fund – Fund Balance @ 6-30-15	\$ 794,520
Decreased by:	
Designated for Subsequent Years Expenditures – By the Board of Education	(1,690)
Reserved for Encumbrances	(47,448)
Other Restricted Fund Balances	<u>(465,311)</u>
Total Unassigned Fund Balance	<u>\$ 280,071</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 23,075</u>

Section 3

Excess Surplus	<u>\$ 23,075</u>
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Detail of Allowable Adjustment

Extraordinary Aid	\$ 5,604
Nonpublic Public Transportation	<u>1,392</u>
	<u>\$ 6,996</u>

Detail of Other Restricted Fund Balance

Emergency Reserve	\$ 99,133
Maintenance Reserve	81,309
Capital Reserve	<u>284,869</u>
Total Other Restricted Fund Balance	<u>\$ 465,311</u>

NOTE 12: Operating Leases

The District had commitments to lease a digital copier under an operating lease that expires in 2016. Operating lease payments began in the 2011-2012 budget year. Future minimum lease payments are as follows:

Year ending June 30, 2016	<u>\$ 3,302</u>
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NOTE 13: Recent Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2015. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2015 through December 3, 2015.

NOTE 14: Capital Projects

On February 27, 2014 the Board of Education approved acceptance of a ROD grant from the State of New Jersey in the amount of \$96,800 and provided additional funding of \$145,200 from insurance proceeds for HAVC and Electrical upgrades to the Elementary School which will be done during the 2014-2015 fiscal year. In 2014 the board Authorized transfer of \$271,530 from Capital reserve, acknowledged a donation of \$470,430 to capital, use of \$247,930 in insurance funds from Hurricane "Sandy" and the bond sale funds to reconstruct the gym and classrooms for a total of \$4,291,310.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

BAY HEAD SCHOOL DISTRICT

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

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,893,085		2,893,085	2,893,085	-
Tuition From Individuals	236,000		236,000	283,382	47,382
Aftercare and Other Fees From Individuals			-	17,976	17,976
Miscellaneous	21,943		21,943	20,682	(1,261)
Total Local Sources	<u>3,151,028</u>	<u>-</u>	<u>3,151,028</u>	<u>3,215,125</u>	<u>64,097</u>
State Sources:					
Extraordinary Aid	10,001		10,001	15,605	5,604
Special Education Aid	58,303		58,303	58,303	-
Security Aid	3,326		3,326	3,326	-
PARCC Readiness Aid	980		980	980	-
Per Pupil Growth Aid	980		980	980	-
Transportation Aid	3,743		3,743	3,743	-
Additional Non-Public Transportation Aid			-	1,392	1,392
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	126,078	126,078
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	71,777	71,777
Total State Sources	<u>77,333</u>	<u>-</u>	<u>77,333</u>	<u>282,184</u>	<u>204,851</u>
Total Revenues	<u>3,228,361</u>	<u>-</u>	<u>3,228,361</u>	<u>3,497,309</u>	<u>268,948</u>

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool/Kindergarten - Salaries of Teachers	75,777	(1,518)	74,259	74,258	1
Grades 1-5 - Salaries of Teachers	389,760	22,346	412,106	412,106	-
Grades 6-8 - Salaries of Teachers	274,313	(2,163)	272,150	272,150	-
Salaries - Home Instruction	2,500	(1,237)	1,263	1,263	-
Regular Program - Undistributed Instruction:					
Other Salaries For Instruction	62,348	(5,913)	56,435	54,419	2,016
Purchased Professional Educational Services	25,000	(3,446)	21,554	21,554	-
Purchased Technical Services	5,000	3,431	8,431	8,431	-
Other Purchased Services	5,000	1,200	6,200	6,200	-
General Supplies	25,000	(1,000)	24,000	23,981	19
Textbooks	12,000	21,417	33,417	11,984	21,433
Other Objects	12,000	6,443	18,443	17,957	486
Total Regular Programs - Instruction	<u>888,698</u>	<u>39,560</u>	<u>928,258</u>	<u>904,303</u>	<u>23,955</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	83,447	14,247	97,694	94,308	3,386
General Supplies	1,000		1,000	989	11
Textbooks	500		500	332	168
Total Resource Room/Resource Center	<u>84,947</u>	<u>14,247</u>	<u>99,194</u>	<u>95,629</u>	<u>3,565</u>
Total Special Education - Instruction	<u>84,947</u>	<u>14,247</u>	<u>99,194</u>	<u>95,629</u>	<u>3,565</u>

BAY HEAD SCHOOL DISTRICT

Exhibit C-1

Sheet 3 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	73,686	(17,368)	56,318	56,218	100
General Supplies	2,000	2	2,002	2,002	-
Total Basic Skills/Remedial - Instruction	<u>75,686</u>	<u>(17,366)</u>	<u>58,320</u>	<u>58,220</u>	<u>100</u>
School-Sponsored Co-Curricular Activities - Instruction:					
Salaries	<u>25,396</u>		<u>25,396</u>	<u>24,442</u>	<u>954</u>
School Sponsored Athletics - Instruction:					
Salaries	25,000	(9,579)	15,421	15,421	-
Purchased Services	7,000	1,000	8,000	5,499	2,501
Supplies and Materials	2,500		2,500	48	2,452
Total School Sponsored Athletics - Instruction	<u>34,500</u>	<u>(8,579)</u>	<u>25,921</u>	<u>20,968</u>	<u>4,953</u>
Before/After School Programs - Instruction:					
Salaries of Teachers	<u>17,500</u>	<u>1,200</u>	<u>18,700</u>	<u>18,445</u>	<u>255</u>
Community Services Programs - Instruction:					
Supplies and Materials	2,000		2,000	1,111	889
Total Community Services Programs - Instruction	<u>1,128,727</u>	<u>29,062</u>	<u>1,157,789</u>	<u>1,123,118</u>	<u>34,671</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	400,034	34,521	434,555	434,455	100
Tuition to Other LEA's Within the State - Special	126,903	(12,000)	114,903	81,530	33,373
Tuition to County Vocational School-Regular	1,000	500	1,500	1,500	-
Tuition to Private Schools for the Disabled Within State	79,971	(55,632)	24,339		24,339
Total Undistributed Expenditures - Instruction	<u>607,908</u>	<u>(32,611)</u>	<u>575,297</u>	<u>517,485</u>	<u>57,812</u>

