

OFFICIAL STATEMENT DATED JANUARY 11, 2017

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the Board (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") interest on the Bonds (as defined herein) is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. It is also the opinion of Bond Counsel that interest on the Bonds held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. In addition, in the opinion of Bond Counsel, interest on and any gain from the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Board in its Tax Certificate (as defined herein), assuming continuing compliance by the Board with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

**THE BOARD OF EDUCATION OF THE
CITY OF LONG BRANCH
IN THE COUNTY OF MONMOUTH, NEW JERSEY
\$6,940,000 SCHOOL BONDS
(Book-Entry-Only) (Callable) (Bank-Qualified)**

Dated: Date of Delivery**Due:** January 15, as shown below

The \$6,940,000 School Bonds (the "Bonds") of The Board of Education of the City of Long Branch in the County of Monmouth, New Jersey (the "Board") when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on January 15 and July 15 in each year until maturity, or earlier redemption, commencing on July 15, 2017. Principal of and interest on the Bonds will be paid to DTC by the Board or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 1 and July 1 (the "Record Dates" for the payment of interest on the Bonds). The Bonds shall be subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS-Redemption" herein.

The Bonds are valid and legally binding obligations of the Board and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS*

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIPS*</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIPS*</u>
2018	\$275,000	2.50%	1.00%	542624AU5	2026	\$490,000	3.00%	2.50%	542624BC4
2019	385,000	2.50	1.30	542624AV3	2027	505,000	3.00	2.60	542624BD2
2020	400,000	2.50	1.60	542624AW1	2028	525,000	3.00	2.70	542624BE0
2021	410,000	2.50	1.80	542624AX9	2029	545,000	3.00	2.80	542624BF7
2022	425,000	2.50	2.00	542624AY7	2030	550,000	3.00	2.90	542624BG5
2023	440,000	2.50	2.15	542624AZ4	2031	550,000	3.00	3.00	542624BH3
2024	455,000	2.50	2.30	542624BA8	2032	510,000	3.00	3.10	542624BJ9
2025	475,000	3.00	2.40	542624BB6					

The Bonds are offered when, as and if issued, and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York on or about January 25, 2017.

UBS FINANCIAL SERVICES INC.

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THE BOARD OF EDUCATION OF THE
CITY OF LONG BRANCH
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

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Phoenix Advisors, LLC
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BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Board and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Board. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board of Education during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Board or the Underwriter.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “Bond Insurance” and “Appendix D - Specimen Municipal Bond Insurance Policy”.

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**OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE
CITY OF LONG BRANCH
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

**\$6,940,000
SCHOOL BONDS
(BOOK-ENTRY-ONLY ISSUE) (CALLABLE) (BANK-QUALIFIED)**

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by The Board of Education of City of Long Branch in the County of Monmouth, New Jersey (the "Board" or "Board of Education" when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the sale and issuance of its \$6,940,000 School Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated the date of delivery and shall mature on January 15 in each of the years and in the amounts set forth on the front cover page hereof. The Bonds shall bear interest from the date of delivery, which interest shall be payable semi-annually on the fifteenth day of January and July, commencing on July 15, 2017 (each an "Interest Payment Date"), in each of the years and at the interest rates set forth on the front cover page hereof in each year until maturity, or earlier redemption, by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each January 1 and July 1 immediately preceding the respective Interest Payment Dates (the "Record Dates"). So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee Cede & Co. (or any successor or assign) is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds will be issued in fully registered book-entry-only form, without certificates. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 integrals, with a minimum purchase of \$5,000, through book entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Redemption

The Bonds maturing prior to January 15, 2027 are not subject to redemption. The Bonds maturing on or after January 15, 2027 shall be subject to redemption at the option of the Board, in whole or in part, on any date on or after January 15, 2026 at the par amount of bonds to be refunded, plus unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed bond registrar. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, such notice of redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable property within the School District without limitation as to rate or amount except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws on equitable principles effecting the enforcement of creditors' rights general.

New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17 et seq.)

All school bonds are secured by the School Bond Reserve established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). Amendments to the Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited

by a School Bond Reserve account funded in an amount equal to 1-1/2% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued prior to July 1, 2003 (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account equal to 1% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued on or after July 1, 2003 (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the Reserve at the required levels, the State agrees that the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act. On November 11, 2016, S&P Global Ratings, acting through Standard & Poor's Financial Services LLC, downgraded the School Bond Reserve rating from "A" (negative) to "A-" (negative). Moody's Investors Service, Inc. has downgraded the School Bond Reserve rating from "Aa3" (stable) to "A2" (negative).

AUTHORIZATION AND PURPOSE

The Bonds have been authorized and are being issued pursuant to Title 18A, Chapter 24 of the New Jersey Statutes (N.J.S.A. 18A:24-1 et seq.), a proposal adopted by the Board on September 28, 2016 and approved by a majority of the legal voters present and voting at the school district election held on November 8, 2016 and by a resolution duly adopted by the Board on November 30, 2016 (the "Resolution").

The purpose of the Bonds is to provide funds to: (a) to provide for completion of alterations, renovations and improvements at the old high school building; and (b) acquire the necessary equipment as well as undertake any associated site work. The total cost of the project is \$6,940,000 which will be funded through the issuance of the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At September 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately \$3,891 million and its net unearned premium reserve was approximately \$1,378 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (filed by AGL with the SEC on November 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

BOOK-ENTRY-ONLY SYSTEM¹

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested

¹ Source: The Depository Trust Company

by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

THE BOARD WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED

OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board/paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Board/paying agent together with the duly executed assignment in form satisfactory to the Board/paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board/paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, whether or not a business day, next preceding an Interest Payment Date.

THE SCHOOL DISTRICT AND THE BOARD

The School District is a Type II school district without a board of school estimate coterminous with the boundaries of the City of Long Branch (the "City") located in the County of Monmouth (the "County"), New Jersey (the "State"). The school district serves pre-kindergarten through twelfth (12th) grade.

The Board consists of nine (9) elected members. Pursuant to State statute, the Board appoints a Superintendent and a Business Administrator/Board Secretary. See "APPENDIX A – Certain Economic and Demographic Information About the School District and the City of Long Branch."

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by

taxation for a board of education if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner and with the advice and consent of the State Senate. The County Superintendent reports to the Commissioner or a person designated by the Commissioner. The County Superintendent is responsible for the supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63 approved April 3, 2007 (A4), the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate school districts through the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally categorized in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate, which board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, approves fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters may also vote upon fiscal matters, or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, approves fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and may vote upon fiscal matters. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen

freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I school district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district.

Under the Uniform Services and Consolidation Act, the Executive County Superintendent is required to eliminate non-operating school districts and to recommend consolidation to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval unless the Board has moved its annual election to November as discussed below. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing bodies of the City must develop the school budget by May 19 of each year. Should the governing bodies be unable to do so, the Commissioner establishes the local school budget.

The New Budget Election Law (P.L. 2011, c.202, effective January 17, 2012) establishes procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the Board or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least 15% of the legally qualified voters, is filed with the Board. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four years.

School districts that opt to move the annual school election to November are no longer required to submit the budget to the voters for approval if the budget is at or below the two-percent property tax levy cap as provided for the New Cap Law. For school districts that opt to change the annual school election date to November, proposals to spend above the two-percent property tax levy cap would be presented to voters at the annual school election in November.

The Board has chosen to move its election to November and has not exceeded its two-percent property tax levy cap.

Spending Growth Limitation

CEIFA (as hereinafter defined) places limits on the amount school districts can increase their annual current expenses and capital outlay budgets, and such limits are known as a school district's spending growth limitation amount (the "Spending Growth Limitation"). See "SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT" herein.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts that are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (amended and partially repealed) first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitation was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 ("QEA") (now repealed) also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by Chapter 62 of the Laws of New Jersey of 1991, and further amended by Chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 ("CEIFA") (as amended by P.L. 2004, c.73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district's net budget by a spending growth limitation. CEIFA limited the amount school districts could increase their annual current expenses and capital outlay budgets, defined as a school district's Spending Growth Limitation. Generally, budgets could increase by either a set percent or the consumer price index, whichever was greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of 60% at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by 4% over the prior budget year's tax levy. P.L. 2007, c. 62 provided for

adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approved by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expenses and capital outlay budgets, created by CEIFA (as amended by P.L. 2004, c.73, effective July 1, 2004). However, Chapter 62 was in effect only through fiscal year 2012. Without an extension of Chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the 4% cap on the tax levy increase imposed by Chapter 62.

The previous legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment. The new law limits the school district tax levy for the general fund budget to increases of 2% over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election. The process for obtaining waivers from the Commissioner for additional increases over the tax levy or Spending Growth Limitations has been eliminated under Chapter 44.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years; (ii) bonds shall be issued pursuant to an ordinance adopted by the governing body of the municipality comprised within the school district for a Type I school district; (iii) for Type II school districts (without boards of school estimate) bonds shall be issued by board of education resolution approving the bond proposal and by approval of the legally qualified voters of the school district; (iv) debt must be authorized by a resolution of a board (and approved by a board of school estimate in a Type I school district); and (v) there must be filed with the State by each municipality comprising a school district a supplemental debt statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board is required to provide an annual audit of the school district's accounts and financial transactions. Beginning with the year ended June 30, 2010, a licensed public school accountant must complete the annual audit no later than five months (5) after the end of the fiscal year. P.L. 2010, c. 49 amended N.J.S.A. 18A:23-1 to provide an additional month for the completion of a school district's audit. Previously the audit was required to be completed within four months. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts may not capitalize interest on temporary notes, but must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a pre-kindergarten (Pre-K) through grade twelve (12) school district, the Board can borrow up to 4% of the average equalized valuation of taxable property in the School District. The Board has not exceeded its 4% debt limit. See “APPENDIX A – Debt Limit of the Board.”

Exceptions to Debt Limitation

A Type II school district (other than a regional school district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e., the excess of 3.5% of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). The School District has not utilized the municipality's borrowing margin. A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase financings must mature within five years except for certain lease purchase financings of energy savings equipment and other energy conservation measures, which may mature within fifteen (15) years and in certain cases twenty (20) years from the date the project is placed in service, if paid from energy savings (see “Energy Savings Obligations” below). Facilities lease purchase agreements, which may only be financed for a term of five (5) years or less, must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72, effective July 18, 2000, as amended (“EFCFA”) repealed the authorization to enter into facilities leases for a term in excess of five years. The payment of rent is treated as a current expense and within the school district's Spending Growth Limitation and tax levy cap, and the payment of rent on an ordinary equipment lease and on a five year and under facilities lease is subject to annual appropriation. Lease purchase payments on leases in excess of five years entered into under prior law (CEIFA) are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's Spending Growth Limitation and tax levy cap.

Energy Saving Obligations

Under N.J.S.A. 18A:18A-4.6 (P.L. 2009, c. 4, effective March 23, 2009, as amended by P.L. 2012, c. 55, effective September 19, 2013), the Energy Savings Improvement Program Law or the “ESIP Law,” school districts may issue energy savings obligations as refunding bonds without voter approval or lease purchase agreements to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements, provided that the value of the savings

will cover the cost of the measures. The lease purchase financings for such measures must mature within 15 years, or in certain instances 20 years, from the date the projects are placed in service. These energy savings refunding bonds or leases are payable from the general fund. Such payments are within the school district's Spending Growth Limitation and tax levy cap but are not necessarily subject to annual appropriation.

Promissory Notes for Cash Flow Purposes

N.J.S.A. 18A:22-44.1 permits school districts to issue promissory notes in an amount not exceeding ½ the amount appropriated for current general fund expenses. These promissory notes are not considered debt and are used for cash flow purposes including funding in anticipation of the receipt of taxes, other revenues or grants.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") first ruled in Robinson v. Cahill that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the State Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq. (P.L. 1975, c. 212) (the "Public School Education Act") (since amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P. L. 1976, c. 47, since amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in Abbott v. Burke that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

The School District was an "Abbott District" which is now referred to as a "SDA" district.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included the QEA (now repealed), CEIFA and EFCFA, which became law on July 18, 2000. For many years, aid was simply determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The most current school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260 approved January 1, 2008 (A500), removed the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State's current plan for school aid is a "constitutionally adequate scheme".

Notwithstanding over 35 years of litigation, the State provides State aid to school districts of the State in amounts provided in the State Budget each year. These now include equalization aid, educational adequacy aid, special education categorical aid, transportation aid, preschool education aid, school choice aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the Education Facilities Construction and Financing Act of 2001. The amount of the aid to which a school district is entitled is

established prior to the authorization of the project. Grant funding is provided by the State up front and debt service aid must be appropriated annually by the State.

The State reduced debt service aid by fifteen percent (15%) for the fiscal years 2011 through 2016. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the “EDA”), were assessed an amount in their fiscal years 2011 through 2016 budgets representing 15% of the school district’s proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N. J. S. A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the City are general full faith and credit obligations.

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its average equalized valuation basis. With Local Finance Board approval, the City has exceeded its statutory debt limit for the year ended December 31, 2015.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The City may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the City may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the City to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The City may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. A local unit’s bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year’s required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes’ maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum required for the first year’s principal payment for a bond issue.

Local Budget Law (N. J. S. A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. The City, which operates on a calendar year (January 1 to December 31), must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit’s expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year’s budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality’s calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a “reserve for uncollected taxes” in accordance with a statutory formula to

provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by the last day of that fiscal year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes, which may be amortized over five years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Legislation constituting P.L. 2010, c. 44, approved July 13, 2010 limits tax levy increases for local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits, including the provisions of the recent legislation, would limit the obligation of the City to levy *ad valorem* taxes upon all taxable real property within the City to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of

capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the Monmouth County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Constituent Municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey, for further hearing. Some State Tax Court appeals may take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

FINANCIAL STATEMENTS

The financial statements of the Board for the fiscal year ended June 30, 2016 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Wiss & Company, LLP, Livingston, New Jersey, an independent auditor (the "Board Auditor"), as stated in its report appearing in Appendix B to this Official Statement. *See* "APPENDIX B –Long Branch Board of Education Financial Statements". Such Financial Statements are included herein for informational purposes only, and the information contained in these financial statements should not be used to modify the description of the Bonds contained herein.

The Board Auditor has not participated in the preparation of this Official Statement except as previously stated.

LITIGATION

To the knowledge of the Board Attorney, Richard D. McOmber, Esq., of McOmber & McOmber, P.C., Red Bank, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a material adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter of the Bonds at the closing.

TAX MATTERS

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that interest on the Bonds is not included in gross income for federal income tax purposes if various requirements set forth in the Code are met. The Board has covenanted in its Arbitrate and Tax Certificate (the "Tax Certificate"), delivered in connection with the issuance of the Bonds, to comply with these continuing requirements and has made certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Bonds to assure this exclusion. Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

In the opinion of McManimon, Scotland & Baumann, LLC ("Bond Counsel"), pursuant to Section 103(a) of Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Bonds held by

corporate taxpayers is included in “adjusted current earnings” in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel’s opinions described herein are given in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Board in its Tax Certificate, assume continuing compliance by the Board with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

Certain Federal Tax Consequences Relating to the Bonds

Although, pursuant to Section 103(a) of the Code, interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds.

Bank Qualification

The Bonds will be designated as qualified under Section 265 of the Code by the Board for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

New Jersey Gross Income Tax

In the opinion of Bond Counsel, the interest on the Bonds and any gain realized on the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the federal or State level, may adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions and even proposals for change could adversely affect the market price or marketability of the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN ADVISORS REGARDING ANY CHANGES IN THE STATUTES, PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR PROPOSALS FOR CHANGE ON THE TAX AND MARKET IMPLICATIONS OF OWNERSHIP OF THE BONDS.

MUNICIPAL BANKRUPTCY

The undertakings of the Board should be considered with reference to 11 U.S.C. 401 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Board expects to utilize the benefits of their provisions.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters may be passed on to the Board for review by the Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter by a certificate signed by the Board President and the Business Administrator/Board Secretary.

All other information has been obtained from sources that the Board considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and the completeness of such information.

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATINGS

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC and Kroll Bond Rating Agency, Inc. (the "Rating Agencies") are expected to assign the ratings of "AA/stable outlook" and "AA+/stable outlook" respectively, to the Bonds based upon the issuance of the Insurance Policy by AGM at the time of the delivery of the Bonds. In addition, the Rating Agencies have assigned an underlying rating on the Bonds of "A-/stable outlook" based upon the creditworthiness of the School District. The Rating Agencies have also assigned its rating of "A-/negative outlook" to the Bonds based upon the additional security provided by the School Bond Reserve Act.

The inclusion of the Rating Agencies' "Outlook" (the "Outlook") has been provided herein for informational purposes only and is not a part of the "Rating" described in the preceding paragraph. The Outlook is only the Rating Agencies' forward-looking view of the Board.

The ratings reflect only the view of the Rating Agencies and an explanation of the significance of such ratings may only be obtained from the Rating Agencies at the following addresses: 55 Water Street, New York, New York 10041, and 845 Third Avenue, New York, NY 10022, respectively. The Board forwarded to the Rating Agencies certain information and materials concerning the Bonds and the School District. There can be no assurance that the ratings will be maintained for any given period of time or that the ratings may not be raised, lowered or withdrawn entirely, if in the Rating Agencies' judgment, circumstances so warrant. Any downward change in, or withdrawal of such ratings, may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITER

The Bonds have been purchased from the Board, pursuant to the terms of the Board's notice of sale, by UBS Financial Services (the "Underwriter"), at a price of \$6,940,000.00. The Underwriter is obligated to purchase all of the Bonds if any are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor to the Board with respect to the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Board shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to February 1 of each year, beginning February 1, 2018, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the SEC to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Board of Education consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Board of Education and certain financial information and operating data consisting of (1) Board of Education indebtedness; (2) property valuation information; and (3) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law;

(b) if any of the following material events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(c) Notice of failure of the Board to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

(d) If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

(e) The Business Administrator/Board Secretary shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Board prior to their offering. Such officer is hereby authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

(f) In the event that the Board fails to comply with the Rule requirements or the written contracts or undertakings specified in the Resolution, the Board shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

The Board currently does not have undertakings with regard to continuing disclosure for prior obligations issued. The Board has appointed Phoenix Advisors, LLC, Bordentown, New Jersey to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its future obligations.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Peter E. Genovese III, Business Administrator/Board Secretary, at 540 Broadway, Long Branch, NJ 07740, (732) 571-2868, or to the Financial Advisor, Phoenix Advisors, LLC, at 4 West Park Street, Bordentown, New Jersey 08505, (609) 291-0130.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one of its authorized officials to the effect that he has examined this Official Statement (including the appendices) and the financial and other data concerning the School District contained herein and that, to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by the this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

THE BOARD OF EDUCATION OF THE CITY OF LONG BRANCH IN THE COUNTY OF MONMOUTH, NEW JERSEY

By: /s/ Peter E. Genovese III
Peter E. Genovese III, Business Administrator/Board Secretary

Date: January 11, 2017

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE SCHOOL DISTRICT AND THE CITY OF LONG BRANCH

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INFORMATION REGARDING THE SCHOOL DISTRICT¹

Type

The School District is a Type II school district that is coterminous with the borders of the City of Long Branch (the “Board”). The School District provides a full range of educational services appropriate to Pre-Kindergarten through grade twelve (12).

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District, the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The Board's fiscal year ends each June 30.

The Board appoints a Superintendent and Board Secretary/Business Administrator who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent.

Description of Facilities

The Board presently operates the following school facilities:

Facility	Construction Date	Grade Level	Student Enrollment (As of 6/30/16)
Joseph M. Ferraina Early Childhood Learning Center	1997	PreK-K	309
Lenna W. Conrow School	1955	PreK-K	411
Morris Avenue School	1973	PreK-K	428
Amerigo A. Anastasia School	2005	1-5	606
Gregory School	2007	1-5	586
George L. Catrambone School	2014	1-5	844
Long Branch Middle School	2005	6-8	1,137
Long Branch High School	2007	9-12	1,435

Source: Comprehensive Annual Financial Report of the School District

¹ Source: The Board, unless otherwise indicated.

