

**SCHOOL DISTRICT  
OF**

**BERKELEY HEIGHTS**

**Berkeley Heights Board of Education  
Berkeley Heights, New Jersey**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2013

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

of the

BERKELEY HEIGHTS BOARD OF EDUCATION  
BERKELEY HEIGHTS, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

Berkeley Heights Board of Education

Business Office

TABLE OF CONTENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

<u>SECTION</u>	<u>INTRODUCTORY SECTION</u>	<u>PAGE</u>
Letter of Transmittal		1-5
Organizational Chart		6
Roster of Officials		7
Consultants and Advisors		8
	<u>FINANCIAL SECTION</u>	9
<b>Independent Auditor's Report</b>		10-12
<b>Required Supplementary Information - Part I</b>		13
Management's Discussion and Analysis		14-23
<b>Basic Financial Statements</b>		24
<b>A District-Wide Financial Statements:</b>		25
A-1 Statement of Net Position		26
A-2 Statement of Activities		27
<b>B Fund Financial Statements:</b>		28
<i>Governmental Funds:</i>		29
B-1 Balance Sheet		30
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance		31-32
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		33
<i>Proprietary Funds:</i>		34
B-4 Statement of Net Position		35
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position		36
B-6 Statement of Cash Flows		37
<i>Fiduciary Funds:</i>		38
B-7 Statement of Fiduciary Net Position		39
B-8 Statement of Changes in Fiduciary Net Position		40
<b>Notes to the Financial Statements</b>		41-63
<b>Required Supplementary Information - Part II</b>		64
<b>C Budgetary Comparison Schedules:</b>		65
C-1(1-9) General Fund - Budgetary Comparison Schedule		66-74
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)		75
C-1b Budgetary Comparison Schedule - (Not Applicable)		76
C-2 Special Revenue Fund - Budgetary Comparison Schedule		77
<b>Notes to Required Supplementary Information</b>		78
C-3 Budget-to-GAAP Reconciliation		79

TABLE OF CONTENTS

<u>SECTION</u>	<u>FINANCIAL SECTION (Continued)</u>	<u>PAGE</u>
	Other Supplementary Information	80
D	School Based Budget Schedules: (Not Applicable)	81
E	Special Revenue Fund:	82
E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	83-84
E-2	Preschool Education Aid Schedule of Expenditures - Budgetary Basis (Not Applicable)	85
F	Capital Projects Fund: (Not Applicable)	86
G	Proprietary Funds:	87
	Enterprise Fund:	88
G-1	Combining Statement of Net Position	89
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	90
G-3	Combining Statement of Cash Flows	91
	Internal Service Fund: (Not Applicable)	92
H	Fiduciary Funds:	93
H-1	Combining Statement of Fiduciary Net Position	94
H-2	Combining Statement of Changes in Net Position	95
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	96-99
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	100
I	Long-Term Debt:	101
I-1	Schedule of Serial Bonds	102
I-2	Schedule of Obligations Under Capital Leases	103
I-3	Debt Service Fund - Budgetary Comparison Schedule	104
	<u>STATISTICAL SECTION (Unaudited)</u>	105
J	Financial Trends:	
J-1	Net Position by Component	106
J-2	Changes in Net Position	107-108
J-3	Fund Balances - Governmental Funds	109
J-4	Changes in Fund Balances - Governmental Funds	110
J-5	General Fund Other Local Revenue by Source	111
J	Revenue Capacity:	
J-6	Assessed Value and Actual Value of Taxable Property	112
J-7	Direct and Overlapping Property Tax Rates	113
J-8	Principal Property Taxpayers	114
J-9	Property Tax Levies and Collections	115

TABLE OF CONTENTS

<u>SECTION</u>	<u>FINANCIAL SECTION (Continued)</u>	<u>PAGE</u>
<u>STATISTICAL SECTION (Unaudited) (Continued)</u>		
<b>J</b>	<b>Debt Capacity:</b>	
J-10	Ratios of Outstanding Debt by Type	116
J-11	Ratios of General Bonded Debt Outstanding	117
J-12	Direct and Overlapping Governmental Activities Debt	118
J-13	Legal Debt Margin Information	119
<b>J</b>	<b>Demographic and Economic Information:</b>	
J-14	Demographic and Economic Statistics	120
J-15	Principal Employers	121
<b>J</b>	<b>Operating Information:</b>	
J-16	Full Time Equivalent District Employees by Function/Program	122
J-17	Operating Statistics	123
J-18	School Building Information	124
J-19	Schedule of Required Maintenance Expenditures for School Facility	125
J-20	Insurance Schedule	126
<u>SINGLE AUDIT SECTION</u>		
		127
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> - Independent Auditors Report	128-129
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular Letter 04-04 - Independent Auditors Report	130-132
K-3	Schedule of Expenditures of Federal Awards, Schedule A	133
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	134
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance	135-136
K-6	Schedule of Findings and Questioned Costs	137-139
K-7	Summary Schedule of Prior Year Audit Findings	140