BAY HEAD SCHOOL DISTRICT

**Exhibit C-1
Sheet 4 of 10**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	<u>23,991</u>	<u>(1,064)</u>	<u>22,927</u>	<u>22,924</u>	<u>3</u>
Undistributed Expenditures - Health Services:					
Salaries	<u>40,282</u>	<u>1,114</u>	<u>41,396</u>	<u>41,396</u>	<u>-</u>
Supplies and Materials	<u>1,500</u>		<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total Undistributed Expenditures - Health Services	<u>41,782</u>	<u>1,114</u>	<u>42,896</u>	<u>42,896</u>	<u>-</u>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Purchased Professional Educational Services	<u>22,500</u>	<u>5,441</u>	<u>27,941</u>	<u>27,941</u>	<u>-</u>
Supplies and Materials	<u>500</u>		<u>500</u>		<u>500</u>
Total Undistributed Expenditures - Other Support Services Students - Related Services	<u>23,000</u>	<u>5,441</u>	<u>28,441</u>	<u>27,941</u>	<u>500</u>
Undistributed Expenditures-Other Support Services-Extra:					
Salaries		<u>15,130</u>	<u>15,130</u>	<u>8,938</u>	<u>6,192</u>
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries		<u>16,594</u>	<u>16,594</u>	<u>16,594</u>	<u>-</u>
Salaries of Secretarial and Clerical Assistants	<u>1,281</u>		<u>1,281</u>	<u>1,116</u>	<u>165</u>
Purchased Professional Educational Services	<u>3,500</u>		<u>3,500</u>	<u>3,500</u>	<u>-</u>
Other Purchased Professional Services	<u>150</u>		<u>150</u>	<u>112</u>	<u>38</u>
Supplies and Materials	<u>500</u>	<u>156</u>	<u>656</u>	<u>356</u>	<u>300</u>
Total Undistributed Expenditures - Other Support Services - Students	<u>5,431</u>	<u>16,750</u>	<u>22,181</u>	<u>21,678</u>	<u>503</u>

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Other Support Services - Students - Child Study Teams					
Salaries-Secretarial and Clerical	9,071		9,071	9,028	43
Purchased Professional Educational Services	18,000	(1,944)	16,056	16,056	-
Other Purchased Services		32,842	32,842	24,118	8,724
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	<u>27,071</u>	<u>30,898</u>	<u>57,969</u>	<u>49,202</u>	<u>8,767</u>
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	27,419	(3,045)	24,374	24,372	2
Other Salaries	9,071		9,071	9,029	42
Other Purchased Professional and Technical Services	10,000	(2,937)	7,063	6,248	815
Total Undistributed Expenditures - Improvement of Instructional	<u>46,490</u>	<u>(5,982)</u>	<u>40,508</u>	<u>39,649</u>	<u>859</u>
Undistributed Expenditures - Educational Media Services/ School Library:					
Salaries of Technology Coordinator	23,965	2,569	26,534	22,036	4,498
Purchased Professional and Technical Services	25,000	(1,918)	23,082	21,901	1,181
Other Purchased Services	25,000	(16,500)	8,500	2,881	5,619
Supplies and Materials	20,000	(1,000)	19,000	14,841	4,159
Total Undistributed Expenditures - Educational Media Services/School Library	<u>93,965</u>	<u>(16,849)</u>	<u>77,116</u>	<u>61,659</u>	<u>15,457</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	13,709		13,709	12,241	1,468
Salaries of Secretarial and Clerical	3,895	4	3,899	3,899	-
Purchased Professional Educational Services	1,000		1,000	781	219
Other Purchased Services	7,439	(1,225)	6,214	4,033	2,181
Total Undistributed Expenditures - Instr. Staff Training Services	<u>26,043</u>	<u>(1,221)</u>	<u>24,822</u>	<u>20,954</u>	<u>3,868</u>

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	2,050	(50)	2,000	2,000	-
Legal Services	6,000	2,415	8,415	8,415	-
Audit Fees	7,000	(200)	6,800	6,800	-
Other Purchased Professional Services	57,000	902	57,902	57,902	-
Communications/Telephone	5,000	(1,392)	3,608	3,608	-
Other Purchased Services (400-500 Series)	2,000		2,000	1,976	24
BOE Meeting/Training Supplies	1,500	200	1,700	1,683	17
Miscellaneous Expenditures	150		150	140	10
BOE Membership Dues and Fees	4,000	126	4,126	4,126	-
Total Undistributed Expenditures - Support Services - General Administration	84,700	2,001	86,701	86,650	51
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	54,838	(1,216)	53,622	51,999	1,623
Salaries of Secretarial and Clerical Assistants	3,895	4	3,899	3,899	-
Total Undistributed Expenditures - Support Services - School Administration	58,733	(1,212)	57,521	55,898	1,623
Undistributed Expenditures - Central Services:					
Salaries	12,104	(7,998)	4,106	3,099	1,007
Purchased Services (400-500 Series)	45,900	17,587	63,487	63,487	-
Interest on Lease Purchase Agreements	700		700		700
Other Objects	500	206	706	706	-
Total Undistributed Expenditures - Central Services	59,204	9,795	68,999	67,292	1,707

BAY HEAD SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 10**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Admin Info Technology Purchased Technical Services	7,685	(3,500)	4,185	2,554	1,631
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	65,885	(3,692)	62,193	62,193	-
Cleaning, Repair and Maintenance Services	25,000	18,180	43,180	43,180	-
General Supplies	9,000	6,410	15,410	11,413	3,997
Other Objects	5,000	1,500	6,500	5,135	1,365
Total Undistributed Expenditures - Required Maintenance - School Facilities	104,885	22,398	127,283	121,921	5,362
Undistributed Expenditures - Care and Upkeep of Grounds:					
Salaries	8,044		8,044	7,632	412
Purchased Professional and Technical Services	2,000	(1,624)	376		376
Cleaning, Repair and Maintenance Services	6,000	5,000	11,000	10,752	248
General Supplies	1,500	(1,500)	-		-
Total Undistributed Expenditures - Care and Upkeep of Grounds	17,544	1,876	19,420	18,384	1,036
Undistributed Expenditures -Security:					
Salaries	20,353	3,000	23,353	23,349	4
Purchased Professional and Technical Services	5,000	(1,000)	4,000	3,641	359
General Supplies	500		500		500
Total Undistributed Expenditures - Security	25,853	2,000	27,853	26,990	863

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Other Operations and Maintenance of Plant Services:					
Salaries	13,385	2,785	16,170	16,170	-
Salaries of Non-Instructional Aides	10,391	(955)	9,436	9,253	183
Other Purchased Professional and Technical Services	15,000	759	15,759	14,640	1,119
Other Purchased Property Services	5,000	1,355	6,355	6,355	-
Insurance	8,500	46,255	54,755	54,755	-
Miscellaneous Purchased Services	10,000	1,107	11,107	11,107	-
Energy (Electricity)	18,793	(1,500)	17,293	17,211	82
Energy (Natural Gas)	8,000	6,590	14,590	14,590	-
Other Objects	5,000	(5,000)	-	-	-
Total Undistributed Expenditures - Other Operations and Maintenance of Plant Services	<u>94,069</u>	<u>51,396</u>	<u>145,465</u>	<u>144,081</u>	<u>1,384</u>
Total Undistributed Expenditures - Operations and Maintenance of School Facilities	<u>242,351</u>	<u>77,670</u>	<u>320,021</u>	<u>311,376</u>	<u>8,645</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	28,700	(1,342)	27,358	27,358	-
Salaries for Pupil Transportation - (Between Home and School) Reg	15,130	2,000	17,130	16,988	142
Contracted Services - Aid in Lieu	5,400	788	6,188	6,188	-
Contracted Services (Between Home & School) - Vendors	2,000		2,000	1,590	410
Contracted Services (Between Home & School) Jointures	5,000	(500)	4,500		4,500
Contracted Services (Special Education Students) Jointures	10,000	(1,000)	9,000		9,000
Contracted Services - (Special Education Students) - Vendors	55,000	(5,588)	49,412	36,846	12,566
Contracted Services - (Other than Between Home & School) - Vendors	20,000		20,000	17,237	2,763
General Supplies	500		500		500
Other Objects	15,000	(1,500)	13,500	450	13,050
Total Undistributed Expenditures - Student Transportation Services	<u>156,730</u>	<u>(7,142)</u>	<u>149,588</u>	<u>106,657</u>	<u>42,931</u>