Pupil Enrollments

The following table presents the historical average daily pupil enrollments for the past five (5) school years and projections of pupil enrollment.

Pupil Enrollments	
<u>School Year</u>	<u>Enrollment</u>
2016-2017	5,756
2015-2016	5,725
2014-2015	5,649
2013-2014	5,556
2012-2013	5,495

Projected Future Enrollments	
<u>School Year</u>	<u>Enrollment</u>
2018-2019	5,891
2017-2018	5,823

Source: School District and Comprehensive Annual Financial Report of the School District

Labor Relations

<u>Labor Contract Representing</u>	<u>Date of Contract Expiration</u>
Education Association	6/30/2017
Administrators	6/30/2017
AFT	6/30/2017

Source: School District

Pensions

Those employees of the School District who are eligible for pension coverage are enrolled in one of the two State-administered multi-employer pension systems (the “Pension System”). The Pension System was established by an act of the State Legislature. The Board of Trustees for the Pension System is responsible for the organization and administration of the Pension System. The two State-administered pension funds are: (1) the Teacher's Pension and Annuity Fund (“TPAF”) and (2) the Public Employee's Retirement System (“PERS”). The Division of Pensions and Benefits, within the State of New Jersey Department of the Treasury (the “Division”), charges the participating school districts annually for their respective contributions. The School District raises its contributions through taxation and the State contributes the employer's share of the annual Social Security and Pension contribution for employees enrolled in the TPAF. The Pension System is a cost sharing multiple employer contributory defined benefit plan. The Pension System's designated purpose is to provide retirement and medical benefits for qualified retirees and other

benefits to its members. Membership in the Pension System is mandatory for substantially all full-time employees of the State 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.

Fiscal 2016-17 Budget

Prior to the passage of P.L. 2011, c. 202 the Board was required to submit its budget for voter approval on an annual basis. Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) if a school district has opted to move its annual election to November, it is no longer required to submit the budget to voters for approval if the budget is at or below the two-percent (2%) property tax levy cap as provided for under New Cap Law (P.L. 2010, c. 44). If a school district proposes to spend above the two-percent (2%) property tax levy cap, it is then required to submit its budget to voters at the annual school election in November. The Board has chosen under the Election Law to move its annual school election to November.

The General Fund budget is the sum of all state aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board's General Fund Budget for the 2016-2017 fiscal year is \$88,329,794. The major sources of revenue are \$40,627,100 from the local tax levy and \$42,740,363 from state aid.

Source: Annual User-Friendly Budget of the School District

Budget History

As noted, prior to the Board's budget for its 2012-2013 fiscal year, the Board was required to submit its budget for voter approval. A summary of the last five (5) budget years of the Board is presented below:

<u>Budget Year</u>	<u>Amount Raised in Taxes</u>	<u>Budget Amount</u>	<u>Election Result</u>
2016-2017	\$40,627,100	\$88,329,794	N/A
2015-2016	37,901,052	83,186,640	N/A
2014-2015	36,131,331	82,060,903	N/A
2013-2014	33,391,044	79,989,473	N/A
2012-2013	32,186,556	79,448,089	N/A

Source: Annual User-Friendly Budget of the School District and NJ State Department of Education Website – School Election Results

Financial Operations

The following table summarizes information on the changes in general fund revenues and expenditures for the school years ending June 30, 2012 through June 30, 2016 for the general fund. This summary should be used in conjunction with the tables in the sourced documents from which it is derived (see Appendix B). Beginning with the 1993-94 fiscal year, school districts in the State of New Jersey have begun to prepare their financial statements in accordance with Generally Accepted Accounting Principles in the United States.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED JUNE 30:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$37,901,052	\$36,131,331	\$33,391,044	\$32,186,556	\$31,570,923
Other Local Revenue	<u>1,332,887</u>	<u>1,157,583</u>	<u>697,133</u>	<u>596,160</u>	<u>662,916</u>
Total revenues-local sources	39,233,939	37,288,914	34,088,177	32,782,716	32,233,839
State Sources	52,201,853	50,837,721	49,988,393	50,080,516	47,950,527
Federal Sources	<u>324,488</u>	<u>382,418</u>	<u>254,926</u>	<u>263,758</u>	<u>1,628,095</u>
Total Revenues	\$91,760,280	\$88,509,053	\$84,331,496	\$83,126,990	\$81,812,461
EXPENDITURES					
General Fund:					
Instruction	\$33,414,590	\$32,549,780	\$33,197,820	\$34,345,026	\$33,295,846
Undistributed Expenditures	60,022,236	55,447,227	51,941,503	50,932,449	48,415,610
Capital Outlay	<u>452,706</u>	<u>2,964,027</u>	<u>2,506,949</u>	<u>3,347,370</u>	<u>2,887,631</u>
Total Expenditures	\$93,889,532	\$90,961,034	\$87,646,272	\$88,624,845	\$84,599,087
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(2,129,252)	(2,451,981)	(3,314,776)	(5,497,855)	(2,786,625)
Other Financing Sources (Uses):					
Transfers in	1,500,492	2,487,457	2,872,373	2,232,141	3,030,876
Transfers out	(1,009,856)	(534,576)	(405,504)	(310,925)	(362,760)
Insurance recovery for Superstorm Sandy	0	0	557,217	571,153	0
Sale of school property	<u>2,777,123</u>	<u>494,637</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	3,267,759	2,447,518	3,024,086	2,492,369	2,668,116
Net Change in Fund Balance	1,138,507	(4,463)	(290,690)	(3,005,486)	(118,509)
Fund Balance, July 1	<u>(1,212,037)</u>	<u>(1,207,574)</u>	<u>(916,884)</u>	<u>2,088,602</u>	<u>2,207,111</u>
Fund Balance, June 30	<u>(73,530)</u>	<u>(1,212,037)</u>	<u>(1,207,574)</u>	<u>(916,884)</u>	<u>2,088,602</u>

Source: Comprehensive Annual Financial Report of the School District. Statement of Revenues, Expenditures Governmental Funds and Changes
In Fund Balances on a GAAP basis

Capital Leases

As of June 30, 2016, the Board has capital lease(s) outstanding with payments, including interest, due through year ending June 30, 2021, totaling \$4,476,785.

Source: Comprehensive Annual Financial Report of the School District

Operating Leases

As of June 30, 2016, the Board has no operating leases outstanding.

Source: Comprehensive Annual Financial Report of the School District

Short Term Debt

As of June 30, 2016, the Board has no short term debt outstanding.

Source: Comprehensive Annual Financial Report of the School District

Long Term Debt

As of June 30, 2016, the Board has no long term debt outstanding.

Source: Comprehensive Annual Financial Report of the School District

Debt Limit of the Board

The debt limitation of the Board is established by statute (N.J.S.A. 18A:24-19). The Board is permitted to incur debt up to 4% of the average equalized valuation for the past three years (See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT-Exceptions to Debt Limitation” herein). The following is a summation of the Board’s debt limitation as of June 30, 2016:

Average Equalized Real Property Valuation (2013, 2014, and 2015)	\$4,453,910,888
School District Debt Analysis	
Permitted Debt Limitation (4% of AEVP)	\$178,156,436
Less: Bonds and Notes Authorized and Outstanding	<u>0</u>
Remaining Limitation of Indebtedness	\$178,156,436
Percentage of Net School Debt to Average Equalized Valuation	0.00%

Source: Comprehensive Annual Financial Report of the School District

INFORMATION REGARDING THE CITY¹

The following material presents certain economic and demographic information of the City of Long Branch (the “City”), in the County of Monmouth (the “County”), State of New Jersey (the “State”).

General Information

The City was granted its charter on May 17, 1904. The City is located approximately 30 miles in a direct line south of New York City and extends approximately five miles along the Atlantic seafront.

In recent years, the City has experienced a tremendous revitalization of its properties with the development of new luxury residential condominiums and town houses. Properties once abandoned and vacant have been renovated as construction projects for hotels and condominium complexes. With a population of approximately 31,941, the City is largely a residential community and a distribution center for business that serves the surrounding area.

Local Government

The City is managed under a Mayor-Council form of government pursuant to Plan A of the Faulkner Act, as amended and supplemented. The Mayor and the five members of the City Council are elected for four-year terms. The Mayor and each Council member are elected at large by the people of the City. A Business Administrator, appointed by the Mayor and Council, handles day-to-day operations.

Transportation

The location of the City has been an important factor with respect to the development and progress of the community. The New Jersey Turnpike and the Garden State Parkway are readily accessible from the City. New Jersey Transit provides excellent passenger rail service and freight service in addition to other types of transportation that are available.

Retirement Systems

All full-time permanent or qualified City employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The City is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

¹ Source: The City, unless otherwise indicated.

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the City, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>City</u>				
2015	16,214	15,287	927	5.7%
2014	16,029	14,936	1,093	6.8%
2013	15,949	14,619	1,330	8.3%
2012	16,288	14,673	1,615	9.9%
2011	16,242	14,683	1,559	9.6%
<u>County</u>				
2015	331,623	315,165	16,458	5.0%
2014	327,666	307,924	19,742	6.0%
2013	327,301	302,882	24,419	7.5%
2012	331,262	302,437	28,825	8.7%
2011	330,006	301,735	28,271	8.6%
<u>State</u>				
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%
2011	4,565,300	4,138,500	426,800	9.3%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Income (as of 2014)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$48,736	\$85,605	\$72,062
Median Family Income	56,661	107,343	87,999
Per Capita Income	29,478	43,548	36,359

Source: US Bureau of the Census, 2014 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the City, the County, and the State.

	<u>City</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2015 Estimate	30,941	0.72%	628,715	-0.26%	8,958,013	1.89%
2010	30,719	-1.98	630,380	2.45	8,791,894	4.49
2000	31,340	9.36	615,301	11.24	8,414,350	8.85
1990	28,658	-3.89	553,124	9.93	7,730,188	4.96
1980	29,819	-6.15	503,173	8.95	7,365,001	2.75

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the City and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2016 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
AFP 104 Corp c/o United Capital	\$57,535,800	1.28%
Pier Village Development I, LLC	50,570,700	1.13%
Home Properties Pleasure Bay, LLC	20,452,200	0.46%
Pier Village Applied L WAG, LLC	18,870,100	0.42%
Broadway Arts Center, LLC	17,464,200	0.39%
Ocean View Tower Assoc.	13,817,300	0.31%
Individual Taxpayer 1	13,261,000	0.30%
At Last, LLC	12,997,100	0.29%
385 Ocean Blvd, LLC	11,075,000	0.25%
Pier Village Development II, LLC	<u>11,049,000</u>	<u>0.25%</u>
Total	<u>\$227,092,400</u>	<u>5.07%</u>

Source: Comprehensive Annual Financial Report of the School District & Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2015	\$87,054,590	\$85,328,783	98.02%
2014	84,794,960	82,935,185	97.81%
2013	82,824,269	80,586,666	97.30%
2012	80,930,285	78,751,657	97.31%
2011	79,092,462	76,910,777	97.24%

Source: Annual Audit Reports of the City

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2015	\$537,900	\$1,423,615	\$1,961,515	2.25%
2014	51,937	1,845,746	1,897,682	2.24%
2013	43,716	1,994,081	2,037,797	2.46%
2012	174,260	1,987,505	2,161,764	2.67%
2011	153,193	1,698,027	1,851,220	2.34%

Source: Annual Audit Reports of the City

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2015	\$6,340,500
2014	6,340,500
2013	6,340,500
2012	4,857,400
2011	4,780,400

Source: Annual Audit Reports of the City

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for City residents for the past five (5) years.

	Local			
<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>
2016R	\$0.864	\$0.876	\$0.281	\$2.021
2015	0.957	0.949	0.321	2.227
2014	0.929	0.870	0.314	2.113
2013	0.913	0.811	0.319	2.043
2012	0.871	0.775	0.313	1.959

R: Revaluation

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

	Aggregate Assessed	Aggregate True	Ratio of	Assessed	Equalized
<u>Year</u>	<u>Valuation of</u>	<u>Value of</u>	<u>Assessed to</u>	<u>Value of</u>	<u>Valuation</u>
	<u>Real Property</u>	<u>Real Property</u>	<u>True Value</u>	<u>Personal Property</u>	
2016R	\$4,476,148,600	\$4,750,731,315	94.46%	\$5,195,353	\$4,755,926,668
2015	3,895,780,600	4,527,885,602	86.19	4,546,797	4,532,432,399
2014	3,991,735,220	4,465,527,710	89.39	4,526,078	4,470,053,788
2013	4,040,695,400	4,368,319,351	92.50	4,794,348	4,373,113,699
2012	4,110,374,100	4,536,836,755	90.60	6,037,247	4,542,874,002

R: Revaluation

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the City for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2016R	\$138,551,700	\$3,510,518,000	\$3,346,000	\$507,224,100	\$8,439,000	\$308,069,800	\$4,476,148,600
2015	110,592,000	3,100,572,300	3,093,400	428,162,200	7,714,600	245,646,100	3,895,780,600
2014	125,666,300	3,152,917,700	3,237,600	453,371,720	8,469,000	248,072,900	3,991,735,220
2013	115,545,400	3,193,680,200	3,237,600	459,413,500	8,449,100	260,369,600	4,040,695,400
2012	123,060,900	3,222,619,700	3,237,600	476,874,700	10,445,600	274,135,600	4,110,374,100

R: Revaluation

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the City's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Fund Balance Utilized	\$2,240,000	\$2,400,000	\$2,600,000	\$2,900,000	\$2,900,000
Miscellaneous Revenues	10,771,982	10,157,569	11,162,175	12,472,507	12,510,823
Receipts from Delinquent Taxes	1,530,000	1,600,000	1,700,000	1,700,000	1,650,000
Amount to be Raised by Taxation	<u>35,858,018</u>	<u>36,942,431</u>	<u>37,092,825</u>	<u>37,329,148</u>	<u>38,693,921</u>
Total Revenue:	<u>\$50,400,000</u>	<u>\$51,100,000</u>	<u>\$52,555,000</u>	<u>\$54,401,655</u>	<u>\$55,754,744</u>
<u>Appropriations</u>					
General Appropriations	\$39,800,544	\$40,879,585	\$41,747,214	\$42,614,802	\$44,492,299
Operations (Excluded from CAPS)	3,982,037	2,739,224	2,312,063	3,249,078	2,934,675
Deferred Charges and Statutory Expenditures	347,000	150,000	154,000	160,000	222,000
Judgments	0	0	0	0	0
Capital Improvement Fund	100,000	191,000	145,000	741,766	495,800
Municipal Debt Service	3,941,951	4,875,804	5,904,276	5,313,769	5,591,406
Reserve for Uncollected Taxes	<u>2,228,467</u>	<u>2,264,387</u>	<u>2,292,447</u>	<u>2,322,239</u>	<u>2,018,564</u>
Total Appropriations:	<u>\$50,400,000</u>	<u>\$51,100,000</u>	<u>\$52,555,000</u>	<u>\$54,401,655</u>	<u>\$55,754,744</u>

Source: Annual Adopted Budgets of the City

Fund Balance

Current Fund

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2015	\$8,963,002	\$2,900,000
2014	7,435,297	2,900,000
2013	5,414,408	2,600,000
2012	3,740,096	2,400,000
2011	3,345,117	2,240,000

Source: Annual Audit Reports of the City

City Indebtedness as of December 31, 2015

General Purpose Debt

Serial Bonds	\$40,686,000
Bond Anticipation Notes	13,760,000
Bonds and Notes Authorized but Not Issued	49,420,851
Other Bonds, Notes and Loans	<u>971,130</u>
Total:	\$104,837,981

Local School District Debt

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$0

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0

TOTAL GROSS DEBT

\$104,837,981

Less: Statutory Deductions	
General Purpose Debt	\$2,500,000
Local School District Debt	0
Self-Liquidating Debt	<u>0</u>
Total:	\$2,500,000

TOTAL NET DEBT

\$102,337,981

Source: Annual Debt Statement of the City

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Overlapping Debt (as of December 31, 2015)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>City Percentage</u>	<u>City Share</u>
Local School District	\$0	100.00%	\$0
County	901,960,697	3.85%	<u>34,753,352</u>
Net Indirect Debt			\$34,753,352
Net Direct Debt			<u>102,337,981</u>
Total Net Direct and Indirect Debt			<u>\$137,091,334</u>

Debt Limit

Average Equalized Valuation Basis (2013, 2014, 2015)	\$4,453,910,888
Permitted Debt Limitation (3 1/2%)	155,886,881
Less: Net Debt	<u>102,337,981</u>
Remaining Borrowing Power	<u>\$53,548,900</u>
Percentage of Net Debt to Average Equalized Valuation	2.30%
 Gross Debt Per Capita based on 2010 population of 30,719	 \$3,413
Net Debt Per Capita based on 2010 population of 30,719	\$3,331

Source: Annual Debt Statement of the City

³ City percentage of County debt is based on the City's share of total equalized valuation in the County.

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APPENDIX B

LONG BRANCH BOARD OF EDUCATION FINANCIAL STATEMENTS

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Independent Auditors' Report

Honorable President and Members
of the Board of Education
City of Long Branch School District
Long Branch, New Jersey
County of Monmouth

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Long Branch School District, County of Monmouth, New Jersey (the "District"), as of and for the year ended June 30, 2016, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 District's internal control over financial reporting and compliance.



David A. Kaplan
Licensed Public School Accountant
No. 911



WISS & COMPANY, LLP

December 2, 2016
Livingston, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION
PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LONG BRANCH SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

This discussion and analysis of Long Branch Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ In total, net position decreased \$1,614,340, which represents a 0.80% decrease from 2015. The decrease is mostly attributable to an increase in the amount expended for health benefits.
- ❖ General revenues accounted for \$103,402,066 in revenue or 81.6% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$23,392,318 or 18.4% of total revenues of \$126,794,384.
- ❖ Total assets increased by \$1,905,922, which was mostly the result of an increase in cash and cash equivalents of \$1,915,822. Capital assets, net decreased by \$1,197,919 due to depreciation expense and disposals exceeding asset additions.
- ❖ Changes in the net pension liability and related deferrals were the result of changes in the allocation and various other assumptions as determined by the State of New Jersey, Division of Pensions and Benefits, as well as performance of investments in the pension plan.
- ❖ The School District had \$130,984,973 in expenses; and \$23,392,318 of these expenses were offset by program specific charges for services, grants or contributions. General and other revenues of \$103,402,066 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$96,037,895 in revenues, other financing sources and special items. The amount recorded as special items is the proceeds from the sale of two buildings, totaling \$2,777,123. The General Fund had \$94,899,388 in expenditures and other financing uses. The General Fund's fund balance increased by \$1,138,507 from 2015.

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 how the Long Branch School District operates financially as a whole. 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. The fund financial statements also look at the School district's funds. In the case of Long Branch Public School District, the General Fund is by far the most significant fund.

CITY OF LONG BRANCH SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. 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 that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School district's 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 instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ Business-Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses 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

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund and Capital Projects 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 the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental fund is reconciled in the financial statements.

CITY OF LONG BRANCH SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

Proprietary Funds

The Proprietary Funds use the same basis of accounting as business-type activities.

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, for both the 2016 and the 2015 school year.

Table 1 **Net Position**

	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$8,805,550	\$5,701,709
Capital Assets, Net	<u>242,815,374</u>	<u>244,013,293</u>
Total Assets	<u>\$251,620,924</u>	<u>\$249,715,002</u>
Deferred Outflow of Resources		
Pension deferral	<u>\$6,656,553</u>	<u>\$2,574,987</u>
Liabilities		
Other Liabilities	\$15,558,333	\$11,273,229
Net Pension Liability	38,386,351	32,163,310
Long-term Liabilities	<u>2,948,522</u>	<u>4,680,146</u>
Total Liabilities	<u>\$56,893,206</u>	<u>\$48,116,685</u>
Deferred Inflow of Resources		
Pension deferral	<u>\$742,066</u>	<u>\$1,916,759</u>
Net Position		
Net Investment in Capital Assets	\$238,800,374	\$240,453,293
Restricted	1	1
Unrestricted (deficit)	<u>(38,158,170)</u>	<u>(38,196,749)</u>
Total Net Position	<u>\$200,642,205</u>	<u>\$202,256,545</u>

The increase in current and other assets is attributable to an increase in cash and cash equivalents in governmental activities.