INTRODUCTORY SECTION

# BOARD OF EDUCATION

P.O. Box 147

Berkeley Heights, Union County

New Jersey 07922

October 31, 2013

Honorable President and  
Members of the Board of Education  
Berkeley Heights School District  
County of Union, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Berkeley Heights School District for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Berkeley Heights Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the State Treasury Circular Letter 93-05 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of the report.

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2012-2013 fiscal year with an enrollment of 2729 students, which is 73 students less than the previous year's enrollment. The average daily enrollment is a compilation of enrollment and attendance data for the entire year. The statistic is different than the enrollment figure for the end of the year which is the actual number of students enrolled. The following details the changes in the student average daily enrollment of the District over the last five years.

## AVERAGE DAILY ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2012-13	2725	(2.6%)
2011-12	2797	(0.6%)
2010-11	2815	(1.4%)
2009-10	2854	0.7%
2008-09	2832	0.2%

2) ECONOMIC CONDITION AND OUTLOOK – Over the past several years the area has suffered from the economic slowdown that affected the entire area. Within the past several months there have been some signs of improvement in the area. The ratable base for last year increased for the first time in four years. The increase was small but it was an encouraging sign that the economic outlook may be improving.

The school district is continuing to operate within the restrictions of the 2% tax levy cap. This has impacted the negotiations process and salary settlements are within that range.

The amount of funds generated as excess surplus, either budgeted expenses not spent at the end of the year or revenue in excess of what was budgeted, has declined this year. It is required that excess surplus be used in the following years budget. The restriction on the tax levy increase will negatively impact the amount of funds that are generated each year as excess surplus.

An important revenue source for the district is state aid. Over the past four years, the amount of state aid the district received has varied significantly. We are receiving considerably less state aid than we received four years ago but the amount has remained flat over the past year.

3) MAJOR INITIATIVES: The high school continues to be a high performing school with 96% of its graduates going on to higher education. Advanced placement courses are offered in 20 subject areas. The average SAT score is 542 for reading, 567 for math and 545 for writing. The class of 2013 has 2 National Merit Scholar, 4 semi-finalist and 18 commended students.

Within the budget constraints, the district continues to make upgrades to the physical plant including general building and classroom maintenance items such as floor, cabinet and ceiling replacements. From an operations standpoint, the district has initiated strategies to reduce energy costs and over a five year period costs have been reduced by more than half.

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

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

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

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

An Encumbrance account system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

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

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibilities for sound financial management. The following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ended June 30, 2013, and the amount and percentage of increases in relation to prior year revenues does not include transfers from Capital Reserve, Capital Project Fund Revenue or Free Balance.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2012	Percent of Increase (Decrease)
<b>Local Sources</b>	\$41,913,730	85.50 %	(\$1,069,128)	(2.49%)
<b>State Sources</b>	6,554,820	13.37%	1,416,342	27.56%
<b>Federal Sources</b>	554,169	1.13 %	(126,654)	(18.60%)
<b>TOTAL</b>	<b>\$49,022,719</b>	<b>100.0%</b>	<b>\$220,560</b>	<b>.45%</b>

It is important to note that with the loss of state aid and budgetary restrictions, the district made conscious decisions to cut back spending. The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2013 and the percentage of increases and decreases in relation of prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2012	Percent Of Increase (Decrease)
<b>Current Expense: Instruction</b>	\$20,818,715	41.83%	\$ 554,775	2,74%
<b>Undistributed Expenditures</b>	25,719,341	51.68%	1,727,619	7,20%
<b>Capital Outlay</b>	850,576	1.71%	543,435	176,93%
<b>Special Schools</b>	59,766	0.12%	17,315	40.79%
<b>Debt Service</b>	2,318,408	4.66%	18,813	0.82%
<b>Total</b>	<b>\$49,763.806</b>	<b>100.00%</b>	<b>\$2,861,957</b>	<b>6.10%</b>

**8) DEBT ADMINISTRATION:** at June 30, 2013, the District had no lease purchase debt and Bonds payable of \$21,519,000 and temporary Capital Project notes payable of \$-0-.