BAY HEAD SCHOOL DISTRICT

**Exhibit C-1
Sheet 9 of 10**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits:					
Social Security Contributions	36,000	2,674	38,674	38,673	1
Other Retirement Contributions - PERS	30,000	671	30,671	30,671	-
Workers Compensation	20,000	(3,500)	16,500	16,403	97
Health Benefits	425,000	(32,462)	392,538	374,759	17,779
Tuition Reimbursement	18,000	(11,378)	6,622		6,622
Other Employee Benefits	31,000	(10,171)	20,829	15,116	5,713
Total Unallocated Benefits	<u>560,000</u>	<u>(54,166)</u>	<u>505,834</u>	<u>475,622</u>	<u>30,212</u>
On-Behalf TPAF Pension Contributions - Non-Budgeted				126,078	(126,078)
Reimbursed TPAF Social Security Contributions Non-Budgeted				71,777	(71,777)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,855</u>	<u>(197,855)</u>
Total Undistributed Expenditures	<u>2,065,084</u>	<u>35,052</u>	<u>2,100,136</u>	<u>2,117,230</u>	<u>(17,094)</u>
Capital Outlay:					
Equipment-Instruction	25,000		25,000	11,077	13,923
Equipment-Non Instructional	8,000		8,000		8,000
Facilities Acquisition and Construction Services:					
Debt Service Assessment	1,207		1,207	1,207	
Interest Earned on Maintenance Reserve	53		53		53
Interest Earned on Emergency Reserve	15		15		15
Total Facilities Acquisition and Construction Services	<u>34,275</u>	<u>-</u>	<u>34,275</u>	<u>12,284</u>	<u>21,991</u>
Interest Deposit to Capital Reserve	<u>275</u>	<u>-</u>	<u>275</u>		<u>275</u>
Total Capital Outlay	<u>34,550</u>	<u>-</u>	<u>34,550</u>	<u>12,284</u>	<u>22,266</u>
Total General Fund Expenditures	<u>3,228,361</u>	<u>64,114</u>	<u>3,292,475</u>	<u>3,252,632</u>	<u>39,843</u>

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	(64,114)	(64,114)	244,677	229,106
Other Financing Sources (Uses):					
Transfer to Capital Projects (Accounts Payable)				(271,530)	(271,530)
Total Other Financing Sources (Uses)	-	-	-	(271,530)	(271,530)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	-	(64,114)	(64,114)	(26,853)	(42,424)
Fund Balance July 1	821,373		821,373	821,373	
Fund Balance June 30	<u>\$ 821,373</u>	<u>(64,114)</u>	<u>757,259</u>	<u>794,520</u>	<u>(42,424)</u>
Recapitulation:					
Restricted Fund Balance:					
Designated for Subsequent Years Expenditures- by the Board of Education				\$ 1,690	
Maintenance Reserve				81,309	
Capital Reserve				284,869	
Emergency Reserve				99,133	
Excess Surplus				23,075	
Assigned Fund Balances					
Reserved For Encumbrances				47,448	
Unassigned Fund Balance				256,996	
				<u>794,520</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				(6,617)	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 787,903</u>	

BAY HEAD SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	<u>\$ 37,381</u>	<u></u>	<u>37,381</u>	<u>37,381</u>	<u>-</u>
Total Revenues	<u>\$ 37,381</u>	<u>-</u>	<u>37,381</u>	<u>37,381</u>	<u>-</u>
Expenditures:					
Instruction:					
Other Salaries for Instruction	<u>\$ 30,359</u>	<u></u>	<u>\$ 30,359</u>	<u>30,359</u>	<u></u>
Total Instruction	<u>30,359</u>	<u>-</u>	<u>30,359</u>	<u>30,359</u>	<u>-</u>
Support Services:					
Other Purchased Services	<u>7,022</u>	<u></u>	<u>7,022</u>	<u>7,022</u>	<u></u>
Total Support Services	<u>7,022</u>	<u>-</u>	<u>7,022</u>	<u>7,022</u>	<u>-</u>
Total Expenditures	<u>\$ 37,381</u>	<u>-</u>	<u>\$ 37,381</u>	<u>37,381</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

BAY HEAD SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - PERS****Exhibit L-1****LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 696,573	646,680
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>
Total	<u>\$ 696,573</u>	<u>646,680</u>
District's Covered-Employee Payroll	\$ 244,243	245,255
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	35.06%	37.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.74%	40.71%

BAY HEAD SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 25,495	25,053
Contributions in Relation to the Contractually Required Contribution	<u>25,495</u>	<u>25,053</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 244,243	245,255
Contributions as a Percentage of Covered-Employee Payroll	10.44%	10.22%

BAY HEAD SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - TPAF****Exhibit L-3****LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>5,109,031</u>	<u>4,546,359</u>
Total	<u>\$ 5,109,031</u>	<u>4,546,359</u>
District's Covered-Employee Payroll	\$ 929,694	945,089
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	18.20%	20.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

SPECIAL REVENUE FUND

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

JUNE 30, 2015

	<u>IDEA</u>	<u>Title II</u>	<u>Total June 30, 2015</u>
Revenues:			
Federal Sources	<u>\$ 30,359</u>	<u>7,022</u>	<u>37,381</u>
Total Revenues	<u>\$ 30,359</u>	<u>7,022</u>	<u>37,381</u>
Expenditures:			
Instruction:			
Other Salaries for Instruction	<u>\$ 30,359</u>		<u>30,359</u>
Total Instruction	<u>30,359</u>	<u>-</u>	<u>30,359</u>
Support Services:			
Other Purchased Services		<u>7,022</u>	<u>7,022</u>
Total Support Services	<u>-</u>	<u>7,022</u>	<u>7,022</u>
Total Expenditures	<u>\$ 30,359</u>	<u>7,022</u>	<u>37,381</u>