Capital assets, net decreased because current year depreciation expense and dispositions exceeded current year asset additions.

Changes in the net pension liability and related deferrals were the result of changes in the allocation and various other assumptions as determined by the State of New Jersey, Division of Pensions and Benefits, as well as performance of investments in the pension plan.

CITY OF LONG BRANCH SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

Other liabilities increased by \$4,285,104 mainly due to the increase of \$3,670,171 in the current portion of capital lease payments, which was \$3,670,171 at June 30, 2016 and \$0 at June 30, 2015. The prior year current portion of capital lease payments reflected the deferral of the \$2,230,000 January 2016 principal payment to July 2016, which the District was able to defer as a result of negotiations with the lender.

Long-term liabilities decreased mostly as a result of the decrease of \$2,840,171 in the long-term portion of capital lease payments, offset by an increase of \$1,076,136 in the long-term portion of the accrued liability for insurance claims.

Table 2 shows changes in net position for fiscal years ended June 30, 2016 and 2015.

Table 2

Changes in Net Position	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$526,580	\$ 526,136
Operating Grants and Contributions	21,788,856	18,198,425
Capital Grants and Contributions	1,076,882	7,154,295
General Revenues:		
Property Taxes	37,901,052	36,131,331
Grants and Entitlements	64,390,907	60,372,253
Other	<u>1,110,107</u>	<u>1,076,215</u>
Total Revenues	<u>\$126,794,384</u>	<u>\$123,458,655</u>
 Program Expenses		
Instruction	\$71,394,401	\$66,700,827
Support Services:		
Pupils and Instructional Staff	20,894,178	20,370,628
General Administration, School Administration, Business Operations and Maintenance of Facilities	23,421,747	21,300,257
Pupil Transportation	3,908,474	3,860,474
Food Service	4,141,054	3,870,489
Interest on Lease Purchase Agreement	94,467	117,816
Other	<u>7,130,652</u>	<u>7,331,348</u>
Total Expenses	<u>130,984,973</u>	<u>123,551,839</u>
 Change in Net Position before Special Item	(4,190,589)	(93,184)
 Special Item – Sale of School Property	<u>2,576,249</u>	<u>494,637</u>
Change in Net Position after Special Item	<u>(1,614,340)</u>	<u>401,453</u>
Net Position – Beginning of Year	<u>202,256,545</u>	<u>201,855,092</u>
Net Position – End of Year	<u>\$200,642,205</u>	<u>\$ 202,256,545</u>

CITY OF LONG BRANCH SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

Governmental Activities

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

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$71,394,401	\$56,414,920	\$66,700,827	\$51,566,237
Support Services:				
Pupils and Instructional Staff	20,894,178	17,696,460	20,370,628	15,720,570
Admin. and Maintenance of Facilities	23,421,747	22,586,962	21,300,257	19,501,929
Pupil Transportation	3,908,474	3,483,835	3,860,474	3,233,405
Interest on Lease Purchase Agreement	94,467	94,467	117,816	117,816
Other	<u>7,130,652</u>	<u>7,130,652</u>	<u>7,331,348</u>	<u>7,331,348</u>
Total Expenses	<u>\$126,843,919</u>	<u>\$107,407,296</u>	<u>\$119,681,350</u>	<u>\$97,471,305</u>

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

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

Administration and Maintenance of Facilities include expenses associated with administrative and financial supervision of the District, and the operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

"Other" includes transfer to charter schools and unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues excluding other financing sources and special items amounted to \$111,041,002 and expenditures, excluding other financing uses were \$112,496,164. The net increase in fund balance for the year was \$1,496,961.

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 revenues of the governmental funds, exclusive of the capital projects fund, for the fiscal year ended June 30, 2016, and the amount and percentage of increases in relation to prior year revenues.

CITY OF LONG BRANCH SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

Revenues
Year Ended June 30, 2016

Revenue	2016 Amount	Percent of Total	Increase From 2015	Percent of Increase
Local Sources	\$39,247,503	35.69%	\$1,913,731	5.19%
State Sources	66,455,682	60.44	4,236,255	6.77
Federal Sources	4,260,935	3.87	398,707	10.32
Total	\$109,964,120	100.00%	\$6,548,693	6.33%

The increase in local revenue was primarily due to an increase in the local tax levy.

State revenues increased mainly as a result of the expenditure of New Jersey School Development Authority funds in the Special Revenue Fund for the old high school renovations in the amount of \$3,647,160.

Federal revenues increased mainly due to increases in Title I, Part A revenues in the amount of \$253,141 and Title III revenues in the amount of \$201,306.

The following schedule represents a summary of the governmental funds expenditures, exclusive of the capital projects fund, for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year amounts.

Expenditures
Year Ended June 30, 2016

Expenditures	2016 Amount	Percent of Total	Increase (Decrease) From 2015	Percent of Increase (Decrease)
Current Expense:				
Instruction	\$33,444,300	30.02%	\$890,096	2.73%
Undistributed Expenditures	59,992,526	53.84	4,549,723	8.21
Capital Outlay	452,706	0.41	(2,511,321)	(84.73)
Special Revenues	17,529,750	15.73	4,538,075	34.93
Total	\$111,419,282	100.00%	\$7,466,573	7.18%

Changes in expenditures were the results of varying factors. The major contributing factor to the increase in undistributed expenditures was the \$3,437,443 increase in health benefit expenditures.

Capital outlay expenditures fluctuate from year to year depending on the construction activity and equipment needs of the District; there were less capital project activity in the General Fund in the current year than in the prior year.

The increase in the Special Revenue Fund expenditures is mostly the result of the \$4,147,160 in expenditures for old high school renovations project which was mostly funded by the New Jersey School Development Authority settlement agreement from the 2014-2015 school year.

CITY OF LONG BRANCH SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize the changing educational needs that were not anticipated during the budget preparation in April 1 of the prior year.

The District also experienced significant variations between the original budget and the final amended budget in unallocated benefits, where budget transfers totaling \$3,360,834 were made, mostly due to health benefit costs being higher than originally anticipated.

Capital Assets

At the end of fiscal year 2016, the District had capital assets of \$242,815,374, which includes school facilities, land, buildings, machinery and equipment, vehicles and construction in progress.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Non Depreciable Assets:				
Land	\$1,739,715	\$ 1,754,702		
Depreciable Assets:				
Land Improvements	2,697,648	2,740,083		
Building & Building Improvements	231,629,467	231,851,612	\$697,632	\$ 774,925
Machinery & Equipment	5,440,222	6,163,502	304,811	280,904
Vehicles	305,879	447,565		
Total	<u>\$241,812,931</u>	<u>\$242,957,464</u>	<u>\$1,002,443</u>	<u>\$1,055,829</u>

Capital assets in the Governmental Activities Fund decreased \$1,144,533 from 2015, mainly due to assets that were sold this year as well as depreciation expense exceeding current year asset additions. 2016 Governmental Activities capital assets include \$305,243 of internal service fund capital assets, net of depreciation.

Additional information on the District's capital assets can be found in Note 6 to the basic financial statements.

Debt Administration

At June 30, 2016 the School District had no authorized or outstanding bonded debt. The District's capital lease obligation increased by \$830,000 during the current fiscal year, from \$3,560,000 at June 30, 2015 to \$4,390,000 at June 30, 2016. This increase was caused by the issuance of two capital leases in the current year for \$500,000 and \$375,000, offset by a principal payment of \$45,000.

CITY OF LONG BRANCH SCHOOL DISTRICT
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

In addition, the District negotiated approval from the lender for a deferral on the January 2016 principal payment of \$2,230,000 on the solar panel capital lease. As a result, a final principal payment of \$3,560,000 was paid in July 2016.

Additional information on the District's long-term liabilities can be found in Note 5 to the basic financial statements.

For the Future

The Long Branch School District is facing many of the same challenges as the rest of the school districts in the State. The District is mindful of these challenges and continues to manage its financial resources conservatively.

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 Peter E. Genovese III, RSBO, QPA, School Business Administrator / Board Secretary at Long Branch Board of Education, 540 Broadway, Long Branch, New Jersey 07740. Please visit our website at www.longbranch.k12.nj.us

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

CITY OF LONG BRANCH SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

Exhibit A-1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,947,334	\$ 86,159	\$ 5,033,493
Receivables, net	2,392,856	936,711	3,329,567
Internal balances	(43,376)	43,376	
Inventories		67,489	67,489
Restricted assets:			
Cash and cash equivalents	1		1
Cash held with fiscal agent	375,000		375,000
Depreciable capital assets, net	240,073,216	1,002,443	241,075,659
Non depreciable capital assets	1,739,715		1,739,715
Total assets	<u>249,484,746</u>	<u>2,136,178</u>	<u>251,620,924</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension deferrals	<u>6,656,553</u>		<u>6,656,553</u>
LIABILITIES			
Accounts payable	3,113,333	560,396	3,673,729
Notes payable	5,241,116		5,241,116
Payable to state and other governments	91,091		91,091
Accrued interest payable	42,831		42,831
Unearned revenue	226,530	23,344	249,874
Net pension liability	38,386,351		38,386,351
Noncurrent liabilities:			
Current portion of long-term liabilities	6,259,692		6,259,692
Due beyond one year	2,948,522		2,948,522
Total liabilities	<u>56,309,466</u>	<u>583,740</u>	<u>56,893,206</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>742,066</u>		<u>742,066</u>
NET POSITION			
Net investment in capital assets	237,797,931	1,002,443	238,800,374
Restricted for:			
Capital reserve	1		1
Unrestricted (deficit)	<u>(38,708,165)</u>	<u>549,995</u>	<u>(38,158,170)</u>
Total net position	<u>\$ 199,089,767</u>	<u>\$ 1,552,438</u>	<u>\$ 200,642,205</u>

See accompanying notes to basic financial statements.

CITY OF LONG BRANCH SCHOOL DISTRICT
Statement of Activities
for the Fiscal Year ended June 30, 2016

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction							
Regular	\$ 52,757,188	\$ 155,901	\$ 13,550,102	\$ 474,952	\$ (38,576,233)	\$	\$ (38,576,233)
Special education	11,751,502		405,478	105,794	(11,240,230)		(11,240,230)
Other special instruction	2,871,688		98,153	25,853	(2,747,682)		(2,747,682)
Other instruction	4,014,023		127,111	36,137	(3,850,775)		(3,850,775)
Support Services:							
Tuition	2,477,251			22,302	(2,454,949)		(2,454,949)
Student & instruction related services	18,416,927		3,009,615	165,801	(15,241,511)		(15,241,511)
School administrative services	5,828,181		181,026	52,469	(5,594,686)		(5,594,686)
General & business administrative services	5,952,534		160,266	53,588	(5,738,680)		(5,738,680)
Plant operations and maintenance	11,641,032		282,636	104,800	(11,253,596)		(11,253,596)
Pupil transportation	3,908,474		389,453	35,186	(3,483,835)		(3,483,835)
Contribution to charter schools	29,710				(29,710)		(29,710)
Interest	94,467				(94,467)		(94,467)
Unallocated depreciation	7,100,942				(7,100,942)		(7,100,942)
Total governmental activities	<u>126,843,919</u>	<u>155,901</u>	<u>18,203,840</u>	<u>1,076,882</u>	<u>(107,407,296)</u>		<u>(107,407,296)</u>
Business-type activities:							
Food Service	4,141,054	370,679	3,585,016			(185,359)	(185,359)
Total business-type activities	<u>4,141,054</u>	<u>370,679</u>	<u>3,585,016</u>			<u>(185,359)</u>	<u>(185,359)</u>
Total primary government	<u>\$ 130,984,973</u>	<u>\$ 526,580</u>	<u>\$ 21,788,856</u>	<u>\$ 1,076,882</u>	<u>\$ (107,407,296)</u>	<u>\$ (185,359)</u>	<u>\$ (107,592,655)</u>
General Revenues							
Property taxes, levied for general purposes					37,901,052		37,901,052
Federal and State aid not restricted					64,390,907		64,390,907
Investment earnings					13,772		13,772
Miscellaneous income					1,095,939	396	1,096,335
Total general revenues					<u>103,401,670</u>	<u>396</u>	<u>103,402,066</u>
Change in net position before special item					(4,005,626)	(184,963)	(4,190,589)
Special item - sale of school property					<u>2,576,249</u>		<u>2,576,249</u>
Change in net position after special item					(1,429,377)	(184,963)	(1,614,340)
Net Position - beginning					<u>200,519,144</u>	<u>1,737,401</u>	<u>202,256,545</u>
Net Position - ending					<u>\$ 199,089,767</u>	<u>\$ 1,552,438</u>	<u>\$ 200,642,205</u>

See accompanying notes to basic financial statements.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

CITY OF LONG BRANCH SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

EXHIBIT B-1

	Major Funds		
	General Fund	Special Revenue Fund	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 3,289,280	\$ 98	\$ 3,289,378
Restricted assets:			
Cash and cash equivalents	1		1
Cash held with fiscal agent		375,000	375,000
Intergovernmental receivable:			
State	563,139	300,272	863,411
Federal	67,388	1,143,168	1,210,556
Other	79,319	50,695	130,014
Other receivable	177,786		177,786
Interfund receivable	<u>2,256,403</u>		<u>2,256,403</u>
Total assets	\$ <u>6,433,316</u>	\$ <u>1,869,233</u>	\$ <u>8,302,549</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 707,593	\$ 186,173	\$ 893,766
Intergovernmental payable:			
State		53,536	53,536
Federal		37,217	37,217
Other		338	338
Unearned revenue		226,530	226,530
Other current liabilities			
Interfund payable	558,137	2,037,953	2,596,090
Note payable	<u>5,241,116</u>		<u>5,241,116</u>
Total liabilities	<u>6,506,846</u>	<u>2,541,747</u>	<u>9,048,593</u>
Fund Balances:			
Restricted for:			
Capital reserve	1		1
Assigned to:			
Designated for subsequent year's expenditures		375,000	375,000
Unassigned (deficit)	<u>(73,531)</u>	<u>(1,047,514)</u>	<u>(1,121,045)</u>
Total fund balances (deficit)	<u>(73,530)</u>	<u>(672,514)</u>	<u>(746,044)</u>
Total liabilities and fund balances	\$ <u>6,433,316</u>	\$ <u>1,869,233</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 \$311,829,050 and the accumulated depreciation is \$70,016,119.	\$ 241,812,931
Accrued interest on lease purchase obligations is not reported as a liability in the funds.	(42,831)
Internal service funds are used by the District to charge the costs of the District's self-insurance fund to the individual funds. The assets and liabilities of the internal service fund is included with governmental activities.	(2,210,078)
Other liabilities, including compensated absences and capital lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(5,710,214)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	5,914,487
Accrued pension contributions for the June 30, 2016 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position	(1,542,133)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(38,386,351)</u>
Net position of governmental activities	\$ <u>199,089,767</u>

See accompanying notes to basic financial statements.

CITY OF LONG BRANCH SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year ended June 30, 2016

EXHIBIT B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local sources:				
Local tax levy	\$ 37,901,052			\$ 37,901,052
Tuition	155,901			155,901
Interest on investments	13,772			13,772
Solar Renewable Energy Certificates	795,379			795,379
Miscellaneous	367,835	\$ 13,564		381,399
Total revenues-local sources	39,233,939	13,564		39,247,503
State sources	52,201,853	14,253,829	\$ 1,076,882	67,532,564
Federal sources	324,488	3,936,447		4,260,935
Total revenues	91,760,280	18,203,840	1,076,882	111,041,002
EXPENDITURES:				
Current:				
Regular instruction	23,864,571	6,746,529		30,611,100
Special education instruction	5,909,718			5,909,718
Other special instruction	1,457,588			1,457,588
Other instruction	2,182,713			2,182,713
Support services:				
Tuition	2,477,251			2,477,251
Student & instruction related services	8,476,443	2,492,662		10,969,105
School administrative services	3,220,105			3,220,105
Other administrative services	3,738,022			3,738,022
Plant operations and maintenance	7,611,181			7,611,181
Pupil transportation	2,855,995	340,000		3,195,995
Employee benefits	31,613,529	3,358,235		34,971,764
Capital outlay	452,706	4,592,324	1,076,882	6,121,912
Contribution to charter schools	29,710			29,710
Total expenditures	93,889,532	17,529,750	1,076,882	112,496,164
(Deficiency) excess of revenues (under) over expenditures	(2,129,252)	674,090		(1,455,162)
Other financing sources (uses):				
Capital lease issuance		875,000		875,000
Transfers in	1,500,492	309,856		1,810,348
Transfers out	(1,009,856)	(1,500,492)		(2,510,348)
Total other financing sources (uses)	490,636	(315,636)		175,000
Net change in fund balances before special item	(1,638,616)	358,454		(1,280,162)
Special item:				
Sale of school property	2,777,123			2,777,123
Net change in fund balance	1,138,507	358,454		1,496,961
Fund balances (deficit), July 1	(1,212,037)	(1,030,968)		(2,243,005)
Fund balances (deficit), June 30	\$ (73,530)	\$ (672,514)	\$	\$ (746,044)

See accompanying notes to basic financial statements.

CITY OF LONG BRANCH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year ended June 30, 2016

EXHIBIT B-3

Total net change in fund balances - governmental funds (from B-2)	\$	1,496,961
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 depreciation expense exceeded capital outlays in the period.		
Depreciation expense	\$ (7,100,942)	
Capital outlays	<u>6,157,283</u>	(943,659)
Loss on disposal of assets		(200,874)
In the statement of activities, certain operating expenses, e.g., compensated absences (sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-) when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (Current year's addition).		
		(163,972)
The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net position.		
Capital leases		(875,000)
Repayments of capital lease obligations are expenditures in the governmental funds but repayments reduce liabilities in the statement of activities.		
		45,000
Increase in accrued interest on capital leases.		
		(8)
In the statement of net position and statement of activities, the investment value of solar renewable energy certificates are presented at market value, and not portrayed in the governmental funds. This amount reflects the change in value at June 30, 2016.		
		(67,275)
The Internal Service Fund is used by the District to charge the costs of self insurance to other funds. The activity of this fund is included in the Statement of Activities.		
Change in net position	343,758	
Depreciation, included above	12,702	
Capital asset additions, included above	<u>(38,247)</u>	318,213
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension expense		<u>(1,038,763)</u>
Change in net position of governmental activities	\$	<u><u>(1,429,377)</u></u>

See accompanying notes to basic financial statements.

PROPRIETARY FUNDS

CITY OF LONG BRANCH SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

EXHIBIT B-4

	Major Funds	
	Business-Type Activity	Governmental Activity
	Enterprise Fund	Internal Service Fund
	Food	Self
	Service	Insurance
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 86,159	\$ 1,657,956
Intergovernmental receivable:		
State	15,134	
Federal	914,853	
Other receivables	6,724	11,089
Interfund receivable	43,376	296,311
Inventories	67,489	
Total current assets	1,133,735	1,965,356
Noncurrent assets:		
Capital assets:		
Depreciable:		
Buildings	774,925	232,742
Equipment and vehicles	1,202,896	89,475
Accumulated depreciation	(975,378)	(16,974)
Total capital assets, net	1,002,443	305,243
Total assets	\$ 2,136,178	\$ 2,270,599
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 560,396	\$ 677,434
Accrued liability for insurance claims		3,498,000
Unearned revenue	23,344	
Total current liabilities	\$ 583,740	\$ 4,175,434
NET POSITION:		
Net investment in capital assets	\$ 1,002,443	\$ 305,243
Unrestricted (deficit)	549,995	(2,210,078)
Total net position	\$ 1,552,438	\$ (1,904,835)

See accompanying notes to basic financial statements.