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

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

11) OTHER INFORMATION:

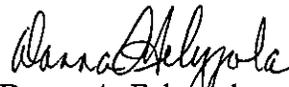
a) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Noke and Heard, LLP, CPA's, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related ORB Circular A-128 and State Treasury Circular Letter 04-04 ORB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Berkeley Heights School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Judith A. Rattner  
Superintendent



Donna A. Felezzola  
School Business Administrator/  
Board Secretary



BOARD OF EDUCATION TOWNSHIP OF BERKELEY HEIGHTS  
BERKELEY HEIGHTS, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM ENDS</u>
Helen Kirsch, President	2013
Gerard J. Crisonino, Vice President	2014
Paul T. Beisser	2014
Douglas Reinstein	2015
Denis Smalley	2013
John Sincaglia	2013
Mary Ann Walsh	2015
Jeane Parker (Mountainside Representative)	

OTHER OFFICIALS

Judith A. Rattner, Superintendent

Donna A. Felezzola, Board Secretary/School Business Administrator

Harold Kessler, Treasurer

Vito A. Gagliardi, Jr., Esq., Board Attorney

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

CONSULTANTS AND ADVISORS

ARCHITECT

USA Architects  
20 North Doughty Avenue  
Somerville, New Jersey 08876

AUDIT FIRM

Noke and Heard, L.L.P.  
Certified Public Accountants  
469 Morris Avenue  
Summit, New Jersey 07901

ATTORNEY

Porzio, Bromberg & Newman PC  
100 South Gate Parkway  
Morristown, New Jersey 07962

OFFICIAL DEPOSITORY

Bank of America  
Snyder Avenue  
Berkeley Heights, New Jersey 07922

FINANCIAL SECTION

**NOKE AND HEARD, L.L.P.**

*Certified Public Accountants*

469 MORRIS AVENUE  
SUMMIT, N.J. 07901-1564

INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of The Board of Education  
Township of Berkeley Heights  
County of Union  
Berkeley Heights, New Jersey

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of The Berkeley Heights School District, in the County of Union, State of New Jersey, as of and for the year ended June 30, 2013, 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.

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Berkeley Heights Board of Education, in the County of Union, State of New Jersey, as of June 30, 2013, 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 the management's discussion and analysis and budgetary comparison information on pages 13 through 22 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 Berkeley Heights Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and schedule of expenditures of state financial assistance as required by *New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of 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 fund financial statements, 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.

*Other Information (Continued)*

The introductory section, financial schedules and statistical section 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 November 14, 2013 on our consideration of The Berkeley Heights Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Berkeley Heights Board of Education's internal control over financial reporting and compliance



DONALD C. HEARD  
Certified Public Accountant  
Licensed Public School Accountant  
No. 20CS00118000  
Noke and Heard, L.L.P.

November 14, 2013

REQUIRED SUPPLEMENTARY INFORMATION – PART I

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED

The discussion and analysis of the Berkeley Heights School District's financial performance provides an overall review of the Berkeley Heights School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Berkeley Heights School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Berkeley Heights School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

In total, net assets are \$43,651,185. Net assets for governmental activities are \$43,637,390. Net assets of the business-type activity, which represents food service, are \$13,795. This reflects an (decrease) in net assets in the amount of (\$226,181).

General revenues accounted for \$48,464,433 in revenue or 97.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,341,316 or 2.7 percent to total revenues of \$49,805,749.

The School District had \$49,240,282 in expenses; only \$1,341,316 of these expenses was offset by program specific charges for service, grants or contributions. General revenues of \$48,464,433 including property taxes of \$37,178,657 were used to offset the net expenses after program revenues.

### **Using the Basic Financial Statements**

This annual report consists of financial statements and notes to those statements. This report is organized to show the reader the Berkeley Heights School District as a financial whole, or as an entire operating entity.

The statement of net assets and statement of activities provide information about the activities of the whole Berkeley Heights School District, presenting both an aggregate view of the Berkeley Heights 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 Berkeley Heights School District's most significant funds. For the Berkeley Heights School District, the General fund is the most significant fund.

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Reporting the Berkeley Heights School District as a Whole**

**Statement of Net Assets and Statement of Activities**

While this report contains the large number of funds used by the Berkeley Heights School District to provide programs and activities, the view of the Berkeley Heights School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2013?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting and takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Berkeley Heights School Districts net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the Berkeley Heights School District, as a whole, has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Berkeley Heights School District's property tax base, current property tax laws in New Jersey, facility conditions, required educational programs, contractual obligations and the general economic condition of the area.

In the statement of Net Assets and the Statement of Activities, the Berkeley Heights School District is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the Berkeley Heights School District's programs and services are reported here including general education instruction, special education tuition and instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

**Business-Type Activity** - This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## **Reporting the Berkeley Heights School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detail information about the Berkeley Heights School District's major funds. The Berkeley Heights School District uses many funds to account for a multitude of financial transaction. However, these fund financial statements focus on the Berkeley Heights School District's most significant funds. The Berkeley Heights School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Project Fund and Debt Service Fund.