CAPITAL PROJECTS FUND – F

BAY HEAD SCHOOL DISTRICT**CAPITAL PROJECTS FUND**

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**IN FUND BALANCE - BUDGETARY BASIS****FOR THE YEAR ENDED JUNE 30, 2015****Revenues**

Foundation	\$ 406,310
Capital Reserve	271,530
Premium on Sale of Bonds	730
Total Revenues	<u>678,570</u>

Expenditures

Purchased Professional and Technical Services	220,279
Construction	1,004,725
Other	150,795
Total Expenditures	<u>1,375,799</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures (697,229)

Other Financing Sources and/Or (Uses):

Sale of Bonds	3,300,000
Transfer to Debt Service Fund	(730)
Total Other Financing Sources and/or (Uses)	<u>3,299,270</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures
and other financing Sources/and or (Uses) 2,602,041

Fund Balance - Beginning 491,400

Fund Balance - Ending \$ 3,093,441

BAY HEAD SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT

BALANCE, AND PROJECT STATUS - BUDGETARY BASIS

HAVC AND ELECTRICAL UPGRADE - ELEMENTARY SCHOOL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Transfer from General - Insurance Recoveries	\$ 145,200		145,200	145,200
ROD Grants	96,800		96,800	96,800
Total Revenues	<u>242,000</u>	<u>-</u>	<u>242,000</u>	<u>242,000</u>
<u>Expenditures and Other Financing Uses</u>				
Other Purchased Professional and Technical Services	600	10,377	10,977	22,500
Construction Services		145,540	145,540	209,800
Other Objects				9,700
Total Expenditures	<u>600</u>	<u>155,917</u>	<u>156,517</u>	<u>242,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 241,400</u>	<u>(155,917)</u>	<u>85,483</u>	<u>-</u>

Additional Project Information

Project Number	0210-020-14-1003-004
Grant Date	2/27/2014
Original Authorized Cost	\$ 242,000
Additional Authorized Cost	
Revised Authorized Cost	242,000
Percentage Completion	75%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	8/30/2015

BAY HEAD SCHOOL DISTRICT

Exhibit F-1b

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISGYM AND CLASSROOM CONSTRUCTION - ELEMENTARY SCHOOLFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Transfer from General - Insurance Recoveries	\$ 247,930		247,930	247,930
Sale of Bonds		3,300,000	3,300,000	3,300,000
Roundation		406,310	406,310	470,430
Capital Reserve	1,420	271,530	272,950	272,950
Total Revenues	<u>249,350</u>	<u>3,977,840</u>	<u>4,227,190</u>	<u>4,291,310</u>
<u>Expenditures and Other Financing Uses</u>				
Other Purchased Professional and Technical Services		209,902	209,902	215,000
Construction Services		859,185	859,185	3,500,000
Other Objects		150,795	150,795	576,310
Total Expenditures	<u>-</u>	<u>1,219,882</u>	<u>1,219,882</u>	<u>4,291,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 249,350</u>	<u>2,757,958</u>	<u>3,007,308</u>	<u>-</u>

Additional Project Information

Project Number	0210-020-14-2000 & 3000
Grant Date	N/A
Original Authorized Cost	\$ 4,291,310
Additional Authorized Cost	
Revised Authorized Cost	4,192,310
Percentage Completion	30%
Original Target Completion Date	6/30/2016
Revised Target Completion Date	6/30/2016

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

BAY HEAD SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	<u>Unemployment Compensation</u>	<u>Private Purpose Trust Scholarship Fund</u>	<u>Salary Account</u>	<u>Student Activities</u>	<u>Balance June 30, 2014</u>
Assets:					
Cash and Cash Equivalents	<u>\$ 30,717</u>	<u>57,390</u>	<u>1,056</u>	<u>1,289</u>	<u>90,452</u>
Total Assets	<u><u>\$ 30,717</u></u>	<u><u>57,390</u></u>	<u><u>1,056</u></u>	<u><u>1,289</u></u>	<u><u>90,452</u></u>
Liabilities:					
Payroll Deductions and Withholdings			<u>\$ 1,056</u>		<u>1,056</u>
Due to Student Groups				<u>1,289</u>	<u>1,289</u>
Total Liabilities			<u><u>\$ 1,056</u></u>	<u><u>1,289</u></u>	<u><u>2,345</u></u>
Net Position					
Reserve for Unemployment Benefits	<u>\$ 30,717</u>				<u>30,717</u>
Reserve for Scholarships		<u>57,390</u>			<u>57,390</u>
Total Net Position	<u><u>\$ 30,717</u></u>	<u><u>57,390</u></u>			<u><u>88,107</u></u>

BAY HEAD SCHOOL DISTRICT**TRUST AND AGENCY FUNDS**

Exhibit H-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**JUNE 30, 2015**

	Private Purpose Trust Scholarship Funds	Unemployment Compensation Trust	Balance June 30, 2015
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Securities Increase	\$ (1,616)		(1,616)
Interest Earned	2	19	21
Donations	525		525
Total Additions	<u>(1,089)</u>	<u>19</u>	<u>(1,070)</u>
Deductions:			
Scholarships Awarded	1,250		1,250
Total Deductions	<u>1,250</u>	<u>-</u>	<u>1,250</u>
Changes in Net Position	(2,339)	19	(2,320)
Net Position Beginning of Year	<u>59,729</u>	<u>30,698</u>	<u>90,427</u>
Net Position End of Year	<u>\$ 57,390</u>	<u>30,717</u>	<u>88,107</u>

BAY HEAD SCHOOL DISTRICT**TRUST AND AGENCY FUND**

Exhibit H-3

STUDENT ACTIVITY FUND**SCHEDULE OF RECEIPTS AND DISBURSEMENTS****JUNE 30, 2015**

	Balance			Balance
	June 30, 2014	Increases	Decreases	June 30, 2015
Student Council	\$ 497	1,322	1,096	723
Athletic Fund	401			401
School Fund	40	125		165
	<hr/>	<hr/>	<hr/>	<hr/>
Total Student Activities	<u>\$ 938</u>	<u>1,447</u>	<u>1,096</u>	<u>1,289</u>

LONG-TERM DEBT - I

BAY HEAD SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-2

OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2015

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2014</u>	<u>Leases Issued</u>	<u>Paid</u>	<u>Amount Outstanding June 30, 2015</u>
Computer Equipment	0%	\$ 72,995	\$ 15,999		15,999	-
Computer Equipment	5.53%	62,150		62,150	20,742	41,408
			<u>\$ 15,999</u>	<u>62,150</u>	<u>36,741</u>	<u>41,408</u>

BAY HEAD SCHOOL DISTRICT

Exhibit I-3

LONG-TERM DEBT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 238,028		238,028	238,028	
State Sources:					
Debt Service Aid Type II	73,820		73,820	73,820	
Total Revenues	<u>311,848</u>	<u>-</u>	<u>311,848</u>	<u>311,848</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	36,848		36,848	36,848	-
Redemption of Principal	275,000		275,000	275,000	-
Total Expenditures	<u>311,848</u>	<u>-</u>	<u>311,848</u>	<u>311,848</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources:					
Transfer from Capital				730	730
Fund Balance July 1	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>730</u>	<u>730</u>