CITY OF LONG BRANCH SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year ended June 30, 2016

EXHIBIT B-5

	Major Funds	
	Business-Type Activity	Governmental Activity
	Enterprise Fund	Internal Service Fund
	Food	Self
	Service	Insurance
OPERATING REVENUES:		
Local sources:		
Daily food sales	\$ 247,181	\$
Charges for services		18,891,024
Vending machines	9,205	
Special events	114,293	
Total operating revenues	370,679	18,891,024
OPERATING EXPENSES:		
Cost of sales - reimbursable	1,439,095	
Cost of sales - non-program	55,977	
Salaries	1,519,261	1,124,943
Employee benefits	266,911	36,887
Insurance claims		15,671,982
Management and administrative fee	394,157	
Purchased professional services	16,692	
Purchased professional and technical services	84,332	1,559,825
Purchased property services	32,791	
Other purchased services		542,613
General supplies	212,570	138,064
Miscellaneous	22,350	709,774
Bad debt	21,586	
Depreciation	72,303	12,702
Total operating expenses	4,138,025	19,796,790
Operating (loss)	(3,767,346)	(905,766)
NONOPERATING REVENUES (EXPENSES):		
State sources:		
School lunch program	45,322	
Federal sources:		
School breakfast program	760,850	
School lunch program	2,142,323	
Healthy Hunger-Free Kids Act (HHFKA)	47,919	
Fresh fruits and vegetable program	98,569	
Seamless summer program	100,536	
Food donation program - commodities	312,906	
Snack program	76,591	
Other sources:		
Re-insurance proceeds		548,442
Interest and investment revenue	396	1,082
Loss on disposal of assets	(3,029)	
Total nonoperating revenues (expenses)	3,582,383	549,524
(Loss) before transfers	(184,963)	(356,242)
Transfer in - General Fund		700,000
Change in net position	(184,963)	343,758
Total net position (deficit) - beginning	1,737,401	(2,248,593)
Total net position (deficit)- ending	\$ 1,552,438	\$ (1,904,835)

See accompanying notes to basic financial statements.

CITY OF LONG BRANCH SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year ended June 30, 2016

EXHIBIT B-6

	Major Funds	
	Business-Type Activity	Governmental Activity
	Enterprise Fund	Internal Service Fund
	Food	Self
	Service	Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 368,205	
Payments to employees	(1,572,419)	\$ (1,124,943)
Payments for employee benefits	(266,911)	(36,887)
Payments to suppliers	(1,976,615)	(2,818,437)
Receipts from services provided		20,273,556
Payments for insurance		(16,191,963)
Net cash (used) provided by operating activities	(3,447,740)	101,326
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State sources	39,323	
Federal sources	3,208,395	
Transfer from General Fund		700,000
Re-insurance proceeds		548,442
Net cash provided by non-capital financing activities	3,247,718	1,248,442
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(21,946)	(38,247)
Net cash (used) by capital and related financing activities	(21,946)	(38,247)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest	396	1,082
Net cash provided by investing activities	396	1,082
Net (decrease) increase in cash and cash equivalents	(221,572)	1,312,603
Balance - beginning of year	307,731	345,353
Balance - end of year	\$ 86,159	\$ 1,657,956
Reconciliation of operating loss to net cash (used) provided by operating activities:		
Operating loss	\$ (3,767,346)	\$ (905,766)
Depreciation	72,303	12,702
Bad debt	21,586	
Change in assets and liabilities:		
Decrease in accounts receivable	46,060	247,203
(Increase) in inventories	(572)	
(Decrease) in unearned revenue	(5,158)	
Increase in accounts payable	281,921	418,884
(Increase) decrease in interfund receivable	(43,376)	1,135,329
(Decrease) in interfund payable	(53,158)	(287,045)
(Decrease) in accrued liability for insurance claims		(519,981)
Net cash (used) provided by operating activities	\$ (3,447,740)	\$ 101,326
Noncash noncapital financing activities:		
The District received \$310,818 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2016.		

See accompanying notes to basic financial statements .

FIDUCIARY FUNDS

CITY OF LONG BRANCH SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

EXHIBIT B-7

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Agency Funds
ASSETS:			
Cash and cash equivalents	\$ 184,574	\$ 360,580	\$ 651,842
Investments		<u>18,880</u>	
Total assets	<u>184,574</u>	<u>379,460</u>	<u><u>651,842</u></u>
LIABILITIES:			
Payroll deductions payable			\$ 486,947
Accounts payable	22,354		
Due to student groups			130,471
Due to interest groups			<u>34,424</u>
Total liabilities	<u>22,354</u>		<u><u>\$ 651,842</u></u>
NET POSITION:			
Held in trust for unemployment claims	162,220		
Held in trust for scholarships		<u>379,460</u>	
Total net position	<u><u>\$ 162,220</u></u>	<u><u>\$ 379,460</u></u>	

See accompanying notes to basic financial statements.

CITY OF LONG BRANCH SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
for the Fiscal Year ended June 30, 2016

EXHIBIT B-8

	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ADDITIONS:		
Contributions:		
Plan member	\$ 133,859	
Other		\$ 78,169
Total contributions	<u>133,859</u>	<u>78,169</u>
Investment earnings:		
Interest	171	1,243
Decrease in investment value		(326)
Dividends on investments		1,194
Net investment earnings	<u>171</u>	<u>2,111</u>
Total additions	<u>134,030</u>	<u>80,280</u>
DEDUCTIONS:		
Unemployment claims	86,531	
Scholarships awarded		35,505
Total deductions	<u>86,531</u>	<u>35,505</u>
Change in net position	47,499	44,775
Net position - beginning of the year	<u>114,721</u>	<u>334,685</u>
Net position - end of the year	<u>\$ 162,220</u>	<u>\$ 379,460</u>

See accompanying notes to basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Long Branch School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades Pre K - 12. The operations of the District include one preschool, five elementary schools, one middle school and a senior high school located in the City of Long Branch.

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

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

Based on the aforementioned criteria, the District has no component units.

B. Government-wide and Fund Financial Statements:

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

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds, the major enterprise fund and the internal service fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all funds be reported as major to promote consistency among the school districts in the State of New Jersey.

GOVERNMENTAL FUNDS

The District has reported the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

The Blended Resource Fund, a subfund of the General Fund, was created to allow budgeting of school-level appropriations and accounting for school-level expenditures.

Special Revenue Fund - The District maintains one Special Revenue Fund, which is used to account for the proceeds of specific revenue sources from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for and report all financial resources that are restricted, committed, or assigned to an expenditure for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or by New Jersey Schools Development Authority revenue.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUND

The focus of Proprietary Fund measurement is based upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the major Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statement of net position (deficit). Their reported net position are segregated into net investment in capital assets and unrestricted net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

The Internal Service Fund includes the following:

Self-Insurance Fund: The self-insurance fund is used to record the activity of the District’s Health Center’s operations.

FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Trust Funds - A Trust Fund is accounted for in essentially the same manner as the government fund types, using the same measurement focus and basis of accounting. Trust Funds account for assets where both the principal and interest may be spent. Trust Funds include Unemployment Compensation Insurance and Private-Purpose Scholarship Funds.

Agency Funds - 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. The District’s agency funds include the student activity agency fund and payroll agency fund.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and capital lease obligations are recorded only when payment is due.

Property taxes, state equalization monies and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* can include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports unearned revenue on its balance sheet and statements of net position. Unearned revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal or state financial assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statements of net position and revenue is recognized.

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

The County Board of Taxation is responsible for the assessment of properties, and the City Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval in April of each year. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. Transfers of appropriations may be made by School Board resolution and State approval during certain times of the fiscal year. The over-expenditure in the general fund is due to the inclusion of non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below.

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Open encumbrances at year-end are re-appropriated in the subsequent year's budget. Unencumbered appropriations lapse at fiscal year-end.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

E. Encumbrances:

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as assigned fund balances at 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 are reflected in the balance sheet as unearned revenues or an offset to accounts receivable at fiscal year-end.

F. Deposits and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks, certificates of deposit and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. Certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit 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.

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

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories:

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

Inventory in the Proprietary Fund is valued at cost, which approximates market, using the first-in-first-out (FIFO) method. At June 30, 2016, the unused Food Donation Program commodities of \$12,062 are reported as unearned revenue.

H. Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, and are due within one year.

I. Capital Assets:

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment, and vehicles are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	45
Site Improvements	20
Grounds Equipment	20
Vehicles	15
Machinery and Tools	15
Appliances	10
Musical Instruments	10
Lab Equipment	10
Furniture and Accessories	10
Athletic Equipment	10
Audiovisual Equipment	7
Business Machines	7
Computer Equipment	7
Photocopiers	5
Personal Computers	5

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences.

In proprietary funds, compensated absences are recorded as an expense and liability.

The liability for vested compensated absences of the District recorded in the governmental activities of the government-wide financial statements amounted to \$1,320,214 at June 30, 2016.

K. Unearned Revenue:

Unearned revenue in the special revenue fund represents funds received in advance of the expenditure and outstanding encumbrances and in the food service enterprise fund represents unused donated food commodities and cash collected for prepaid meals from students.

L. Deferred Outflows / Inflows or Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense / expenditure) until then. The District reports deferred outflow amounts related to pensions.

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

M. Long-term Obligations:

In the government-wide financial statements and enterprise fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

P. On-Behalf Payments:

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and post-retirement pension and medical benefits for certified staff members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$11,864,566 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

Q. Net Position:

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

R. Recently Issued and Adopted Accounting Principles

GASB Statement No. 72, Fair Value Measurement and Application ("GASB 72"). The objective of this Statement is to provide guidance for applying fair value for certain assets and liabilities and disclosures related to all fair value measurements. The requirements of this Statement mandate the use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The District has adopted GASB No. 72 during the year ended June 30, 2016.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB No. 75"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the District in the 2018 fiscal year. Management has not yet determined the impact of this Statement on the financial statements.

GASB Statement No. 77, Tax Abatement Disclosures ("GASB No. 77"). This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the District in the 2017 fiscal year. Management has not yet determined the impact of this Statement on financial statement note disclosures.

S. Subsequent Events:

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and December 2, 2016, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements. Other than the items disclosed below, no items have come to the attention of the District that would require disclosure.

On November 8, 2016, the voters of the City of Long Branch approved a bond referendum in the amount of \$6,940,000 that will allow the District to complete the renovations of the old high school.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$5,710,214 difference are as follows:

Obligations under capital leases	\$ 4,390,000
Compensated absences payable	<u>1,320,214</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	 <u>\$ 5,710,214</u>

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

3. DEPOSITS AND INVESTMENTS

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's 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. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2016 the carrying amount of the District's deposits was \$6,248,139 and the bank balance was \$7,195,644. Of the bank balance, \$500,000 of the District's cash deposits on June 30, 2016 was secured by the FDIC. GUDPA covered the bank balance of \$6,029,176. \$666,468 held in the District agency accounts are not covered by GUDPA.

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

The District has funds invested in a mutual fund at June 30, 2016. The fair value of these investments at June 30, 2016 was \$18,880 and they were not insured by FDIC or GUDPA.

As of June 30, 2016, the District had the following investments:

Mutual Fund Held in Trust and Agency \$18,880

As of June 30, 2016, the District had \$375,000 on deposit with a fiscal agent.

As of June 30, 2016, the District has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposit and Investment Risk Disclosures" ("GASB 40") and accordingly the District has assessed the Custodial Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk - The District's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's investment securities are exposed to

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

3. DEPOSITS AND INVESTMENTS – (CONTINUED)

custodial credit risk if the securities are uninsured, are not registered in the name of the District and are held by either: the counterparty or the counterparty's trust department or agent but not in the District's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

As of June 30, 2016, the District's investments were comprised of a mutual fund in the amount of \$18,880. Since the investments are held in a custodial account in the District's name they are not exposed to custodial credit risk. Amounts held in the custodial account belong to the District and would not be affected by a bank failure. The District does not have a formal policy for investment securities custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution.

- (b) Concentration of Credit Risk - This is the risk associated with the amount of investments the District has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The District places no limit on the amount the District may invest in any one issuer.
- (c) Credit Risk - GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the District
- (d) does not have an investment policy regarding credit risk except to the extent previously outlined under the District's investment policy.
- (e) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

4. INVENTORY

Inventory in the Food Service Fund at June 30, 2016 was \$67,489 and consisted of food and USDA commodities. The value of Federal donated commodities of \$12,062 as reflected on Exhibit K-3 is the difference between market value and cost of the commodities at the date of purchase and has been included as nonoperating revenue in the financial statements.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

5. LONG-TERM LIABILITIES

Changes in long-term liability activity for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Lease Obligations	\$ 3,560,000	\$ 875,000	\$ 45,000	\$ 4,390,000	\$ 3,670,171
Compensated Absences Payable	1,156,242	205,727	41,755	1,320,214	167,657
Accrued liability for insurance claims	4,017,981	11,654,001	12,173,982	3,498,000	2,421,864
Sub-total	8,734,223	12,734,728	12,260,737	9,208,214	6,259,692
Net Pension Liability	32,163,310	6,223,041		38,386,351	
Total Governmental Activities Long-Term Liabilities	<u>\$ 40,897,533</u>	<u>\$ 18,957,769</u>	<u>\$ 12,260,737</u>	<u>\$ 47,594,565</u>	<u>\$ 6,259,692</u>

Capital lease obligations, compensated absences and the net pension liability are liquidated by expenditures in the general fund. The accrued liability for insurance claims is paid with charges to other funds' budgets from the internal service fund.

A. Capital Lease Obligations – Governmental Fund

The District entered into a \$10,450,000 Capital Lease Obligation on July 7, 2011 for solar panels \$10,450,000, due in annual installments for which final payment is due on July 7, 2016. The District negotiated with the bank to defer the \$2,230,000 principal payment due on January 7, 2016 to July 2016 for budgeting purposes, resulting in a final principal payment of \$3,560,000 in July 2016 at an interest rate of 2.475%

The District entered into a Capital Lease Obligation on September 23, 2015 for additional funding required on the high school project. Payment is due in annual installments ranging from \$80,820 to \$99,991 with the final payment due on September 23, 2020. Interest is at 2.050%.

The District entered into a Capital Lease obligation on June 3, 2016 for HVAC Equipment. Payment is due in annual installments ranging from \$20,000 to \$93,214 with the final payment due on July 15, 2020. Interest is at 1.896%.

Future Minimum Lease Payments – Future minimum lease payments for the next five years under the capital leases obligations along with the present value of the minimum lease payments as of June 30, 2016 are:

<u>Year Ending June 30,</u>	<u>Total</u>
2017	\$ 3,723,921
2018	193,204
2019	192,787
2020	192,840
2021	174,033
Total minimum lease payments	4,476,785
Less: Amount representing interest	(86,785)
Present value of net minimum lease payments	<u>\$ 4,390,000</u>

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

6. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,754,702		\$ (14,987)	\$ 1,739,715
Total Capital Assets, Not Being Depreciated	<u>1,754,702</u>		<u>(14,987)</u>	<u>1,739,715</u>
Capital Assets, Being Depreciated:				
Land Improvements	4,708,868	\$ 192,443	(6,556)	4,894,755
Buildings and Building Improvements	280,503,212	5,820,822	(1,793,710)	284,530,324
Machinery and Equipment	18,532,769	126,046	(116,472)	18,542,343
Vehicles	2,103,941	17,972		2,121,913
Total Capital Assets, Being Depreciated	<u>305,848,790</u>	<u>6,157,283</u>	<u>(1,916,738)</u>	<u>310,089,335</u>
Accumulated Depreciation For:				
Land Improvements	(1,968,785)	(234,878)	(6,556)	(2,197,107)
Buildings and Building Improvements	(48,651,600)	(5,891,842)	(1,642,585)	(52,900,857)
Machinery and Equipment	(12,369,267)	(814,564)	(81,710)	(13,102,121)
Vehicles	(1,656,376)	(159,658)		(1,816,034)
Total Accumulated Depreciation	<u>(64,646,028)</u>	<u>(7,100,942)</u>	<u>(1,730,851)</u>	<u>(70,016,119)</u>
Total Capital Assets, Being Depreciated, Net	<u>241,202,762</u>	<u>(943,659)</u>	<u>(185,887)</u>	<u>240,073,216</u>
Governmental Activities Capital Assets, Net	<u>\$ 242,957,464</u>	<u>\$ (943,659)</u>	<u>\$ (200,874)</u>	<u>\$ 241,812,931</u>

Unallocated depreciation expense of \$7,100,942 was recorded as a Governmental Activities expense in the Statement of Activities of the District for the year ended June 30, 2016. The following is a summary of business-type changes in capital assets for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital Assets, Being Depreciated:				
Buildings	\$ 774,925			\$ 774,925
Machinery and Equipment	1,126,958	\$ 21,946	\$ (15,460)	1,133,444
Vehicles	69,452			69,452
	<u>1,971,335</u>	<u>21,946</u>	<u>(15,460)</u>	<u>1,977,821</u>
Less: Accumulated depreciation	<u>(915,506)</u>	<u>(72,303)</u>	<u>12,431</u>	<u>(975,378)</u>
Total business-type activities capital assets, net	<u>\$ 1,055,829</u>	<u>\$ (50,357)</u>	<u>\$ (3,029)</u>	<u>\$ 1,002,443</u>

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS

Description of Plans - Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System 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. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage.

Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS – (CONTINUED)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Funding Policy - The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in annually through July 2018 that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the 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 Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2016, the State of New Jersey contributed \$6,670,431 to the TPAF for on-behalf medical and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$2,912,077 during the year ended June 30, 2016 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 district-wide and fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2016, 2015, and 2014 were \$1,470,152, \$1,416,191 and \$1,290,022, respectively, equal to the required contributions for each year.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS - (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$38,386,351 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.1710012347 percent, which was a decrease of 0.0007862200 from its proportion measured as of June 30, 2014. For the year ended June 30, 2016, the District recognized full accrual pension expense of \$2,508,915 in the government-wide financial statements. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 915,763	
Changes of assumptions	4,122,387	
Net difference between projected and actual earnings on pension plan investments		\$ 617,179
Changes in proportion and differences between District contributions and proportionate share of contributions	76,270	124,887
District contributions subsequent to the measurement date	1,542,133	
	<u>\$ 6,656,553</u>	<u>\$ 742,066</u>

\$1,542,133 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 795,061
2018	795,061
2019	795,061
2020	1,274,250
2021	712,921
	<u>\$ 4,372,354</u>

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS - (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
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%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS – (CONTINUED)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 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 actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS - (CONTINUED)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 47,709,537	\$ 38,386,351	\$ 30,569,859

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$ 3,578,755,666
Deferred inflows of resources	\$ 993,410,455
Net pension liability	\$ 22,447,996,119
 District's Proportion	 0.1710012347%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,481,308,816.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.72 years and 6.44 years for the measurement period ended June 30, 2014.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS - (CONTINUED)

employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2015 was \$244,180,520. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3863354786 percent, which was a decrease of 0.0045210014 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$14,909,419 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included 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

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables 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 improvement. 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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. 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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 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

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS – (CONTINUED)

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.

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's proportionate share of the net pension liability associated with the District	\$290,199,421	\$ 244,180,520	\$204,532,483

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$ 7,522,890,856
Deferred inflows of resources	\$ 623,365,110
Net pension liability	\$ 63,204,270,305

State's proportionate share associated with the District 0.3863354786%

Collective pension expense for the Local group for the measurement period ended June 30, 2015 is \$3,854,529,453.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 8.3 years and 8.5 years for the measurement period ended June 30, 2014.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

8. POST-RETIREMENT BENEFITS

Plan Description

The School District contributes to the New Jersey School Employees Health Benefits Program (the "SEHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SEHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pension 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 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 premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SEHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2016, 2015 and 2014 were \$3,625,578, \$3,315,766, and \$2,711,090, respectively, which equaled the required contributions for each year. The State's contributions to the SEHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

9. DEFERRED COMPENSATION

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the Plan Administrators, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

10. INTERFUND RECEIVABLES AND PAYABLES

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$2,256,403	\$558,137
Special Revenue Fund		2,037,953
Food Service Enterprise Fund	43,376	
Self-Insurance Internal Service Fund	296,311	
	\$2,596,090	\$2,596,090

The interfund between the General Fund and the Special Revenue Fund represents the amount due from the Special Revenue Fund to the General Fund for the pooled cash deficit. The interfund between the General Fund and the Self-Insurance Internal Service Fund represents claims and operational costs due to the Self-Insurance Internal Service Fund. The interfund between the General Fund and the Food Service Enterprise Fund represents catering event payments due to the Food Service Enterprise Fund. All interfunds are expected to be liquidated within one year.

11. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Long Branch Board of Education by inclusion of \$1.00 on October 5, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfers by Board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

11. CAPITAL RESERVE ACCOUNT – (CONTINUED)

authorized pursuant to *N.J.S.A.* 19:60-2. Pursuant to *N.J.A.C.* 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

There was no activity in the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year, and the balance of \$1 was unchanged.

12. RISK MANAGEMENT

The District is exposed to various risk 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, student accident, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

Self-Insurance - The District is self-insured for medical, prescription and dental benefits and has established an internal service fund to account for its self-insurance activities. The accrued liability for unpaid medical, prescription and dental claims of \$3,498,000 has been recorded in the internal service fund financial statements for Incurred But Not Reported Claims (IBNR), which is subject to modification and/or assessment of existing or additional claims. The medical, prescription and dental benefits IBNR liability has been calculated by an actuary contracted by the District's claims administrator. The actuary utilized a 5% discount rate in determining the present value of the liability.

Changes in the Incurred But Not Reported claims liability amount in fiscal years 2016 and 2015 were:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2015-2016	\$ 4,017,981	\$ 15,671,982	\$ 16,191,963	\$ 3,498,000
2014-2015	-	12,120,840	8,102,859	4,017,981

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2015-2016	\$ 171	\$ 133,859	\$ 86,531	\$ 162,220
2014-2015	127	131,615	124,739	114,721
2013-2014	45	130,373	98,685	107,718

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

13. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$73,530 in the General Fund and \$672,514 in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). *N.J.S.A. 18A:22-44.2* provides that in the event a state school aid payment(s) is not made until the following school budget year, districts must record the last state aid payment(s) as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district can not recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payments, the General Fund and Special Revenue Fund balance deficits do not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unassigned fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's deficit in the GAAP fund statements are equal to or less than the last state aid payments.

The District had a deficit fund balance of \$1,904,835 in the Self-Insurance Internal Service Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). The District has instituted a plan to fund this deficit from the General Fund budget over the next several years.

14. FUND BALANCE APPROPRIATED

General Fund (Exhibit C-1) - Of the \$4,120,072 of General Fund, fund balance at June 30, 2016, \$1 is restricted as Capital Reserve; \$95,586 is assigned for year-end encumbrances, \$2,378,616 is assigned as designated for subsequent year's expenditures, \$22,736 is designated to subsequent years expenditures – SEMI and \$1,623,133 is unassigned fund balance.

15. CONSTRUCTION FINANCING ACT

As a School Based Budget District, the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction Financing Act administers a significant number of the District's construction projects. The projects are approved as part of the District's Long-Range Facility Plan. The approved projects being administered by the NJSDA are identified in Schedule F-1 and the total amount of the approved project and expenditures at June 30, 2016 was \$1,076,882.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

16. TRANSFERS

The following presents a reconciliation of transfers made during the 2016 fiscal year:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,500,492	\$1,009,856
Special Revenue Fund	309,856	1,500,492
Self-Insurance Internal Service Fund	700,000	
	\$2,510,348	\$2,510,348

The transfer into the General Fund represents the Special Revenue Fund contribution to school based budgets. The transfer from the General Fund to the Special Revenue Fund represents the General Fund contribution to the Special Revenue Fund Preschool Education Program. The transfer from the General Fund to the Self-Insurance Internal Service Fund represents the General Fund contribution to reduce the deficit in the Self-Insurance Internal Service Fund.

17. CONTINGENCIES

The District is a defendant in several legal proceedings. It is believed that the outcome, or exposure to the Board, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

The District receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes.

The State and Federal grants received and expended in the 2015-2016 fiscal year were subject to the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 which mandate that grant revenues and the expenditures be audited in conjunction with the District's annual audit. Substantially, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Management of the District does not believe such an audit would result in material amounts of disallowed costs.

18. COMMITMENTS – GENERAL FUND

The District has contractual commitments at June 30, 2016 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$95,586.

CITY OF LONG BRANCH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

19. NOTES PAYABLE

In accordance with N.J.S.A. 18A:22-44.2, on June 8, 2016 the District received proceeds from a note from Valley National Bank in the amount of \$2,620,558 (Interest rate of 2.59%). In accordance with N.J.S.A. 18A:22-44.2, on June 22, 2016 the District received proceeds from a note from Valley National Bank in the amount of \$2,620,558 (Interest rate of 2.59%). Both notes were for cash flow needs and were repaid in July, 2016. The following presents the change from the prior year:

Beginning Balance	Increase	Decrease	Ending Balance
\$ 2,615,898	\$5,241,116	\$ 2,615,898	\$5,241,116

20. SPECIAL ITEM

Special item for the fiscal year ended June 30, 2016 includes the following:

Gross Sales Proceeds	\$ 2,777,123	Reported in Fund Financial Statements
Loss on Sale of Assets	<u>(200,874)</u>	
Net Sales Proceeds	<u>\$ 2,576,249</u>	Reported in Government Wide Financial Statements

In October, 2015 the District sold the Star of the Sea property for \$699,980. In May, 2016 the District sold the property that formerly housed the West End School for \$2,077,143.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

City of Long Branch School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - Local Group	0.1710012347%	0.1717874547%	0.1712086223%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 38,386,351	\$ 32,163,310	\$ 32,721,369	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 11,738,760	\$ 11,786,446	\$ 11,764,430	\$ 11,508,422	\$ 11,486,872	\$ 11,384,165	\$ 10,693,899	\$ 10,187,956	\$ 9,991,066	\$ 10,351,667
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	327.01%	272.88%	278.14%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability - Local Group	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

City of Long Branch School District
Schedule of District Contributions
Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 1,542,133	\$ 1,470,152	\$ 1,416,191	\$ 1,290,022	\$ 1,284,485	\$ 1,323,899	\$ 1,178,499	\$ 936,209	\$ 719,906	\$ 741,973
Contributions in relation to the contractually required contribution	(1,542,133)	(1,470,152)	(1,416,191)	(1,290,022)	(1,284,485)	(1,323,899)	(1,178,499)	(936,209)	(719,906)	(741,973)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,021,324	\$ 11,738,760	\$ 11,786,446	\$ 11,764,430	\$ 11,508,422	\$ 11,486,872	\$ 11,384,165	\$ 10,693,899	\$ 10,187,956	\$ 9,991,066
Contributions as a percentage of covered-employee payroll	12.83%	12.52%	12.02%	10.97%	11.16%	11.53%	10.35%	8.75%	7.07%	7.43%

City of Long Branch School District
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	Year Ended June 30,		
	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3863354786%	0.3908564800%	0.3883516426%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 244,180,520	\$ 208,900,068	\$ 196,269,866
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 244,180,520</u>	<u>\$ 208,900,068</u>	<u>\$ 196,269,866</u>
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make a contribution to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

PART III

BUDGETARY COMPARISON SCHEDULES

CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

EXHIBIT C-1
PAGE 1 OF 9

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax levy	\$ 37,901,052		\$ 37,901,052	\$ 37,901,052	
Tuition				155,901	\$ 155,901
Interest on investments	5,000		5,000	13,772	8,772
Solar Renewable Energy Certificates	350,000		350,000	795,379	445,379
Miscellaneous				367,835	367,835
Total - local sources	38,256,052		38,256,052	39,233,939	977,887
State sources:					
Categorical special education aid	2,795,051		2,795,051	2,795,051	
Equalization aid	36,768,086		36,768,086	36,768,086	
Categorical security aid	1,823,590		1,823,590	1,823,590	
Categorical transportation aid	627,703		627,703	627,703	
Extraordinary aid	200,000		200,000	371,493	171,493
Under adequacy aid	76,031		76,031	76,031	
PARCC Readiness Aid	48,780		48,780	48,780	
Per Pupil Growth Aid	48,780		48,780	48,780	
Additional non-public transportation aid				20,065	20,065
Homeless tuition aid				32,538	32,538
On-behalf TPAF - (non-budgeted):					
Social security				2,912,077	2,912,077
Pension and medicaid contributions				6,670,431	6,670,431
Total - state sources	42,388,021		42,388,021	52,194,625	9,806,604
Federal sources:					
Impact aid	14,352		14,352	28,451	14,099
Medicaid assistance	115,648		115,648	296,037	180,389
Total - federal sources	130,000		130,000	324,488	194,488
Total revenues	80,774,073		80,774,073	91,753,052	10,978,979

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CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1
PAGE 2 OF 9

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction					
Salaries of teachers:					
Preschool	\$ 253,324	\$ (65,165)	\$ 188,159	\$ 188,159	
Kindergarten	1,510,025	(183,900)	1,326,125	1,316,990	\$ 9,135
Grades 1-5	8,909,878	(110,616)	8,799,262	8,794,793	4,469
Grades 6-8	5,631,205	(248,893)	5,382,312	5,372,472	9,840
Grades 9-12	5,699,388	85,873	5,785,261	5,757,171	28,090
Regular programs - home instruction:					
Salaries of teachers	60,000	(6,920)	53,080	53,080	
Purchased prof. - educ. services	18,000	(10,266)	7,734	7,734	
Regular programs - undistributed instruction:					
Other salaries instruction	992,920	(213,242)	779,678	777,819	1,859
Purchased prof. - educ. services	427,238	87,156	514,394	514,394	
Purchased technical services	101,430	(10,517)	90,913	90,913	
Other purchased services	1,200	(750)	450	450	
General supplies	1,088,914	(134,563)	954,351	950,411	3,940
Textbooks	43,000	(11,385)	31,615	31,615	
Other expenses	25,500	(16,868)	8,632	8,570	62
Total regular programs - instruction	<u>24,762,022</u>	<u>(840,056)</u>	<u>23,921,966</u>	<u>23,864,571</u>	<u>57,395</u>
Cognitive - mild:					
Salaries of teachers	246,868	(111,956)	134,912	134,912	
Other salaries for instruction	35,250		35,250	35,250	
General supplies	2,000	(1,616)	384	384	
Other objects	900	(130)	770	671	99
Total cognitive - mild	<u>285,018</u>	<u>(113,702)</u>	<u>171,316</u>	<u>171,217</u>	<u>99</u>
Cognitive - moderate:					
Salaries of teachers		57,800	57,800	57,800	
Other salaries for instruction		21,924	21,924	21,924	
Total cognitive - moderate		<u>79,724</u>	<u>79,724</u>	<u>79,724</u>	
Learning and/or language disabilities:					
Salaries of teachers	1,473,955	(111,632)	1,362,323	1,352,173	10,150
Other salaries for instruction	587,196	128,823	716,019	715,223	796
General supplies	7,900	(5,311)	2,589	2,557	32
Other expenses	900	(900)			
Total learning and/or language disabilities	<u>2,069,951</u>	<u>10,980</u>	<u>2,080,931</u>	<u>2,069,953</u>	<u>10,978</u>
Behavioral disabilities:					
Salaries of teachers	794,689	(55,477)	739,212	738,890	322
Other salaries for instruction	291,937	94,095	386,032	386,032	
General supplies	15,000	(3,260)	11,740	11,480	260
Textbooks	4,370	(4,370)			
Other expenses	12,725	(3,068)	9,657	9,507	150
Total behavioral disabilities	<u>1,118,721</u>	<u>27,920</u>	<u>1,146,641</u>	<u>1,145,909</u>	<u>732</u>

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CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1
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	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Multiple disabilities:					
Salaries of teachers	\$ 120,626	\$ (250)	\$ 120,376	\$ 120,376	
Other salaries for instruction	25,704		25,704	25,704	
Total multiple disabilities	146,330	(250)	146,080	146,080	
Resource room/resource center:					
Salaries of teachers	1,309,093	35,323	1,344,416	1,333,372	\$ 11,044
Other salaries instruction	256,371	(23,657)	232,714	232,714	
General supplies	5,500	(3,682)	1,818	1,818	
Total resource room/resource center	1,570,964	7,984	1,578,948	1,567,904	11,044
Autism:					
Salaries of teachers	222,618	(20,406)	202,212	202,212	
Other salaries for instruction	154,014	(120,474)	33,540	33,540	
General supplies	3,000	(3,000)			
Other objects	900	(40)	860	760	100
Total autism	380,532	(143,920)	236,612	236,512	100
Preschool disabilities - full time:					
Salaries of teachers	232,832	144,149	376,981	376,981	
Other salaries for instruction	40,068	65,339	105,407	104,857	550
Supplies and materials	1,200	(1,200)			
Total preschool disabilities - full time	274,100	208,288	482,388	481,838	550
Home instruction:					
Salaries of teachers	20,000	(20,000)			
Purchased prof. - educ. services	15,000	(3,596)	11,404	10,581	823
Total home instruction	35,000	(23,596)	11,404	10,581	823
Total special education - instruction	5,880,616	53,428	5,934,044	5,909,718	24,326
Bilingual education:					
Salaries of teachers	1,272,797	100,188	1,372,985	1,372,985	
Other salaries for instruction	51,189		51,189	48,420	2,769
General supplies	4,550	31,633	36,183	36,183	
Total bilingual education	1,328,536	131,821	1,460,357	1,457,588	2,769

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CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1
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	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Cocurricular activities:					
Salaries	\$ 272,803	\$ 72,275	\$ 345,078	\$ 338,478	\$ 6,600
Other purchased services		5,246	5,246	5,246	
General supplies	23,950	(5,698)	18,252	17,070	1,182
Other expenses	23,500	12,716	36,216	35,010	1,206
Total cocurricular activities	320,253	84,539	404,792	395,804	8,988
Athletics activities:					
Salaries	824,056	(27,164)	796,892	796,892	
Purchased services	72,800	(18,331)	54,469	53,251	1,218
Supplies and materials	78,000	35,915	113,915	92,238	21,677
Other expenses	21,700	5,440	27,140	27,060	80
Athletic fund subsidy	27,000	2,700	29,700	29,700	
Total athletics activities	1,023,556	(1,440)	1,022,116	999,141	22,975
Before/after school program - instruction:					
Salaries of teacher tutors		25,381	25,381	14,618	10,763
Supplies and materials	7,800	(6,744)	1,056	220	836
Total before/after school program - instr.	7,800	18,637	26,437	14,838	11,599
Before/after school program - support services:					
Other objects		4,135	4,135	3,433	702
Total before/after school prgm - support serv.		4,135	4,135	3,433	702
Total before/after school program	7,800	22,772	30,572	18,271	12,301
Alternative education program - instruction:					
General supplies	17,231	742	17,973	17,413	560
Textbooks	3,000	(3,000)			
Other expenses	7,300	(1,029)	6,271	4,078	2,193
Total alternative education prgm - instr.	27,531	(3,287)	24,244	21,491	2,753
Alternative education program - support services:					
Other purchased services	1,300	2,943	4,243	3,908	335
General supplies	2,700	(1,221)	1,479	890	589
Total alt. education prgm - support serv.	4,000	1,722	5,722	4,798	924
Total alternative education program	31,531	(1,565)	29,966	26,289	3,677
Summer school - instruction:					
Salaries of teachers	399,565	2,854	402,419	402,419	
Other salaries for instruction	51,624	16,666	68,290	68,290	
General supplies	30,000	6,683	36,683	36,683	
Other expenses	8,000	3,415	11,415	11,255	160
Total summer school - instruction	489,189	29,618	518,807	518,647	160
Summer school - support services:					
Salaries	91,257	(42,487)	48,770	48,770	
Total summer school - support services	91,257	(42,487)	48,770	48,770	
Total summer school	580,446	(12,869)	567,577	567,417	160
Other instructional programs:					
Salaries	15,000	1,885	16,885	16,885	
Total other instructional programs	15,000	1,885	16,885	16,885	
Community services programs/operations:					
Salaries		154,418	154,418	154,418	
Supplies and materials		4,488	4,488	4,488	
Total community services programs/operations		158,906	158,906	158,906	
Total - instruction	33,949,760	(402,579)	33,547,181	33,414,590	132,591

(Continued on next page)

CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1
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	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction - tuition:					
LEA's in state - regular	\$ 36,008	\$ 4,246	\$ 40,254	\$ 40,254	
LEA's in state - special	272,513	(63,195)	209,318	209,318	
Vocational school - regular	282,080	5,937	288,017	288,017	
Vocational school - special	31,200	(16,625)	14,575	14,575	
Private schools - handicapped	1,730,622	(80,997)	1,649,625	1,649,625	
Private schools - handicapped o/s state	214,103	(8,889)	205,214	205,214	
State facilities	29,275		29,275	29,275	
Other		40,973	40,973	40,973	
Total instruction - tuition	2,595,801	(118,550)	2,477,251	2,477,251	
Attendance and social work services:					
Salaries	611,035	(71,524)	539,511	539,511	
Professional / technical services	2,500		2,500	2,500	
Total attendance and social work services	613,535	(71,524)	542,011	542,011	
Health services:					
Salaries	763,357	(30,405)	732,952	723,569	\$ 9,383
Professional / technical services	72,690	74,424	147,114	147,114	
Other purchased services	1,000	352	1,352	1,352	
Supplies and materials	41,665	(1,121)	40,544	40,544	
Other expenses	7,965	(3,730)	4,235	4,235	
Total health services	886,677	39,520	926,197	916,814	9,383
Other supp. serv. - students-related serv.:					
Professional services	242,607	(64,037)	178,570	178,570	
General supplies	1,800	(378)	1,422	1,422	
Total oth. supp. serv.-students-related svc.	244,407	(64,415)	179,992	179,992	
Other supp. serv. - students - extra. serv.:					
Salaries	248,439	(866)	247,573	247,573	
Professional services	284,552	(27,198)	257,354	257,354	
Total other support. services - students - extra. services	532,991	(28,064)	504,927	504,927	
Other support services - guidance services					
Salaries of professional staff	983,528	(104,258)	879,270	879,270	
Salaries secretarial and clerical	94,161	(165)	93,996	93,996	
Professional / educational services	40,947	(33,622)	7,325	7,325	
Other purchased prof. and tech. services	28,800		28,800	28,800	
Supplies and materials	5,800	(2,362)	3,438	3,438	
Other objects	3,662		3,662	3,650	12
Total other support services - guidance services	1,156,898	(140,407)	1,016,491	1,016,479	12
Other support services - child study teams					
Salaries of professional staff	2,612,798	(45,088)	2,567,710	2,567,710	
Salaries secretarial	299,053	(68,443)	230,610	230,610	
Professional / educational services	55,000	34,279	89,279	89,279	
Professional/technical services	18,000	(142)	17,858	17,858	
Other purchased services	10,000	(1,923)	8,077	8,077	
Supplies and materials	22,840	5,845	28,685	27,756	929
Total other support services - child study teams	3,017,691	(75,472)	2,942,219	2,941,290	929

(Continued on next page)

CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1
PAGE 6 OF 9

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of instruction / other support services - instructional staff:					
Supervisors of instruction salaries	\$ 1,247,192	\$ 181,789	\$ 1,428,981	\$ 1,428,981	
Other professional staff salaries	363,678	(58,684)	304,994	288,304	\$ 16,690
Salaries secretarial	89,157	8,545	97,702	97,702	
Other purchased services	250	(208)	42	42	
Supplies and materials		9,799	9,799	9,799	
Total improvement of instruction / other support services - instruction staff	1,700,277	141,241	1,841,518	1,824,828	16,690
Educational media / library services:					
Salaries	403,155	(14,087)	389,068	389,068	
Supplies and materials	5,100	(3,123)	1,977	1,977	
Total educational media / library services	408,255	(17,210)	391,045	391,045	
Instructional staff training services:					
Professional / educational services	288,638	(220,299)	68,339	68,339	
Professional / technical services		72,242	72,242	72,242	
Other purchased services	11,300	(968)	10,332	9,447	885
Supplies and materials		9,029	9,029	9,029	
Total instructional staff training services	299,938	(139,996)	159,942	159,057	885
General administration:					
Salaries	950,028	29,664	979,692	979,692	
Legal services	115,000	65,206	180,206	179,321	885
Audit fees	34,000	2,875	36,875	36,875	
Professional service	1,000	(780)	220	220	
Communications/telephone	235,700	(5,887)	229,813	229,813	
BOE other purchased services	15,000	17,084	32,084	32,084	
Other purchased services	274,280	28,337	302,617	301,671	946
Supplies and materials	12,500	2,720	15,220	15,220	
Judgements against school district	10,000	(10,000)			
Other expenses	34,000	88,466	122,466	121,733	733
BOE membership dues and fees	37,000	248	37,248	37,248	
Total general administration	1,718,508	217,933	1,936,441	1,933,877	2,564
School administration:					
Salaries principals / assistant principals	1,522,784	(34,782)	1,488,002	1,488,002	
Salaries secretarial	1,147,084	(13,538)	1,133,546	1,133,546	
Unused vacation payments to terminated/retired staff - normal retirements		4,099	4,099	4,099	
Other purchased services	11,400	(2,789)	8,611	8,568	43
Supplies and materials	447,399	138,907	586,306	576,900	9,406
Other expenses	1,600	7,390	8,990	8,990	
Total school administration	3,130,267	99,287	3,229,554	3,220,105	9,449
Central services:					
Salaries	700,567	(211)	700,356	700,137	219
Purchased professional services	20,000	31,481	51,481	51,481	
Purchased technical services	21,000	11,086	32,086	32,086	
Miscellaneous purchased services	3,000	(932)	2,068	2,068	
Supplies and materials	16,000	(2,810)	13,190	13,081	109
Interest on lease purchase agreements	89,334	(979)	88,355	88,355	
Other expenses	2,200	(1,756)	444	444	
Total central services	852,101	35,879	887,980	887,652	328
Administrative information technology:					
Salaries	658,302	(17,233)	641,069	641,069	
Purchased technical services	276,858	(55,795)	221,063	219,039	2,024
Other purchased services	1,000	(1,000)			
Supplies and materials	55,000	1,385	56,385	56,385	
Total admin. information technology	991,160	(72,643)	918,517	916,493	2,024
Required maintenance:					
Cleaning, repair and maint. services	279,070	1,928	280,998	280,998	
General supplies	115,000	(18,373)	96,627	96,627	
Total required maintenance	394,070	(16,445)	377,625	377,625	

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CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1
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	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Plant operations:					
Salaries	\$ 2,794,197	\$ (20,289)	\$ 2,773,908	\$ 2,770,890	\$ 3,018
Salaries of non-instructional aides	806,095	(46,912)	759,183	754,764	4,419
Professional and technical services	133,100	61,381	194,481	170,743	23,738
Cleaning, repair and maint. services	244,424	91,249	335,673	322,165	13,508
Other purchased property services	225,800	43,248	269,048	268,034	1,014
Building rental	78,000	6,000	84,000	84,000	
Insurance	597,004	(5,213)	591,791	591,791	
Miscellaneous purchased services	3,500	(2,486)	1,014	1,014	
General supplies	398,000	(31,234)	366,766	362,451	4,315
Energy (heat)	245,200	(70,797)	174,403	174,403	
Energy (electricity)	1,127,000	(116,945)	1,010,055	1,010,055	
Other expenses	500	(173)	327	327	
Total plant operations	6,652,820	(92,171)	6,560,649	6,510,637	50,012
Care and upkeep of grounds:					
Salaries	402,526	(22,372)	380,154	376,819	3,335
Cleaning, repair and maint services	35,000	41,839	76,839	72,850	3,989
General supplies	50,000	(10,945)	39,055	39,055	
Total care and upkeep of grounds	487,526	8,522	496,048	488,724	7,324
Security:					
Salaries	183,016	10,249	193,265	190,536	2,729
Professional and technical services	30,000	(9,084)	20,916	20,916	
Cleaning, repair and maint services	10,000	(4,834)	5,166	5,166	
General supplies	10,000	7,577	17,577	17,577	
Total security	233,016	3,908	236,924	234,195	2,729
Student transportation services:					
Salaries for pupil transportation -					
Home and school - regular	357,569	(18,177)	339,392	339,392	
Home and school - special	129,552	(2,793)	126,759	125,949	810
Home and school - non-public	27,936		27,936	27,936	
Other than home and school	159,606	(63,631)	95,975	95,975	
Salaries of non-instructional aides	153,684	(26,432)	127,252	126,907	345
Management fee - ESC transportation	34,300	9,247	43,547	43,547	
Professional and technical services	22,316	4,153	26,469	26,469	
Cleaning, repair, and maint. services	95,000	2,527	97,527	89,995	7,532
Contracted services for pupils -					
Home and school - vendors	741,440	(489)	740,951	740,951	
Non home and school - vendors	114,850	5,901	120,751	120,751	
Regular - jointures	1,500	(1,500)			
Special education - vendors	135,450	10,710	146,160	146,160	
Special education students - ESCs	522,855	87,731	610,586	610,586	
Regular students - ESCs	196,733	(2,932)	193,801	193,801	
Aid-in-lieu	106,964		106,964	106,408	556
Other purchased services	575		575	575	
Supplies and materials- general	4,000	(1,540)	2,460	2,460	
Supplies and materials- transportation	115,000	(36,678)	78,322	48,908	29,414
Other expenses	9,014	1,329	10,343	9,225	1,118
Total student transportation services	2,928,344	(32,574)	2,895,770	2,855,995	39,775

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CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1
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	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits:					
Group insurance		\$ 1,129	\$ 1,129	\$ 1,129	
Social security contributions	\$ 1,255,000	199,670	1,454,670	1,436,240	\$ 18,430
P.E.R.S. Retirement contributions	1,519,500	(49,348)	1,470,152	1,470,152	
D.C.R.P. Retirement contributions		10,000	10,000	7,331	2,669
Workmen's compensation	819,000	(172)	818,828	818,828	
Health benefits	14,624,311	3,122,207	17,746,518	17,746,518	
Tuition reimbursement	100,000	(17,853)	82,147	82,147	
Other employee benefits	123,475	303,446	426,921	426,921	
Unused sick payments to terminated/retired staff - normal retirements	250,000	(208,245)	41,755	41,755	
Total unallocated benefits	18,691,286	3,360,834	22,052,120	22,031,021	21,099
Reimbursed TPAF Social Security contributions (non-budgeted)				2,912,077	(2,912,077)
On behalf TPAF pension contributions (non-budgeted)				6,670,431	(6,670,431)
Total Undistributed Expenditures	47,535,568	3,037,653	50,573,221	59,992,526	(9,419,305)
Total Expenditures - Current Expense	81,485,328	2,635,074	84,120,402	93,407,116	(9,286,714)
CAPITAL OUTLAY:					
Equipment:					
Athletic activities	7,500	7,418	14,918	14,918	
Undistributed expenditures:					
Administrative information techn.	25,000	19,402	44,402	43,908	494
Custodial services	5,000	10,913	15,913	15,913	
Care and upkeep of grounds		10,689	10,689	10,689	
Total equipment	37,500	48,422	85,922	85,428	494
Facilities acquisition and construction services:					
Architectural/engineering services		17,556	17,556	17,556	
Construction services	55,000	351,241	406,241	349,722	56,519
Lease purchase agreements - principal	2,230,000	(2,230,000)			
Total facilities acquisition and construction services	2,285,000	(1,861,203)	423,797	367,278	56,519
Total capital outlay	2,322,500	(1,812,781)	509,719	452,706	57,013
Contribution to Charter Schools	18,956	10,754	29,710	29,710	
Total expenditures	83,826,784	833,047	84,659,831	93,889,532	(9,229,701)
(Deficiency) excess of revenues (under) over expenditures	(3,052,711)	(833,047)	(3,885,758)	(2,136,480)	1,749,278
Other financing sources (uses):					
Transfers in:					
Special revenue fund	950,000	555,191	1,505,191	1,500,492	(4,699)
Transfer out:					
Special revenue fund	(309,856)		(309,856)	(309,856)	
Internal service fund		(700,000)	(700,000)	(700,000)	
Total other financing sources (uses):	640,144	(144,809)	495,335	490,636	(4,699)

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CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1
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	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses before special item	\$ (2,412,567)	\$ (977,856)	\$ (3,390,423)	\$ (1,645,844)	\$ 1,744,579
Special item:					
Sale of school property	712,567		712,567	2,777,123	2,064,556
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses including special item	(1,700,000)	(977,856)	(2,677,856)	1,131,279	3,809,135
Fund balances, July 1	2,988,793		2,988,793	2,988,793	
Fund balances, June 30	\$ 1,288,793	\$ (977,856)	\$ 310,937	\$ 4,120,072	\$ 3,809,135
Recapitulation of (deficiency) excess of revenues and other financing sources (uses) (under) over expneditures:					
Adjustment for Prior Year Encumbrances	\$ (277,856)	\$ (277,856)	\$ (277,856)		
Budgeted Fund Balance	\$ (1,700,000)	(700,000)	(2,400,000)	1,409,135	\$ 3,809,135
Total	\$ (1,700,000)	\$ (977,856)	\$ (2,677,856)	\$ 1,131,279	\$ 3,809,135
Recapitulation of fund balance:					
Restricted for:					
Capital reserve				\$ 1	
Assigned to:					
Other purposes				95,586	
Designated for subsequent year's expenditures				2,378,616	
Designated for subsequent year's expenditures - SEMI				22,736	
Unassigned				1,623,133	
				4,120,072	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(4,193,602)	
Fund Balance (deficit) per Governmental Funds (GAAP)				\$ (73,530)	

CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

EXHIBIT C-1a
PAGE 1 OF 16

	Original Budget			Budget Transfer		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
REVENUES:						
Local sources:						
Local Tax levy	\$ 37,901,052		\$ 37,901,052			
Tuition						
Interest on investments	5,000		5,000			
Solar Renewable Energy Certificates	350,000		350,000			
Miscellaneous						
Total - local sources	<u>38,256,052</u>		<u>38,256,052</u>			
State sources:						
Categorical special education aid	2,795,051		2,795,051			
Equalization aid	36,768,086		36,768,086			
Categorical security aid	1,823,590		1,823,590			
Categorical transportation aid	627,703		627,703			
Extraordinary aid	200,000		200,000			
Under adequacy aid	76,031		76,031			
PARCC Readiness Aid	48,780		48,780			
Per Pupil Growth Aid	48,780		48,780			
Additional non-public transportation aid						
Homeless tuition aid						
On-behalf TPAF - (non-budgeted):						
Social security						
Pension contributions						
Total - state sources	<u>42,388,021</u>		<u>42,388,021</u>			
Federal sources:						
Impact aid	14,352		14,352			
Medicaid assistance	<u>115,648</u>		<u>115,648</u>			
Total - federal sources	<u>130,000</u>		<u>130,000</u>			
Total revenues	<u>80,774,073</u>		<u>80,774,073</u>			

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1a
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	Final Budget			Actual		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
REVENUES:						
Local sources:						
Local Tax levy	\$ 37,901,052		\$ 37,901,052	\$ 37,901,052		\$ 37,901,052
Tuition				155,901		155,901
Interest on investments	5,000		5,000	13,772		13,772
Solar Renewable Energy Certificates	350,000		350,000	795,379		795,379
Miscellaneous				367,835		367,835
Total - local sources	<u>38,256,052</u>		<u>38,256,052</u>	<u>39,233,939</u>		<u>39,233,939</u>
State sources:						
Categorical special education aid	2,795,051		2,795,051	2,795,051		2,795,051
Equalization aid	36,768,086		36,768,086	36,768,086		36,768,086
Categorical security aid	1,823,590		1,823,590	1,823,590		1,823,590
Categorical transportation aid	627,703		627,703	627,703		627,703
Extraordinary aid	200,000		200,000	371,493		371,493
Under adequacy aid	76,031		76,031	76,031		76,031
PARCC Readiness Aid	48,780		48,780	48,780		48,780
Per Pupil Growth Aid	48,780		48,780	48,780		48,780
Additional non-public transportation aid				20,065		20,065
Homeless tuition aid				32,538		32,538
On-behalf TPAF - (non-budgeted):						
Social security				2,912,077		2,912,077
Pension contributions				6,670,431		6,670,431
Total - state sources	<u>42,388,021</u>		<u>42,388,021</u>	<u>52,194,625</u>		<u>52,194,625</u>
Federal sources:						
Impact aid	14,352		14,352	28,451		28,451
Medicaid assistance	115,648		115,648	296,037		296,037
Total - federal sources	<u>130,000</u>		<u>130,000</u>	<u>324,488</u>		<u>324,488</u>
Total revenues	<u>80,774,073</u>		<u>80,774,073</u>	<u>91,753,052</u>		<u>91,753,052</u>

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1a
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	Original Budget			Budget Transfer		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
EXPENDITURES:						
CURRENT EXPENSE:						
Regular programs - instruction						
Salaries of teachers:						
Preschool	\$ 253,324		\$ 253,324	\$ (65,165)		\$ (65,165)
Kindergarten	20,000	\$ 1,490,025	1,510,025	(12,747)	\$ (171,153)	(183,900)
Grades 1-5	100,000	8,809,878	8,909,878	147,594	(258,210)	(110,616)
Grades 6-8	112,250	5,518,955	5,631,205	(33,808)	(215,085)	(248,893)
Grades 9-12	90,000	5,609,388	5,699,388	22,625	63,248	85,873
Regular programs - home instruction:						
Salaries of teachers	60,000		60,000	(6,920)		(6,920)
Purchased prof. - educ. services	18,000		18,000	(10,266)		(10,266)
Regular programs - undistributed instruction:						
Other salaries instruction	360,960	631,960	992,920	(126,556)	(86,686)	(213,242)
Purchased prof. - educ. services	175,000	252,238	427,238	169,871	(82,715)	87,156
Purchased technical services		101,430	101,430		(10,517)	(10,517)
Other purchased services		1,200	1,200		(750)	(750)
General supplies	316,186	772,728	1,088,914	103,510	(238,073)	(134,563)
Textbooks		43,000	43,000		(11,385)	(11,385)
Other objects		25,500	25,500		(16,868)	(16,868)
Total regular programs - instruction	1,505,720	23,256,302	24,762,022	188,138	(1,028,194)	(840,056)
Cognitive - mild:						
Salaries of teachers		246,868	246,868		(111,956)	(111,956)
Other salaries for instruction		35,250	35,250			
General supplies		2,000	2,000		(1,616)	(1,616)
Other objects		900	900		(130)	(130)
Total cognitive - mild		285,018	285,018		(113,702)	(113,702)
Cognitive - moderate:						
Salaries of teachers					57,800	57,800
Other salaries for instruction					21,924	21,924
Total cognitive - moderate					79,724	79,724
Learning and/or language disabilities:						
Salaries of teachers		1,473,955	1,473,955		(111,632)	(111,632)
Other salaries for instruction		587,196	587,196		128,823	128,823
General supplies		7,900	7,900		(5,311)	(5,311)
Other objects		900	900		(900)	(900)
Total learning and/or lang. disabilities		2,069,951	2,069,951		10,980	10,980
Behavioral disabilities:						
Salaries of teachers		794,689	794,689		(55,477)	(55,477)
Other salaries for instruction		291,937	291,937		94,095	94,095
General supplies		15,000	15,000		(3,260)	(3,260)
Textbooks		4,370	4,370		(4,370)	(4,370)
Other objects		12,725	12,725		(3,068)	(3,068)
Total behavioral disabilities		1,118,721	1,118,721		27,920	27,920

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
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EXHIBIT C-1a
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	Final Budget			Actual		
	Operating Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund 11, 12	Blended Resource Fund 15	Total General Fund
EXPENDITURES:						
CURRENT EXPENSE:						
Regular programs - instruction						
Salaries of teachers:						
Preschool	\$ 188,159		\$ 188,159	\$ 188,159		\$ 188,159
Kindergarten	7,253	\$ 1,318,872	1,326,125	7,253	\$ 1,309,737	1,316,990
Grades 1-5	247,594	8,551,668	8,799,262	247,594	8,547,199	8,794,793
Grades 6-8	78,442	5,303,870	5,382,312	78,442	5,294,030	5,372,472
Grades 9-12	112,625	5,672,636	5,785,261	112,625	5,644,546	5,757,171
Regular programs - home instruction:						
Salaries of teachers	53,080		53,080	53,080		53,080
Purchased prof. - educ. services	7,734		7,734	7,734		7,734
Regular programs - undistributed instruction:						
Other salaries instruction	234,404	545,274	779,678	233,562	544,257	777,819
Purchased prof. - educ. services	344,871	169,523	514,394	344,871	169,523	514,394
Purchased technical services		90,913	90,913		90,913	90,913
Other purchased services		450	450		450	450
General supplies	419,696	534,655	954,351	418,062	532,349	950,411
Textbooks		31,615	31,615		31,615	31,615
Other objects		8,632	8,632		8,570	8,570
Total regular programs - instruction	1,693,858	22,228,108	23,921,966	1,691,382	22,173,189	23,864,571
Cognitive - mild:						
Salaries of teachers		134,912	134,912		134,912	134,912
Other salaries for instruction		35,250	35,250		35,250	35,250
General supplies		384	384		384	384
Other objects		770	770		671	671
Total cognitive - mild		171,316	171,316		171,217	171,217
Cognitive - moderate:						
Salaries of teachers		57,800	57,800		57,800	57,800
Other salaries for instruction		21,924	21,924		21,924	21,924
Total cognitive - moderate		79,724	79,724		79,724	79,724
Learning and/or language disabilities:						
Salaries of teachers		1,362,323	1,362,323		1,352,173	1,352,173
Other salaries for instruction		716,019	716,019		715,223	715,223
General supplies		2,589	2,589		2,557	2,557
Other objects						
Total learning and/or lang. disabilities		2,080,931	2,080,931		2,069,953	2,069,953
Behavioral disabilities:						
Salaries of teachers		739,212	739,212		738,890	738,890
Other salaries for instruction		386,032	386,032		386,032	386,032
General supplies		11,740	11,740		11,480	11,480
Textbooks						
Other objects		9,657	9,657		9,507	9,507
Total behavioral disabilities		1,146,641	1,146,641		1,145,909	1,145,909

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1a
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	Original Budget			Budget Transfer		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Multiple disabilities:						
Salaries of teachers		\$ 120,626	\$ 120,626		\$ (250)	\$ (250)
Other salaries for instruction		25,704	25,704			
Total multiple disabilities		146,330	146,330		(250)	(250)
Resource room/resource center:						
Salaries of teachers		1,309,093	1,309,093		35,323	35,323
Other salaries instruction		256,371	256,371		(23,657)	(23,657)
General supplies		5,500	5,500		(3,682)	(3,682)
Textbooks						
Total resource room/resource center		1,570,964	1,570,964		7,984	7,984
Autism:						
Salaries of teachers		222,618	222,618		(20,406)	(20,406)
Other salaries for instruction		154,014	154,014		(120,474)	(120,474)
General supplies		3,000	3,000		(3,000)	(3,000)
Other objects		900	900		(40)	(40)
Total autism		380,532	380,532		(143,920)	(143,920)
Preschool disabilities - full time:						
Salaries of teachers	\$ 232,832		232,832	\$ 144,149		144,149
Other salaries for instruction	40,068		40,068	65,339		65,339
Supplies and materials	1,200		1,200	(1,200)		(1,200)
Total preschool disabilities - full time	274,100		274,100	208,288		208,288
Home instruction:						
Salaries of teachers	20,000		20,000	(20,000)		(20,000)
Purchased prof. - educ. services	15,000		15,000	(3,596)		(3,596)
Total home instruction	35,000		35,000	(23,596)		(23,596)
Total special education - instruction	309,100	5,571,516	5,880,616	184,692	(131,264)	53,428
Bilingual education:						
Salaries of teachers		1,272,797	1,272,797	6,700	93,488	100,188
Other salaries for instruction		51,189	51,189			
General supplies	1,250	3,300	4,550	33,306	(1,673)	31,633
Total bilingual education	1,250	1,327,286	1,328,536	40,006	91,815	131,821