STATISTICAL SECTION

(Unaudited)

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

Exhibit J-1

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Invested in capital assets, net of related debt	245,229	446,390	638,295	(1,133,614)
Restricted = Capital Purposes	-	165,426	-	
Restricted = Other	351,229	229,559	1,061,083	3,584,247
Unrestricted	<u>386,348</u>	<u>230,669</u>	<u>245,269</u>	<u>(333,304)</u>
Total governmental activities net assets	<u><u>982,806</u></u>	<u><u>1,072,044</u></u>	<u><u>1,944,647</u></u>	<u><u>2,117,329</u></u>
Business-type activities				
Invested in capital assets, net of related debt	-	-	-	-
Restricted	-	-	-	-
Unrestricted	-	-	-	-
Total business-type activities net assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District-wide				
Invested in capital assets, net of related debt	245,229	446,390	638,295	(1,133,614)
Restricted	351,229	394,985	1,061,083	3,584,247
Unrestricted	<u>386,348</u>	<u>230,669</u>	<u>245,269</u>	<u>(333,304)</u>
Total district net assets	<u><u>982,806</u></u>	<u><u>1,072,044</u></u>	<u><u>1,944,647</u></u>	<u><u>2,117,329</u></u>

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

Exhibit J-2

	2012	2013	2014	2015
Expenses				
Governmental Activities				
Instruction				
Regular	903,038	934,962	939,988	904,303
Special Education	62,400	92,867	156,831	125,988
Other instruction	99,047	97,088	102,159	123,186
Support Services				
Tuition	589,249	634,657	501,227	517,485
Student & instruction related services	372,870	383,633	359,736	302,863
School Administrative services	90,892	35,052	58,036	86,650
General Administration	36,953	103,580	99,197	125,744
Plant operations and maintenance	310,301	401,901	333,206	311,376
Administrative information technology				
Pupil transportation	107,243	121,505	162,481	106,657
Other support services				
Depreciation	55,467	54,837	70,335	57,830
Capital Outlay			1,207	1,388,083
Interest on long-term debt	63,100	53,050	43,046	36,848
Unallocated benefits	597,485	666,230	616,242	673,477
Total governmental activities expenses	<u>3,288,045</u>	<u>3,559,362</u>	<u>3,443,691</u>	<u>4,760,490</u>
Business-type activities				
Food service	-	-	-	-
Child care	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program revenues				
Governmental activities				
Charges for services				
Instruction	345,434	268,272	264,154	283,382
Pupil transportation	-	-	-	-
Central and other support services	-	-	-	-
Operating grants and contributions	-	9,977	31,025	-
Capital grants and contributions	345,434	278,249	295,179	283,382
Total governmental activities program revenues	<u>345,434</u>	<u>278,249</u>	<u>295,179</u>	<u>283,382</u>
Business-type activities				
Charges for services				
Food service	-	-	-	-
Child care	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district program revenues	<u>345,434</u>	<u>278,249</u>	<u>295,179</u>	<u>283,382</u>
Net (expense) Revenue				
Governmental activities	\$ 2,942,611	\$ 3,281,113	\$ 3,148,512	\$ 4,477,108
Business-type activities	\$ -	\$ -	\$ -	\$ -
Total district-wide net expense	<u>\$ 2,942,611</u>	<u>\$ 3,281,113</u>	<u>\$ 3,148,512</u>	<u>\$ 4,477,108</u>
General Revenues and Other Changes in Net Assets				
Governmental activities				
Property taxes levied for general purpose, net	2,780,744	2,780,744	2,836,358	2,893,085
Taxes levied for debt service	202,296	210,491	227,056	238,028
Unrestricted grants and contributions	-	373,279	438,175	393,189
Payments in lieu of taxes	-	-	-	-
Tuition Received	320,415	-	-	-
Investment Earnings	-	-	-	-
Miscellaneous income	29,201	71,395	59,787	39,388
Transfers	-	(70,706)	-	-
Insurance Recoveries	-	-	432,746	-
Total governmental activities	<u>3,332,656</u>	<u>3,365,203</u>	<u>3,994,122</u>	<u>3,563,690</u>
Business-type activities				
Investment earnings	-	-	-	-
Transfers	-	-	-	-
Fixed Asset Adjustments	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide revenue	<u>3,332,656</u>	<u>3,365,203</u>	<u>3,994,122</u>	<u>3,563,690</u>
Change in Net Assets	424,372	84,090	845,610	(913,418)
Ending Total district	982,806	1,066,896	1,912,506	999,088

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

Exhibit J-3

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Fund Balance</u>					
Maintenance reserve	\$ 6,309	6,309	6,309	6,309	81,309
Reserved for Subsequent Years' Expenditures	130,285	132,288	172,349	32,842	1,690
Capital Reserve	-	-	165,426	506,399	284,869
Emergency reserve	24,133	24,133	24,133	24,133	99,133
Excess Surplus	-	320,787			23,075
Capital Projects Fund				491,400	3,093,441
Committed to other purposes					47,448
Unreserved, reported in:					
General Fund	399,830	283,678	261,638	245,269	251,109
Total all other governmental funds	<u>\$ 560,557</u>	<u>767,195</u>	<u>629,855</u>	<u>1,306,352</u>	<u>3,882,074</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	1,796,560	2,121,394	2,502,548	2,567,548	2,898,971	2,926,684	2,983,040	2,991,235	3,063,414	3,131,113
Tuition From Individuals	90,065	101,593	89,955	108,959	159,356	214,544	320,415	268,272	264,154	283,382
Miscellaneous	99,950	83,107	5,606	8,803	23,783	36,802	29,201	71,395	59,787	39,388
State Sources	265,925	288,460	356,150	282,598	283,943	225,245	320,554	373,279	438,175	355,808
Federal Sources	35,322	30,880	32,106	24,493	49,726	25,729	27,833	9,977	31,025	37,381
Total Revenue	2,287,822	2,625,434	2,986,365	2,992,401	3,415,779	3,429,004	3,681,043	3,714,158	3,856,555	3,847,072
General Fund Expenditures										
Instruction:										
Regular	654,319	637,206	735,677	811,531	845,812	827,212	903,038	934,962	939,988	904,303
Special	145,723	61,266	48,865	50,830	53,000	60,035	62,400	92,667	156,831	125,988
Other	15,985	84,423	71,973	75,991	89,894	85,559	80,197	97,088	102,159	123,186
School-Sponsored/Other Instructional	-	-	-	-	-	-	18,850			
Support Services and Undistributed Costs:										
Tuition	447,567	599,207	477,915	726,769	684,922	621,846	589,249	634,657	501,227	517,485
Student & Instruction Related Services	225,630	254,924	277,403	288,980	302,165	337,533	372,870	363,633	359,736	302,863
General Administration	73,898	11,269	33,107	56,045	32,043	36,559	36,953	35,052	58,036	86,650
School & General Administration	67,858	100,175	90,712	67,325	89,978	91,939	90,892	103,580	99,197	125,744
Operations and Maintenance	151,548	192,816	226,096	254,197	293,024	304,966	310,301	401,901	333,206	311,376
Student Transportation	53,565	66,980	63,897	55,089	77,028	96,188	107,243	121,505	162,481	106,657
Unallocated Employee Benefits	289,538	469,713	522,688	502,978	531,039	506,213	506,213	666,230	616,242	673,477
Capital Outlay	-	909,820	1,312,180	-	23,505	-	20,726	25,850	1,807	1,388,083
Debt Service:										
Principal	-	-	150,000	165,000	175,000	190,000	200,000	225,000	250,000	275,000
Interest and other charges	-	-	138,352	86,235	79,635	72,635	65,035	57,035	47,473	36,848
Total General Fund Expenditures	2,125,631	3,387,799	4,148,865	3,140,970	3,277,045	3,230,685	3,363,967	3,759,360	3,626,383	4,977,660
Excess (Deficiency) of revenues over (under) expenditures	162,191	(762,365)	(1,162,500)	(148,569)	138,734	198,319	317,076	(45,202)	228,172	(1,130,588)
Other Financing sources (uses)										
Transfers in		2,222,000	(3,678)	(490)						
Transfers Out		(14,820)	14,783	12,059						
Sandy related sources (uses) net								(70,706)	432,746	
Total Other Financing Sources (uses)	-	2,207,180	11,105	11,569	-	-	-	(70,706)	432,746	-
Net change in fund balance	162,191	1,444,815	(1,151,395)	(137,000)	138,734	172,590	206,638	(115,908)	660,918	(1,130,588)