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1a
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	Final Budget			Actual		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Multiple disabilities:						
Salaries of teachers		\$ 120,376	\$ 120,376		\$ 120,376	\$ 120,376
Other salaries for instruction		<u>25,704</u>	<u>25,704</u>		<u>25,704</u>	<u>25,704</u>
Total multiple disabilities		<u>146,080</u>	<u>146,080</u>		<u>146,080</u>	<u>146,080</u>
Resource room/resource center:						
Salaries of teachers		1,344,416	1,344,416		1,333,372	1,333,372
Other salaries instruction		232,714	232,714		232,714	232,714
General supplies		1,818	1,818		1,818	1,818
Textbooks						
Total resource room/resource center		<u>1,578,948</u>	<u>1,578,948</u>		<u>1,567,904</u>	<u>1,567,904</u>
Autism:						
Salaries of teachers		202,212	202,212		202,212	202,212
Other salaries for instruction		33,540	33,540		33,540	33,540
General supplies						
Other objects		<u>860</u>	<u>860</u>		<u>760</u>	<u>760</u>
Total autism		<u>236,612</u>	<u>236,612</u>		<u>236,512</u>	<u>236,512</u>
Preschool disabilities - full time:						
Salaries of teachers	\$ 376,981		376,981	\$ 376,981		376,981
Other salaries for instruction	105,407		105,407	104,857		104,857
Supplies and materials						
Total preschool disabilities - full time	<u>482,388</u>		<u>482,388</u>	<u>481,838</u>		<u>481,838</u>
Home instruction:						
Salaries of teachers						
Purchased prof. - educ. services	<u>11,404</u>		<u>11,404</u>	<u>10,581</u>		<u>10,581</u>
Total home instruction	<u>11,404</u>		<u>11,404</u>	<u>10,581</u>		<u>10,581</u>
Total special education - instruction	<u>493,792</u>	<u>5,440,252</u>	<u>5,934,044</u>	<u>492,419</u>	<u>5,417,299</u>	<u>5,909,718</u>
Bilingual education:						
Salaries of teachers	6,700	1,366,285	1,372,985	6,700	1,366,285	1,372,985
Other salaries for instruction		51,189	51,189		48,420	48,420
General supplies	<u>34,556</u>	<u>1,627</u>	<u>36,183</u>	<u>34,556</u>	<u>1,627</u>	<u>36,183</u>
Total bilingual education	<u>41,256</u>	<u>1,419,101</u>	<u>1,460,357</u>	<u>41,256</u>	<u>1,416,332</u>	<u>1,457,588</u>

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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	Original Budget			Budget Transfer		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Cocurricular activities:						
Salaries	\$ 2,000	\$ 270,803	\$ 272,803	\$ (2,000)	\$ 74,275	\$ 72,275
Other purchased services					5,246	5,246
Supplies and materials		23,950	23,950		(5,698)	(5,698)
Other objects	3,500	20,000	23,500	944	11,772	12,716
Total cocurricular activities	5,500	314,753	320,253	(1,056)	85,595	84,539
Athletics activities:						
Salaries		824,056	824,056		(27,164)	(27,164)
Other purchased services		72,800	72,800		(18,331)	(18,331)
Supplies and materials		78,000	78,000		35,915	35,915
Other objects		21,700	21,700		5,440	5,440
Athletic fund subsidy	27,000		27,000	2,700		2,700
Total athletics activities	27,000	996,556	1,023,556	2,700	(4,140)	(1,440)
Before/after school program - instruction:						
Salaries of teachers					25,381	25,381
Salaries of teacher tutors					(6,744)	(6,744)
Supplies and materials		7,800	7,800			
Total before/after school program - instruction		7,800	7,800		18,637	18,637
Before/after school program - support serv.:						
Other objects				4,135		4,135
Total before/after school program - support serv.				4,135		4,135
Total before/after school program		7,800	7,800	4,135	18,637	22,772
Alternative education program - instruction:						
General supplies		17,231	17,231		742	742
Textbooks		3,000	3,000		(3,000)	(3,000)
Other objects		7,300	7,300		(1,029)	(1,029)
Total alternative education prgm - instr.		27,531	27,531		(3,287)	(3,287)
Alternative education program - support services:						
Other purchased services		1,300	1,300		2,943	2,943
Supplies and materials		2,700	2,700		(1,221)	(1,221)
Total alt. education prgm - support serv.		4,000	4,000		1,722	1,722
Total alternative education program		31,531	31,531		(1,565)	(1,565)
Summer school - instruction:						
Salaries of teachers	275,604	123,961	399,565	1,757	1,097	2,854
Other salaries for instruction	48,631	2,993	51,624	16,760	(94)	16,666
General supplies	30,000		30,000	6,683		6,683
Other objects	8,000		8,000	3,415		3,415
Total summer school - instruction	362,235	126,954	489,189	28,615	1,003	29,618
Summer school - support services:						
Salaries	38,703	52,554	91,257	(24,270)	(18,217)	(42,487)
Total summer school - support services	38,703	52,554	91,257	(24,270)	(18,217)	(42,487)
Total summer school	400,938	179,508	580,446	4,345	(17,214)	(12,869)
Other instructional programs:						
Salaries	15,000		15,000	1,885		1,885
Total other instructional programs	15,000		15,000	1,885		1,885
Community services programs/operations:						
Salaries				154,418		154,418
Supplies and materials				4,488		4,488
Total community services programs/operations				158,906		158,906
Total - instruction	2,264,508	31,685,252	33,949,760	583,751	(986,330)	(402,579)

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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	Final Budget			Actual		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Cocurricular activities:						
Salaries		\$ 345,078	\$ 345,078		\$ 338,478	\$ 338,478
Other purchased services		5,246	5,246		5,246	5,246
Supplies and materials		18,252	18,252		17,070	17,070
Other objects	\$ 4,444	31,772	36,216	\$ 4,444	30,566	35,010
Total cocurricular activities	4,444	400,348	404,792	4,444	391,360	395,804
Athletics activities:						
Salaries		796,892	796,892		796,892	796,892
Other purchased services		54,469	54,469		53,251	53,251
Supplies and materials		113,915	113,915		92,238	92,238
Other objects		27,140	27,140		27,060	27,060
Athletic fund subsidy	29,700		29,700	29,700		29,700
Total athletics activities	29,700	992,416	1,022,116	29,700	969,441	999,141
Before/after school program:						
Salaries of teachers						
Salaries of teacher tutors		25,381	25,381		14,618	14,618
Supplies and materials		1,056	1,056		220	220
Total before/after school program		26,437	26,437		14,838	14,838
Before/after school program:						
Other objects	4,135		4,135	3,433		3,433
Total before/after school program	4,135		4,135	3,433		3,433
Total before/after school program	4,135	26,437	30,572	3,433	14,838	18,271
Alternative education program - instruction:						
General supplies		17,973	17,973		17,413	17,413
Textbooks						
Other objects		6,271	6,271		4,078	4,078
Total alternative education prgm - instr.		24,244	24,244		21,491	21,491
Alternative education program support services:						
Other purchased services		4,243	4,243		3,908	3,908
General supplies		1,479	1,479		890	890
Total alt. education prgm - support serv.		5,722	5,722		4,798	4,798
Total alternative education program		29,966	29,966		26,289	26,289
Summer school - instruction:						
Salaries of teachers	277,361	125,058	402,419	277,361	125,058	402,419
Other salaries for instruction	65,391	2,899	68,290	65,391	2,899	68,290
General supplies	36,683		36,683	36,683		36,683
Other objects	11,415		11,415	11,255		11,255
Total summer school - instruction	390,850	127,957	518,807	390,690	127,957	518,647
Summer school - support services:						
Salaries	14,433	34,337	48,770	14,433	34,337	48,770
Total summer school - support services	14,433	34,337	48,770	14,433	34,337	48,770
Total summer school	405,283	162,294	567,577	405,123	162,294	567,417
Other instructional programs:						
Salaries	16,885		16,885	16,885		16,885
Total other instructional programs	16,885		16,885	16,885		16,885
Community services programs/operations:						
Salaries	154,418		154,418	154,418		154,418
Supplies and materials	4,488		4,488	4,488		4,488
Total community services programs/operation	158,906		158,906	158,906		158,906
Total - instruction	2,848,259	30,698,922	33,547,181	2,843,548	30,571,042	33,414,590

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1a
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	Original Budget			Budget Transfer		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Support services:						
instruction - tuition:						
LEA's in state - regular	\$ 36,008		\$ 36,008	\$ 4,246		\$ 4,246
LEAs in state - special	272,513		272,513	(63,195)		(63,195)
Vocational school - regular	282,080		282,080	5,937		5,937
Vocational school - special	31,200		31,200	(16,625)		(16,625)
Private schools - disabled in state	1,730,622		1,730,622	(80,997)		(80,997)
Private schools - disabled o/s state	214,103		214,103	(8,889)		(8,889)
State facilities	29,275		29,275			
Other				40,973		40,973
Total instruction - tuition	2,595,801		2,595,801	(118,550)		(118,550)
Attendance and social work services:						
Salaries	66,733	\$ 544,302	611,035	(66,733)	\$ (4,791)	(71,524)
Professional / technical services	2,500		2,500			
Total attendance and social work services	69,233	544,302	613,535	(66,733)	(4,791)	(71,524)
Health services:						
Salaries	202,556	560,801	763,357	(44,244)	13,839	(30,405)
Professional / technical services	72,690		72,690	74,424		74,424
Other purchased services	1,000		1,000	352		352
Supplies and materials	41,665		41,665	(1,121)		(1,121)
Other objects	7,965		7,965	(3,730)		(3,730)
Total health services	325,876	560,801	886,677	25,681	13,839	39,520
Other supp. serv. - students - rel. serv.:						
Professional services	242,607		242,607	(64,037)		(64,037)
General supplies	1,800		1,800	(378)		(378)
Total other support. services - students - related services	244,407		244,407	(64,415)		(64,415)
Other supp. serv. - students - extra. serv.:						
Salaries	248,439		248,439	(866)		(866)
Professional educational services	284,552		284,552	(27,198)		(27,198)
Total other support. services - students - extra. services	532,991		532,991	(28,064)		(28,064)
Other support services - guidance services						
Salaries of professional staff		983,528	983,528	6,863	(111,121)	(104,258)
Salaries secretarial and clerical		94,161	94,161		(165)	(165)
Professional / educational services		40,947	40,947		(33,622)	(33,622)
Other purchased prof. and tech. services		28,800	28,800			
Supplies and materials		5,800	5,800		(2,362)	(2,362)
Other objects		3,662	3,662			
Total other support services - guidance services		1,156,898	1,156,898	6,863	(147,270)	(140,407)
Other support services - child study teams						
Salaries of professional staff	2,612,798		2,612,798	(45,088)		(45,088)
Salaries secretarial and clerical	299,053		299,053	(68,443)		(68,443)
Professional / educational services	55,000		55,000	34,279		34,279
Professional / technical services	18,000		18,000	(142)		(142)
Other purchased services	10,000		10,000	(1,923)		(1,923)
Supplies and materials	22,840		22,840	5,845		5,845
Total other support services - child study teams	3,017,691		3,017,691	(75,472)		(75,472)

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1a
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	Final Budget			Actual		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Support services:						
instruction - tuition:						
LEA's in state - regular	\$ 40,254		\$ 40,254	\$ 40,254		\$ 40,254
LEAs in state - special	209,318		209,318	209,318		209,318
Vocational school - regular	288,017		288,017	288,017		288,017
Vocational school - special	14,575		14,575	14,575		14,575
Private schools - disabled in state	1,649,625		1,649,625	1,649,625		1,649,625
Private schools - disabled o/s state	205,214		205,214	205,214		205,214
State facilities	29,275		29,275	29,275		29,275
Other	40,973		40,973	40,973		40,973
Total instruction - tuition	2,477,251		2,477,251	2,477,251		2,477,251
Attendance and social work services:						
Salaries	\$ 539,511		539,511	\$ 539,511		539,511
Professional / technical services	2,500		2,500	2,500		2,500
Total attendance and social work services	2,500	539,511	542,011	2,500	539,511	542,011
Health services:						
Salaries	158,312	574,640	732,952	148,929	574,640	723,569
Professional / technical services	147,114		147,114	147,114		147,114
Other purchased services	1,352		1,352	1,352		1,352
Supplies and materials	40,544		40,544	40,544		40,544
Other objects	4,235		4,235	4,235		4,235
Total health services	351,557	574,640	926,197	342,174	574,640	916,814
Other supp. serv. - students - rel. serv.:						
Professional services	178,570		178,570	178,570		178,570
General supplies	1,422		1,422	1,422		1,422
Total other support. services - students - related services	179,992		179,992	179,992		179,992
Other supp. serv. - students - extra. serv.:						
Salaries	247,573		247,573	247,573		247,573
Professional educational services	257,354		257,354	257,354		257,354
Total other support. services - students - extra. services	504,927		504,927	504,927		504,927
Other support services - guidance services						
Salaries of professional staff	6,863	872,407	879,270	6,863	872,407	879,270
Salaries secretarial and clerical		93,996	93,996		93,996	93,996
Professional / educational services		7,325	7,325		7,325	7,325
Other purchased prof. and tech. services		28,800	28,800		28,800	28,800
Supplies and materials		3,438	3,438		3,438	3,438
Other objects		3,662	3,662		3,650	3,650
Total other support services - guidance services	6,863	1,009,628	1,016,491	6,863	1,009,616	1,016,479
Other support services - child study teams						
Salaries of professional staff	2,567,710		2,567,710	2,567,710		2,567,710
Salaries secretarial and clerical	230,610		230,610	230,610		230,610
Professional / educational services	89,279		89,279	89,279		89,279
Professional / technical services	17,858		17,858	17,858		17,858
Other purchased services	8,077		8,077	8,077		8,077
Supplies and materials	28,685		28,685	27,756		27,756
Total other support services - child study teams	2,942,219		2,942,219	2,941,290		2,941,290

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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EXHIBIT C-1a
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	Original Budget			Budget Transfer		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Improvement of instruction / other support services-instructional staff:						
Supervisors of instruction salaries	\$ 1,197,192	\$ 50,000	\$ 1,247,192	\$ 177,289	\$ 4,500	\$ 181,789
Other professional staff salaries	37,188	326,490	363,678	(16,788)	(41,896)	(58,684)
Salaries secretarial and clerical	89,157		89,157	8,545		8,545
Other purchased services	250		250	(208)		(208)
Supplies and materials				9,799		9,799
Total improvement of instruction / other support services - instruction staff	1,323,787	376,490	1,700,277	178,637	(37,396)	141,241
Educational media / library services:						
Salaries		403,155	403,155		(14,087)	(14,087)
Supplies and materials		5,100	5,100		(3,123)	(3,123)
Total educational media / library services		408,255	408,255		(17,210)	(17,210)
Instructional staff training services:						
Professional / educational services	288,638		288,638	(220,299)		(220,299)
Professional / technical services				72,242		72,242
Other purchased services	1,000	10,300	11,300	(492)	(476)	(968)
Supplies and materials				9,029		9,029
Total instructional staff training services	289,638	10,300	299,938	(139,520)	(476)	(139,996)
General administration:						
Salaries	950,028		950,028	29,664		29,664
Legal services	115,000		115,000	65,206		65,206
Audit fees	34,000		34,000	2,875		2,875
Other professional services	1,000		1,000	(780)		(780)
Communications/telephone	235,700		235,700	(5,887)		(5,887)
BOE other purchased services	15,000		15,000	17,084		17,084
Other purchased services	274,280		274,280	28,337		28,337
Supplies and materials	12,500		12,500	2,720		2,720
Judgements against school district	10,000		10,000	(10,000)		(10,000)
Other objects	34,000		34,000	88,466		88,466
BOE membership dues and fees	37,000		37,000	248		248
Total general administration	1,718,508		1,718,508	217,933		217,933
School administration:						
Salaries principals / assistant principals		1,522,784	1,522,784		(34,782)	(34,782)
Salaries secretarial and clerical	49,105	1,097,979	1,147,084	(11,229)	(2,309)	(13,538)
Unused vacation payments to terminated/retired staff - normal retirements					4,099	4,099
Other purchased services	100	11,300	11,400	100	(2,889)	(2,789)
Supplies and materials	341,099	106,300	447,399	158,474	(19,567)	138,907
Other objects	500	1,100	1,600	(454)	7,844	7,390
Total school administration	390,804	2,739,463	3,130,267	146,891	(47,604)	99,287
Central services:						
Salaries	700,567		700,567	(211)		(211)
Purchased professional services	20,000		20,000	31,481		31,481
Purchased technical services	21,000		21,000	11,086		11,086
Miscellaneous purchased services	3,000		3,000	(932)		(932)
Supplies and materials	16,000		16,000	(2,810)		(2,810)
Interest on lease purchase agreements	89,334		89,334	(979)		(979)
Other objects	2,200		2,200	(1,756)		(1,756)
Total central services	852,101		852,101	35,879		35,879
Administrative information technology:						
Salaries	658,302		658,302	(17,233)		(17,233)
Purchased technical services	276,858		276,858	(55,795)		(55,795)
Other purchased services	1,000		1,000	(1,000)		(1,000)
Supplies and materials	55,000		55,000	1,385		1,385
Total admin. information technology	991,160		991,160	(72,643)		(72,643)
Required maintenance school facilities:						
Cleaning, repair and maint. services	279,070		279,070	1,928		1,928
General supplies	115,000		115,000	(18,373)		(18,373)
Total required maintenance school facilities	394,070		394,070	(16,445)		(16,445)

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

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	Final Budget			Actual		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Improvement of instruction / other support services-instructional staff:						
Supervisors of instruction salaries	\$ 1,374,481	\$ 54,500	\$ 1,428,981	\$ 1,374,481	\$ 54,500	\$ 1,428,981
Other professional staff salaries	20,400	284,594	304,994	20,400	267,904	288,304
Salaries secretarial and clerical	97,702		97,702	97,702		97,702
Other purchased services	42		42	42		42
Supplies and materials	9,799		9,799	9,799		9,799
Total improvement of instruction / other support services - instruction staff	1,502,424	339,094	1,841,518	1,502,424	322,404	1,824,828
Educational media / library services:						
Salaries		389,068	389,068		389,068	389,068
Supplies and materials		1,977	1,977		1,977	1,977
Total educational media / library services		391,045	391,045		391,045	391,045
Instructional staff training services:						
Professional / educational services	68,339		68,339	68,339		68,339
Professional / technical services	72,242		72,242	72,242		72,242
Other purchased services	508	9,824	10,332	508	8,939	9,447
Supplies and materials	9,029		9,029	9,029		9,029
Total instructional staff training services	150,118	9,824	159,942	150,118	8,939	159,057
General administration:						
Salaries	979,692		979,692	979,692		979,692
Legal services	180,206		180,206	179,321		179,321
Audit fees	36,875		36,875	36,875		36,875
Other professional services	220		220	220		220
Communications/telephone	229,813		229,813	229,813		229,813
BOE other purchased services	32,084		32,084	32,084		32,084
Other purchased services	302,617		302,617	301,671		301,671
Supplies and materials	15,220		15,220	15,220		15,220
Judgements against school district						
Other objects	122,466		122,466	121,733		121,733
BOE membership dues and fees	37,248		37,248	37,248		37,248
Total general administration	1,936,441		1,936,441	1,933,877		1,933,877
School administration:						
Salaries principals / assistant principals		1,488,002	1,488,002		1,488,002	1,488,002
Salaries secretarial and clerical	37,876	1,095,670	1,133,546	37,876	1,095,670	1,133,546
Unused vacation payments to terminated/retired staff - normal retirements		4,099	4,099		4,099	4,099
Other purchased services	200	8,411	8,611	200	8,368	8,568
Supplies and materials	499,573	86,733	586,306	499,573	77,327	576,900
Other objects	46	8,944	8,990	46	8,944	8,990
Total school administration	537,695	2,691,859	3,229,554	537,695	2,682,410	3,220,105
Central services:						
Salaries	700,356		700,356	700,137		700,137
Purchased professional services	51,481		51,481	51,481		51,481
Purchased technical services	32,086		32,086	32,086		32,086
Miscellaneous purchased services	2,068		2,068	2,068		2,068
Supplies and materials	13,190		13,190	13,081		13,081
Interest on lease purchase agreements	88,355		88,355	88,355		88,355
Other objects	444		444	444		444
Total central services	887,980		887,980	887,652		887,652
Administrative information technology:						
Salaries	641,069		641,069	641,069		641,069
Purchased technical services	221,063		221,063	219,039		219,039
Other purchased services						
Supplies and materials	56,385		56,385	56,385		56,385
Total admin. information technology	918,517		918,517	916,493		916,493
Required maintenance school facilities:						
Cleaning, repair and maint. services	280,998		280,998	280,998		280,998
General supplies	96,627		96,627	96,627		96,627
Total required maintenance school facilities	377,625		377,625	377,625		377,625

(Continued on next page)

CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1a
PAGE 13 OF 16

	Original Budget			Budget Transfer		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Plant operations:						
Salaries	\$ 2,794,197		\$ 2,794,197	\$ (20,289)		\$ (20,289)
Salaries of non-instructional aides		\$ 806,095	806,095		\$ (46,912)	(46,912)
Professional and technical services	133,100		133,100	61,381		61,381
Cleaning, repair and maint. services	244,424		244,424	91,249		91,249
Other purchased property services	225,800		225,800	43,248		43,248
Building rental	78,000		78,000	6,000		6,000
Insurance	597,004		597,004	(5,213)		(5,213)
Miscellaneous purchased services	3,500		3,500	(2,486)		(2,486)
General supplies	398,000		398,000	(31,234)		(31,234)
Energy (heat)	245,200		245,200	(70,797)		(70,797)
Energy (electricity)	1,127,000		1,127,000	(116,945)		(116,945)
Other objects	500		500	(173)		(173)
Total plant operations	5,846,725	806,095	6,652,820	(45,259)	(46,912)	(92,171)
Care and upkeep of grounds:						
Salaries	402,526		402,526	(22,372)		(22,372)
Cleaning, repair and maint services	35,000		35,000	41,839		41,839
General supplies	50,000		50,000	(10,945)		(10,945)
Total care and upkeep of grounds	487,526		487,526	8,522		8,522
Security:						
Salaries	183,016		183,016	10,249		10,249
Professional and technical services	30,000		30,000	(9,084)		(9,084)
Cleaning, repair and maint services	10,000		10,000	(4,834)		(4,834)
General supplies	10,000		10,000	7,577		7,577
Total security	233,016		233,016	3,908		3,908
Student transportation services:						
Salaries for pupil transportation -						
Home and school - regular	357,569		357,569	(18,177)		(18,177)
Home and school - special	129,552		129,552	(2,793)		(2,793)
Home and school - non-public	27,936		27,936			
Other than home and school	159,606		159,606	(63,631)		(63,631)
Salaries of non-instructional aides	153,684		153,684	(26,432)		(26,432)
Management fee - ESC transportation	34,300		34,300	9,247		9,247
Professional and technical services	22,316		22,316	4,153		4,153
Cleaning, repair, and maint. services	95,000		95,000	2,527		2,527
Contracted services for pupils -						
Home and school - vendors	741,440		741,440	(489)		(489)
Non home and school - vendors	7,850	107,000	114,850	(4,850)	10,751	5,901
Regular - jointures	1,500		1,500	(1,500)		(1,500)
Special education - vendors	135,450		135,450	10,710		10,710
Special education students - ESCs	522,855		522,855	87,731		87,731
Regular students - ESCs	196,733		196,733	(2,932)		(2,932)
Aid-in-lieu	106,964		106,964			
Other purchased services	575		575			
Supplies and materials - general	4,000		4,000	(1,540)		(1,540)
Supplies and materials - transportation	115,000		115,000	(36,678)		(36,678)
Other objects	9,014		9,014	1,329		1,329
Total student transportation services	2,821,344	107,000	2,928,344	(43,325)	10,751	(32,574)
Unallocated benefits:						
Group insurance				1,129		1,129
Social security contributions	1,255,000		1,255,000	(33,044)	232,714	199,670
P.E.R.S. retirement contributions	1,519,500		1,519,500	(49,348)		(49,348)
D.C.R.P. retirement contributions				10,000		10,000
Workmen's compensation	819,000		819,000	(152,105)	151,933	(172)
Health benefits	3,928,317	10,695,994	14,624,311	2,197,824	924,383	3,122,207
Tuition reimbursement	100,000		100,000	(17,853)		(17,853)
Other employee benefits	123,475		123,475	303,446		303,446
Unused sick payments to terminated/retired staff - normal retirements	250,000		250,000	(208,245)		(208,245)
Total unallocated benefits	7,995,292	10,695,994	18,691,286	2,051,804	1,309,030	3,360,834

(Continued on next page)

CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1a
PAGE 14 OF 16

	Final Budget			Actual		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Plant operations:						
Salaries	\$ 2,773,908		\$ 2,773,908	\$ 2,770,890		\$ 2,770,890
Salaries of non-instructional aides		\$ 759,183	759,183		\$ 754,764	754,764
Professional and technical services	194,481		194,481	170,743		170,743
Cleaning, repair and maint. services	335,673		335,673	322,165		322,165
Other purchased property services	269,048		269,048	268,034		268,034
Building rental	84,000		84,000	84,000		84,000
Insurance	591,791		591,791	591,791		591,791
Miscellaneous purchased services	1,014		1,014	1,014		1,014
General supplies	366,766		366,766	362,451		362,451
Energy (heat)	174,403		174,403	174,403		174,403
Energy (electricity)	1,010,055		1,010,055	1,010,055		1,010,055
Other objects	327		327	327		327
Total plant operations	5,801,466	759,183	6,560,649	5,755,873	754,764	6,510,637
Care and upkeep of grounds:						
Salaries	380,154		380,154	376,819		376,819
Cleaning, repair and maint services	76,839		76,839	72,850		72,850
General supplies	39,055		39,055	39,055		39,055
Total care and upkeep of grounds	496,048		496,048	488,724		488,724
Security:						
Salaries	193,265		193,265	190,536		190,536
Professional and technical services	20,916		20,916	20,916		20,916
Cleaning, repair and maint services	5,166		5,166	5,166		5,166
General supplies	17,577		17,577	17,577		17,577
Total security	236,924		236,924	234,195		234,195
Student transportation services:						
Salaries for pupil transportation -						
Home and school - regular	339,392		339,392	339,392		339,392
Home and school - special	126,759		126,759	125,949		125,949
Home and school - non-public	27,936		27,936	27,936		27,936
Other than home and school	95,975		95,975	95,975		95,975
Salaries of non-instructional aides	127,252		127,252	126,907		126,907
Management fee - ESC transportation	43,547		43,547	43,547		43,547
Professional and technical services	26,469		26,469	26,469		26,469
Cleaning, repair, and maint. services	97,527		97,527	89,995		89,995
Contracted services for pupils -						
Home and school - vendors	740,951		740,951	740,951		740,951
Non home and school - vendors	3,000	117,751	120,751	3,000	117,751	120,751
Regular - jointures						
Special education - vendors	146,160		146,160	146,160		146,160
Special education students - ESCs	610,586		610,586	610,586		610,586
Regular students - ESCs	193,801		193,801	193,801		193,801
Aid-in-lieu	106,964		106,964	106,408		106,408
Other purchased services	575		575	575		575
Supplies and materials - general	2,460		2,460	2,460		2,460
Supplies and materials - transportation	78,322		78,322	48,908		48,908
Other objects	10,343		10,343	9,225		9,225
Total student transportation services	2,778,019	117,751	2,895,770	2,738,244	117,751	2,855,995
Unallocated benefits:						
Group insurance	1,129		1,129	1,129		1,129
Social security contributions	1,221,956	232,714	1,454,670	1,204,232	232,008	1,436,240
P.E.R.S. retirement contributions	1,470,152		1,470,152	1,470,152		1,470,152
D.C.R.P. retirement contributions	10,000		10,000	7,331		7,331
Workmen's compensation	666,895	151,933	818,828	666,895	151,933	818,828
Health benefits	6,126,141	11,620,377	17,746,518	6,126,141	11,620,377	17,746,518
Tuition reimbursement	82,147		82,147	82,147		82,147
Other employee benefits	426,921		426,921	426,921		426,921
Unused sick payments to terminated/retired staff - normal retirements	41,755		41,755	41,755		41,755
Total unallocated benefits	10,047,096	12,005,024	22,052,120	10,026,703	12,004,318	22,031,021

(Continued on next page)

CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1a
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	Original Budget			Budget Transfer		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Reimbursed TPAF Social Security contributions (non-budgeted)						
On behalf TPAF pension contributions (non-budgeted)						
Total Support Services	\$ 30,129,970	\$ 17,405,598	\$ 47,535,568	\$ 2,005,692	\$ 1,031,961	\$ 3,037,653
Total Expenditures - Current Expense	32,394,478	49,090,850	81,485,328	2,589,443	45,631	2,635,074
CAPITAL OUTLAY:						
Equipment:						
Athletics activities		7,500	7,500		7,418	7,418
Undistributed expenditures:						
Administrative information techn.	25,000		25,000	19,402		19,402
Custodial services	5,000		5,000	10,913		10,913
Care and upkeep of grounds				10,689		10,689
Total equipment	30,000	7,500	37,500	41,004	7,418	48,422
Facilities acquisition and construction services:						
Architectural/engineering services				17,556		17,556
Construction services	55,000		55,000	351,241		351,241
Lease purchase agreements - principal	2,230,000		2,230,000	(2,230,000)		(2,230,000)
Total facilities acquisition and construction services	2,285,000		2,285,000	(1,861,203)		(1,861,203)
Total capital outlay	2,315,000	7,500	2,322,500	(1,820,199)	7,418	(1,812,781)
Contribution to Charter Schools	18,956		18,956	10,754		10,754
Total expenditures	34,728,434	49,098,350	83,826,784	779,998	53,049	833,047
Excess (deficiency) of revenues over (under) expenditures	46,045,639	(49,098,350)	(3,052,711)	(779,998)	(53,049)	(833,047)
Other financing sources (uses):						
Transfers in/(out):						
Transfer from Spec. Revenue Fund		950,000	950,000		555,191	555,191
Contribution to School-Based Budgets	(48,148,350)	48,148,350		555,191	(555,191)	
Transfer out - special rev. fund	(309,856)		(309,856)			
Transfer out - internal service fund				(700,000)		(700,000)
Transfer between Operating Fund and Blended Resource						
Total other financing sources (uses):	(48,458,206)	49,098,350	640,144	(144,809)		(144,809)
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses before special item	(2,412,567)		(2,412,567)	(924,807)	(53,049)	(977,856)
Special item:						
Sale of school property	712,567		712,567			
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses including special item	(1,700,000)		(1,700,000)	(924,807)	(53,049)	(977,856)
Fund balances, July 1	2,935,469	53,324	2,988,793			
Fund balances, June 30	\$ 1,235,469	\$ 53,324	\$ 1,288,793	\$ (924,807)	\$ (53,049)	\$ (977,856)

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CITY OF LONG BRANCH SCHOOL DISTRICT
Combining Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2016

(Continued from prior page)

EXHIBIT C-1a
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	Final Budget			Actual		
	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund	Operating Fund Fund 11, 12	Blended Resource Fund 15	Total General Fund
Reimbursed TPAF Social Security contributions (non-budgeted)				\$ 2,912,077		\$ 2,912,077
On behalf TPAF pension contributions (non-budgeted)				6,670,431		6,670,431
Total Support Services	\$ 32,135,662	\$ 18,437,559	\$ 50,573,221	\$ 41,587,128	\$ 18,405,398	\$ 59,992,526
Total Expenditures - Current Expense	34,983,921	49,136,481	84,120,402	44,430,676	48,976,440	93,407,116
CAPITAL OUTLAY:						
Equipment:						
Athletics activities		14,918	14,918		14,918	14,918
Undistributed expenditures:						
Administrative information techn.	44,402		44,402	43,908		43,908
Custodial services	15,913		15,913	15,913		15,913
Care and upkeep of grounds	10,689		10,689	10,689		10,689
Total equipment	71,004	14,918	85,922	70,510	14,918	85,428
Facilities acquisition and construction services:						
Architectural/engineering services	17,556		17,556	17,556		17,556
Construction services	406,241		406,241	349,722		349,722
Lease purchase agreements - principal						
Total facilities acquisition and construction services	423,797		423,797	367,278		367,278
Total capital outlay	494,801	14,918	509,719	437,788	14,918	452,706
Contribution to Charter Schools	29,710		29,710	29,710		29,710
Total expenditures	35,508,432	49,151,399	84,659,831	44,898,174	48,991,358	93,889,532
Excess (deficiency) of revenues over (under) expenditures	45,265,641	(49,151,399)	(3,885,758)	46,854,878	(48,991,358)	(2,136,480)
Other financing sources (uses):						
Transfers in/(out):						
Transfer from Spec. Revenue Fund		1,505,191	1,505,191		1,500,492	1,500,492
Contribution to School-Based Budgets	(47,593,159)	47,593,159		(47,457,973)	47,457,973	
Transfer out - special rev. fund	(309,856)		(309,856)	(309,856)		(309,856)
Transfer out - internal service fund	(700,000)		(700,000)	(700,000)		(700,000)
Transfer between Operating Fund and Blended Resource				275	(275)	
Total other financing sources (uses):	(48,603,015)	49,098,350	495,335	(48,467,554)	48,958,190	490,636
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses before special item	(3,337,374)	(53,049)	(3,390,423)	(1,612,676)	(33,168)	(1,645,844)
Special item:						
Sale of school property	712,567		712,567	2,777,123		2,777,123
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses including special item	(2,624,807)	(53,049)	(2,677,856)	1,164,447	(33,168)	1,131,279
Fund balances, July 1	2,935,469	53,324	2,988,793	2,935,469	53,324	2,988,793
Fund balances, June 30	\$ 310,662	\$ 275	\$ 310,937	\$ 4,099,916	\$ 20,156	\$ 4,120,072

CITY OF LONG BRANCH SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
for the Fiscal Year ended June 30, 2016

EXHIBIT C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 11,011,781	\$ 3,671,625	\$ 14,683,406	\$ 14,427,855	\$ 255,551
Federal sources	2,988,078	1,731,551	4,719,629	3,935,563	784,066
Other sources		30,294	30,294	13,564	16,730
Total revenues	13,999,859	5,433,470	19,433,329	18,376,982	1,056,347
EXPENDITURES:					
Instruction:					
Salaries of teachers	3,650,229	(328,511)	3,321,718	3,316,017	5,701
Other salaries for instruction	2,000,112	(62,310)	1,937,802	1,805,331	132,471
Purchased professional and technical services		96,048	96,048	877	95,171
Other purchased services	1,308,525	(232,179)	1,076,346	1,033,164	43,182
Supplies and materials	183,718	650,088	833,806	704,752	129,054
General supplies		155,996	155,996		155,996
Textbooks	8,103	63	8,166	5,797	2,369
Other objects	3,000	7,691	10,691	9,769	922
Total instruction	7,153,687	286,886	7,440,573	6,875,707	564,866
Support services:					
Salaries of supervisors of instruction	96,900	(96,900)			
Salaries of principals/ directors	243,905	(4,867)	239,038	239,038	
Salaries of other professional staff	366,630	362,705	729,335	728,960	375
Salaries of secretaries and clerical staff	164,619	26,343	190,962	190,962	
Other salaries	617,520	(197,886)	419,634	402,746	16,888
Salaries of family/parent liaison/specialists	117,517	(43,141)	74,376	74,376	
Salaries of facilitators, math/literacy coaches and master teachers	309,574	(224,613)	84,961	84,961	
Employee benefits	2,672,640	698,984	3,371,624	3,358,235	13,389
Professional prof. and tech. services		489,754	489,754	250,288	239,466
Professional prof. - educational services	318,256	(318,256)			
Other purchased prof. education services	69,000	(1,000)	68,000	68,000	
Other purchased professional services	99,274	(8,000)	91,274	87,491	3,783
Purchased property services		270	270	270	
Cleaning, repair and maintenance services	290,500	(26,541)	263,959	245,890	18,069
Other purchased services		81,399	81,399	46,887	34,512
Contr. Transp. (bet. home & school)	340,000		340,000	340,000	
Contr. Transp. (field trips)	12,000	(11,375)	625		625
Travel	1,500	1,700	3,200	2,881	319
Other purchased services	92,980	(833)	92,147	41,451	50,696
Supplies and materials	45,018	62,082	107,100	34,459	72,641
Other expenses	3,000	48,365	51,365	15,346	36,019
Total support services	5,860,833	838,190	6,699,023	6,212,241	486,782
Capital outlay:					
Facility acquisition and construction services:					
Buildings		4,147,160	4,147,160	4,147,160	
Instructional equipment		12,294	12,294	12,294	
Non-instructional equipment	345,195	93,749	438,944	438,944	
Total facility acquisition and construction services	345,195	4,253,203	4,598,398	4,598,398	
Total expenditures	13,359,715	5,378,279	18,737,994	17,686,346	1,051,648
Other financing sources (uses):					
Capital lease proceeds		500,000	500,000	875,000	375,000
Transfer in from general fund	309,856		309,856	309,856	
Transfer out to school-based budgets	(950,000)	(555,191)	(1,505,191)	(1,500,492)	(4,699)
Total other financing sources (uses)	(640,144)	(55,191)	(695,335)	(315,636)	370,301
Total outflows	13,999,859	5,433,470	19,433,329	18,001,982	681,347
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$	\$	\$	\$ 375,000	\$ 375,000

CITY OF LONG BRANCH SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget to GAAP Reconciliation
for the Fiscal Year ended June 30, 2016

EXHIBIT C-3

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	C-1,C-2	\$ 91,753,052	\$ 18,376,982
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that			
encumbrances are recognized as expenditures, and the related			
revenue is recognized.			
2016			(158,980)
2015			2,384
Solar renewable energy certificates which are not sold within 60 days of			
the end of the fiscal year are not recognized as revenue for budgetary			
purposes, however, they are reflected as investments on the GAAP statements.			
2016 - n/a			
2015 - n/a			
State aid payment recognized for GAAP statements in the current			
year, previously recognized for budgetary purposes.		4,200,830	1,030,968
State aid payment recognized for budgetary purposes,			
not recognized for GAAP statements until the subsequent year.		(4,193,602)	(1,047,514)
Total revenues as reported on the statement of revenues, expenditures			
and changes in fund balances - governmental funds.	B-2	<u>\$ 91,760,280</u>	<u>\$ 18,203,840</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the			
budgetary comparison schedule	C-1,C-2	\$ 93,889,532	\$ 18,001,982
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but			
not received are reported in the year the order is placed for			
budgetary purposes, but in the year the supplies are received			
for financial reporting purposes:			
2016			(158,980)
2015			2,384
Transfers to and from other funds are presented as outflows of			
budgetary resources but are not expenditures			
for financial reporting purposes.			
Net transfers (outflows) to general fund			<u>(315,636)</u>
Total expenditures as reported on the statement of revenues,			
expenditures, and changes in fund balances - governmental funds	B-2	<u>\$ 93,889,532</u>	<u>\$ 17,529,750</u>

APPENDIX C

FORM OF APPROVING LEGAL OPINION

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_____, 2017

The Board of Education of the
City of Long Branch in the
County of Monmouth, New Jersey

Dear Board Members:

We have acted as bond counsel to The Board of Education of the City of Long Branch in the County of Monmouth, New Jersey (the “Board of Education”) in connection with the issuance by the Board of Education of \$6,940,000 School Bonds dated the date hereof (the “Bonds”). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to (i) Title 18A, Education, Chapter 24 of the New Jersey Statutes, (ii) a proposal adopted by the Board of Education on September 28, 2016 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on November 8, 2016 and (iii) a resolution duly adopted by the Board of Education on November 30, 2016. The Bonds are secured under the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c.72 , approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003).

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Board of Education, and the Board of Education has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the school district for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Board of Education has covenanted in its Arbitrage and Tax Certificate (the “Certificate”) to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive

to the date of issuance of the Bonds. In the event that the Board of Education continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Board of Education in the Certificate, it is our opinion that, pursuant to Section 103(a) of the Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Bonds held by a corporate taxpayer is included in “adjusted current earnings” in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100