Source: District Records

BAY HEAD SCHOOL DISTRICT

Exhibit J-5

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Interest	2,945	-	-	-	-	5,662	5,235			
Tuition	90,065	101,593	89,955	108,959	159,356	214,544	320,415	268,272	264,154	283,382
Contributions	-	-	-	-	-	-	-			
Refund Prior Year's Expenditures	-	-	-	-	-	-	-			
Miscellaneous	97,005	-	5,606	8,803	23,783			50,695	40,931	21,412
Aftercare						27,447	23,966	20,700	18,856	17,976
	<u>190,015</u>	<u>101,593</u>	<u>95,561</u>	<u>117,762</u>	<u>183,139</u>	<u>247,653</u>	<u>349,616</u>	<u>339,667</u>	<u>323,941</u>	<u>322,770</u>

Source: District records

Exhibit J-6

BAY HEAD SCHOOL DISTRICT

LAST TEN FISCAL YEARS

UNAUDITED

<u>Year</u>	<u>Net Taxable Value (CI 6)</u>	<u>Net Valuation for Apportionment (11)</u>	<u>County Equal Ratio R.S.:54:3-17-19</u>
2006	938,335,675	1,365,123,044	68.79%
2007	947,926,300	1,589,596,873	57.69%
2008	957,014,986	1,694,105,779	56.49%
2009	*R 1,617,167,722	1,695,068,383	95.48%
2010	1,603,584,033	1,568,091,781	102.85%
2011	1,592,071,981	1,619,339,080	98.39%
2012	15,935,652,853	1,579,312,359	100.90%
2013	1,549,312,732	1,521,569,925	101.82%
2014	1,587,863,332	1,553,241,240	102.23%
2015	1,586,865,100	1,597,112,490	101.65%

Source: Abstract of Ratables
County Board of Taxation

*R Reassessment

Exhibit J-7

BAY HEAD SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30,	Bay Head School District	Borough of Bay Head	Ocean County	Total
2006	0.226	0.236	0.491	0.953
2007	0.264	0.253	0.522	1.039
2008	0.268	0.272	0.547	1.087
2009*	0.179	0.163	0.325	0.667
2010	0.183	0.172	0.316	0.671
2011	0.187	0.172	0.346	0.705
2012	0.187	0.184	0.358	0.729
2013	0.197	0.200	0.385	0.782
2014	0.197	0.200	0.399	0.796
2015	0.203	0.208	0.422	0.833

Source: Ocean County Board of Taxation

* Revaluation

Bay Head Board of Education
 Ten Highest Taxpayers
 Current and 13 Years ago

Exhibit J-8

<u>2014</u>			<u>2001</u>		
<u>Taxpayer</u>	Assessed Valuation <u>2014</u>	As a Percentage of District's Net <u>Assessed Valuation</u>	<u>Taxpayer</u>	Assessed Valuation <u>2001</u>	As a Percentage of District's Net <u>Assessed Valuation</u>
Bay Head Yacht Club	13,500,000	0.850%	Bay Head Yacht Club	8,491,800	2.060%
Hartington J Trust	9,079,100	0.572%	Dale's Yacht Basin	4,176,600	1.020%
denihan, Barbara T.	7,738,700	0.487%	Individual	2,831,100	0.690%
RDCC LLC	7,675,400	0.483%	Individual	2,532,200	0.620%
Kamine, Harold & Kathleen	7,306,400	0.460%	Individual	1,982,100	0.480%
Smith Willima & Mary Ann	7,300,000	0.460%	Individual	1,972,100	0.480%
Higgins, James & Jacquelyn	7,195,000	0.453%	Individual	1,786,800	0.440%
Farris, David & Jill	7,183,900	0.452%	Individual	1,795,900	0.440%
SMATCO LTD	7,159,400	0.451%	Individual	1,701,300	0.420%
McLendon, Heath & Judith	7,100,000	0.447%	Grenville	1,703,400	0.420%
Total 10 highest	<u>\$ 81,237,900</u>	<u>5.116%</u>		<u>\$ 28,973,300</u>	<u>7.610%</u>
Total Net Assessment	<u>\$ 1,587,863,332</u>				

Source: Municipal Finance Officer

Exhibit J-9

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

Fiscal Year Ended <u>June 30,</u>	School <u>Levy</u>	Taxes Levied for <u>the Fiscal Year</u>	Current Tax <u>Collections</u>	Percentage <u>of Levy</u>
2005	1,739,246	8,421,298	8,330,718	98.84%
2006	1,796,560	9,021,664	8,915,660	98.83%
2007	2,121,394	9,917,999	9,849,172	99.30%
2008	2,502,548	10,439,063	10,363,696	99.28%
2009	2,898,971	10,772,419	10,683,384	98.83%
2010	2,926,684	10,744,599	10,508,534	97.37%
2011	2,983,040	11,258,755	11,134,830	98.90%
2012	2,991,235	11,611,255	11,326,207	97.23%
2013	3,053,414	12,199,640	12,019,112	98.52%
2014	3,131,113	12,585,417	12,405,275	98.57%

Source: Municipal Finance Officer
Abstract of Ratables

Exhibit J-10

BAY HEAD SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST NINE FISCAL YEARS*
UNAUDITED

Fiscal Year Endec <u>June 30</u>	<u>Governmental Activities</u>			<u>Business - Type Activities</u>		
	General Obligation <u>Bonds</u>	Certificates of <u>Participation</u>	Capital <u>Leases</u>	Bonded Debt Anticipation Notes (BANDs)	Percentage of Personal Income	<u>Per Capita</u>
2007	\$2,222,000	NONE	NONE	NONE		NO DATA TO REPORT
2008	\$2,072,000	NONE	\$63,225	NONE		NO DATA TO REPORT
2009	\$1,907,000	NONE	\$47,419	NONE		NO DATA TO REPORT
2010	\$1,732,000	NONE	\$31,613	NONE		NO DATA TO REPORT
2011	1,542,000.00	NONE	\$47,995	NONE		NO DATA TO REPORT
2012	1,342,000.00	NONE	\$31,997	NONE		NO DATA TO REPORT
2013	\$1,117,000	NONE	\$15,999	NONE		NO DATA TO REPORT
2014	\$867,000	NONE	\$15,999	NONE		NO DATA TO REPORT
2015	\$ 3,892,000	NONE	\$41,408	NONE		NO DATA TO REPORT

Exhibit J-11

BAY HEAD SCHOOL DISTRICT

RATIO OF NET GENERAL BONDED DEBT OUTSTANDING

LAST NINE FISCAL YEARS

UNAUDITED

Fiscal Year Ended <u>June 30</u>	General Obligation <u>Bonds</u>	<u>Deductions</u>	Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value # of <u>Property</u>	Net Bonded Debt Per <u>Capita</u>
2007	\$ 2,222,000		\$ 2,222,000	0.232%	
2008	\$ 2,072,000		\$ 2,072,000	0.128%	
2009	\$ 1,907,000		\$ 1,907,000	0.119%	
2010	\$ 1,732,000		\$ 1,732,000	0.109%	
2011	\$ 1,542,000		\$ 1,542,000	0.010%	
2012	\$ 1,342,000		\$ 1,342,000	0.087%	
2013	\$ 1,117,000		\$ 1,117,000	0.070%	\$ 1,136
2014	\$ 867,000		\$ 867,000	0.055%	\$ 874
2015	\$ 3,892,000		\$ 3,892,000	0.245%	

Exhibit J-12

BAY HEAD SCHOOL DISTRICT
 Computation of Direct and Overlapping Bonded Debt
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014
 UNAUDITED

Net Direct Debt of School District as of June 30, 2015	\$ 3,892,000
Net Overlapping Debt of School District:	
Borough of Bay Head	unavailable
County of Ocean-Bay Head Share (1.61%)	<u> </u>
Total Direct and Overlapping Bonded Debt as of June 30, 2014	<u><u>\$ 3,892,000</u></u>

Source: Municipal Finance Officer

BAY HEAD SCHOOL DISTRICT

Exhibit J-13

COMPUTATION OF LEGAL DEBT MARGIN INFORMATION

UNAUDITED

Legal Debt Margin For Fiscal Year 2014

Equalized valuation basis

2014	\$ 1,521,569,925
2013	1,597,112,490
2012	1,577,766,984
	<u>\$ 4,696,449,399</u>

Average equalized valuation of taxable property \$ 1,565,483,133

Debt limit (3% of average equalization value) 46,964,494

Total Net Debt Applicable to Limit 3,892,000

Legal debt margin \$ 43,072,494

Fiscal Year

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debit Limit	36,008,054	41,075,935	46,040,956	49,328,989	49,709,404	48,934,802	47,852,639	47,618,707	47,170,881	46,964,494
Total net debt applicable to limit	<u>814,080</u>	<u>2,952,652</u>	<u>1,050,126</u>	<u>1,348,695</u>	<u>1,734,138</u>	<u>1,734,138</u>	<u>2,286,653</u>	<u>1,117,000</u>	<u>867,000</u>	<u>3,892,000</u>
Legal debt margin	<u>35,193,974</u>	<u>38,123,283</u>	<u>44,930,830</u>	<u>47,980,293</u>	<u>47,975,266</u>	<u>47,200,664</u>	<u>45,565,986</u>	<u>46,501,707</u>	<u>46,303,881</u>	<u>43,072,494</u>
Total net debt applicable to the limit as a percentage of debt limit	2.26%	7.19%	2.28%	2.73%	3.49%	3.54%	4.78%	2.35%	1.87%	2.35%

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

Exhibit J-14

<u>Year</u>	<u>Population</u>	<u>Household</u>	<u>Unemployment Rate</u>	<u>Annual Births</u>
2001	1,242		2.0%	4
2002	1,256		3.3%	6
2003	1,267		3.5%	3
2004	1,264		N/A	5
2005	1,259	\$ 87,200	4.5%	3
2006	1260	-	4.8%	4
2007	1265	-	-	4
2008	1238			4
2009	1273			6
2010	968	\$77,790		0
2011				2
2012	983		10.70%	3
2013	992		8.90%	1

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

Exhibit J-15

BAY HEAD SCHOOL DISTRICT
Principal Employers

Current Year and Ten Years Ago
UNAUDITED

Data Unavailable

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

Exhibit J-16

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	8.6	8.6	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Special Education	1.2	1.2	1.2	1.3	1.3	1.3	1.5	1.5	1.5	1.5
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	2.7	2.7	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Nonnpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services										
Student & instruction related services	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
General administration	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
School administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other administrative services	1.2	1.4	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Central Services	-	-	-	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Administrative Information Technology	-	-	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Plant operations & maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	0.8	0.8	1.3	1.3	1.3	1.3	1.3
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	17.5	17.9	17.5	20.6	21.6	22.1	22.3	22.3	22.3	22.3

Source: District Personnel Records

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

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil (c)</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) b</u>	<u>Average Daily Attendance (ADA) b</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	88	2,273,182	25,832	0.00%	12.5	1:7.0	88.4	84.5	-12.39%	95.59%
2007	92	2,562,528	27,854	7.83%	11.9	1:7.3	91.6	86.8	3.62%	94.76%
2008	91	2,686,547	29,522	5.99%	12.1	1:7.5	91.0	85.3	-0.66%	93.74%
2009	96	3,016,470	31,442	6.50%	12.2	1:7.9	96.4	92.0	5.93%	95.44%
2010	108	3,022,410	27985	-10.99%	12.2	1:8.6	111.1	105.9	15.25%	95.32%
2011	117	2,968,050	25368	-9.35%	12.7	1:9.2	116.0	110.4	4.41%	95.17%
2012	127	3,190,204	25,112	-1.01%	13.0	1:9.8	137.2	131.8	18.28%	96.06%
2013	138	3,467,348	25,126	0.05%	13.0	1:7	138.4	132.7	0.87%	95.88%
2014	137	3,299,285	24,082	-4.15%	13.0	1:7	137.1	131.6	-0.94%	95.99%
2015	146	3,277,729	22,450	-6.78%	13.0	1:7	146.4	139.8	6.78%	95.49%

Sources: District records, School Register Summary

Note: Enrollment based on annual October district count.

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

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

BAY HEAD ELEMENTARY SCHOOL

BUILDING INFORMATION

LAST TEN FISCAL YEARS ENDING JUNE 30

UNAUDITED

District Building	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Elementary School and Offices</u>										
Bay Head School Square Feet	18,809	18,809	19,834	19,834	19,834	19,834	19,834	19,834	19,834	19,834
Bay Head School Library Square Feet	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348
FES Capacity (students)	151	151	151	151	151	151	151	151	151	151
Enrollment	88	92	91	96	108	117	127	138	137	146

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

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

	Library	Bay Head Elementary	Other Facilities	Total School Facilities
2001	2,141	16,693	N/A	18,834
2002	2,133	16,475	N/A	18,608
2003	3,041	23,702	N/A	26,743
2004	3,079	24,006	N/A	27,085
2005	3,251	23,843	N/A	27,094
2006	2,493	18,285	N/A	20,778
2007	2,628	19,275	N/A	21,903
2008	3,239	23,756	N/A	26,995
2009	3,948	28,954	N/A	32,902
2010	3,461	25,384	N/A	28,845
2011	3,636	26,669	N/A	30,305
2012	3,430	25,154	N/A	28,584
2013	4,039	36,351	N/A	40,390
2014	637	5,673	N/A	6,310
2015	637	5,673	N/A	6,310

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

Source: District records (Form M1)

BAY HEAD SCHOOL DISTRICT

EXHIBIT J-20

Insurance Schedule

June 30, 2015 - Unaudited

	<u>Coverage</u>		<u>Deductible</u>
I. Commerical Package			
A. Property			
Blanket Building and Contents	\$5,597,344		\$1,000
Valueable Papers and Records	\$10,000,000		\$1,000
Extra Expense	\$50,000,000		\$1,000
Increased cost of Construction/Building Ordinance	\$10,000,000		\$1,000
Crime/Employe Dishonesty	\$250,000		\$1,000
B. Comprehensive General Liability			
General Liability	\$31,000,000		N/A
C. School Leaders Wrongful Acts Coverage A	\$31,000,000	\$	5,000
D. Inland Contents			
Electronic Data Processing	\$173,000		\$1,000
E. Auto Liability	\$31,000,000		N/A
II. Workers' Compensation			
Professional payroll	\$1,264,058		
Non-Professional payroll	\$80,411		
III. Employers Liability Coverage B			
Bodily Injury Each Accident	\$2,000,000		
Bodily Injury Each Employee	\$2,000,000		
Policy Limit Bodily Injury by Disease	\$2,000,000		
IV. Equipment Breakdown Coverage			
Comprehensive coverage (Boiler & Machinery)	\$100,000,000		\$1,000
V. Public Officials Bonds (Selective Insurance Co.)			
Patricia A. Wojcik, Limit of Coverage	\$140,000		0
Patricia A. Christopher, Limit of Coverage	\$140,000		0
Laurie M. Considine, Limit of Coverage	\$140,000		\$1,000
VI. Catastrophe Access Liability	\$50,000,000		\$31,000,000
VII. Pollutuib Legal Liability	\$ 1,000,000	\$	10,000

Source: District records

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Honorable President and Members
 of the Board of Education
 Bay Head School District
 County of Ocean
 Bay Head, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bay Head Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Bay Head Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 3, 2015

BAY HEAD SCHOOL DISTRICT

Schedule A
K-3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2015		
				From	To					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education:												
Passed Through State Department												
of Education:												
Special Revenue:												
IDEA Part B Basic	84.027	N/A	\$ 30,359	9/1/2014	8/31/2015	\$ -		30,359	(30,359)			
Title IIA	84.298A	N/A	7,022	9/1/2014	8/31/2015			7,022	(7,022)			
Total Federal Financial Assistance						<u>\$ -</u>	<u>-</u>	<u>37,381</u>	<u>(37,381)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

BAY HEAD SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Schedule B

K-4

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adj.	Balance at June 30, 2015			MEMO		
			From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
General Fund:															
Extraordinary Aid	14-495-034-5120-473	\$ 18,848	7/1/13	6/30/14	\$ (18,848)		18,848								
Extraordinary Aid	15-495-034-5120-473	15,605	7/1/14	6/30/15				(15,605)						15,605	
Special Education Categorical Aid	15-495-034-5120-089	58,303	7/1/14	6/30/15			58,303	(58,303)				(5,731)		58,303	
Security Aid	15-495-034-5120-084	3,326	7/1/14	6/30/15			3,326	(3,326)				(326)		3,326	
Transportation Aid	15-495-034-5120-014	3,743	7/1/14	6/30/15			3,743	(3,743)				(368)		3,743	
PARCC Readiness Aid	15-495-034-5120-098	980	7/1/14	6/30/15			980	(980)				(96)		980	
Per Pupil Growth Aid	15-495-034-5120-097	980	7/1/14	6/30/15			980	(980)				(96)		980	
Additional Non-Public Transportation Aid	14-495-034-5120-014	1,690	7/1/13	6/30/14	(1,690)		1,690								
Additional Non-Public Transportation Aid	15-495-034-5120-014	1,392	7/1/14	6/30/15				(1,392)			(1,392)			1,392	
Reimbursed TPAF Social Security Contr. (Nonbudgeted)	14-495-034-5095-002	78,318	7/1/13	6/30/14	(3,807)		3,807								
Reimbursed TPAF Social Security Contr. (Nonbudgeted)	15-495-034-5095-002	71,777	7/1/14	6/30/15			68,314	(71,777)			(3,463)			71,777	
Total General					(24,345)	-	159,991	(156,106)	-		(20,460)	-	-	(6,617)	156,106
Capital Projects:															
ROD Grant	0210-020-14-1003-004	96,800	2/27/13	6/30/14	(96,800)						(96,800)				
Debt Service:															
Debt Service Aid Type II	15-495-034-5120-017	73,820	7/1/14	6/30/15			73,820	(73,820)						73,820	
Total State Financial Assistance					\$ (121,145)	-	233,811	(229,926)	-		(117,260)	-	-	(6,617)	229,926

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

BOARD OF EDUCATION

K-5

BAY HEAD SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2015****NOTE 1: General**

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

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting. This basis of accounting is described in Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

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

NOTE 3: Relationship to General Purpose Financial Statements

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
<u>State Assistance</u>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 156,106	73,820	229,926
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized			
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	126,078		126,078
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>(196)</u>		<u>(196)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 281,988</u>	<u>73,820</u>	<u>355,808</u>

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

	<u>Special Revenue Fund</u>	<u>Total</u>
<u>Federal Assistance</u>		
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 37,381	37,381
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 37,381</u>	<u>37,381</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2015.