### **Governmental Funds**

Most of the Berkeley Heights School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. 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 Berkeley Heights School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Assets and the Statement of Activities and the governmental funds are reconciled in the financial statements.

### **The Berkeley Heights School District as a Whole**

The perspective of the Statement of Net Assets is of the Berkeley Heights School District as a whole. Table 1 provides a summary of the Berkeley Heights School District's net assets for 2013.

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total assets equal \$69,126,983. Total assets for Governmental Activities is \$69,104,580.  
Total assets for Business Type Activities is \$22,403.

Table 1 Net Assets

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets:</b>						
Current and Other Assets	\$ 6,573,332	\$ 7,170,426	\$ 5,474	\$30,359	\$ 6,578,806	\$ 7,200,785
Capital Assets, Net	<u>62,531,248</u>	<u>63,307,391</u>	<u>16,929</u>	<u>-0-</u>	<u>62,548,177</u>	<u>63,307,391</u>
<b>Total Assets</b>	<u>\$ 69,104,580</u>	<u>\$70,477,817</u>	<u>\$22,403</u>	<u>\$30,359</u>	<u>\$69,126,983</u>	<u>\$70,508,176</u>
<b>Liabilities:</b>						
Current and Other Liabilities	\$ 3,503,826	\$ 3,310,878	\$ 8,608	\$7,948	\$ 3,512,434	\$ 3,318,826
Long-Term Liabilities	<u>21,963,364</u>	<u>23,311,985</u>	<u>-0-</u>	<u>-0-</u>	<u>21,963,364</u>	<u>23,311,985</u>
<b>Total Liabilities</b>	<u>\$25,467,190</u>	<u>\$26,622,863</u>	<u>\$ 8,608</u>	<u>\$7,948</u>	<u>\$25,475,798</u>	<u>\$26,630,811</u>
<b>Net Positions:</b>						
<b>Invested in Capital Assets</b>						
Net of Related Debt	\$40,698,362	\$40,090,474	\$16,929	\$ -0-	\$40,715,291	\$40,090,474
Restricted	4,082,641	4,841,132	-0-	-0-	4,082,641	4,841,132
Unrestricted	<u>(1,143,613)</u>	<u>(1,076,652)</u>	<u>(3,134)</u>	<u>22,411</u>	<u>(1,146,747)</u>	<u>(1,054,241)</u>
<b>Total Net Positions</b>	<u>\$43,637,390</u>	<u>\$43,854,954</u>	<u>\$13,795</u>	<u>\$22,411</u>	<u>43,651,185</u>	<u>\$43,877,365</u>

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Table 2 reflects the change in net assets for Fiscal Years ended June 30, 2012 and June 30, 2013.

	Table 2 Change in Assets					
	<u>Governmental</u>		<u>Business- Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>2013</u>	<u>2012</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$4,322,566	\$4,647,781	\$782,916	\$ 796,707	\$5,105,482	\$ 5,444,488
Operating Grants	<u>558,400</u>	<u>675,659</u>			<u>558,400</u>	<u>675,659</u>
<b>Total Program Revenues</b>	<u>\$4,880,966</u>	<u>\$5,323,440</u>	<u>\$782,916</u>	<u>\$ 796,707</u>	<u>\$5,663,882</u>	<u>\$ 6,120,147</u>
<b>General Revenues:</b>						
Property Taxes	\$37,178,657	\$37,760,107			\$37,178,657	\$37,760,107
Grants and Entitlements	6,551,089	5,143,642			6,551,089	5,143,642
Interest	8,929	15,141	114	109	9,043	15,250
Transfers		-0-			-0-	-0-
Miscellaneous	<u>403,078</u>	<u>559,829</u>			<u>403,078</u>	<u>559,829</u>
<b>Total General Revenues</b>	<u>\$44,141,753</u>	<u>\$43,478,719</u>	<u>\$ 114</u>	<u>\$ 109</u>	<u>\$44,141,867</u>	<u>\$43,478,828</u>
<b>Total Revenues</b>	<u>\$49,022,719</u>	<u>\$48,802,159</u>	<u>\$ 783,030</u>	<u>\$ 796,816</u>	<u>\$49,805,749</u>	<u>\$49,598,975</u>
<b>Function/Program</b>						
<b>Expenses:</b>						
Instruction	\$21,664,023	\$20,815,369			\$21,664,023	\$20,815,369
<b>Support Services:</b>						
Tuition, Students and Instructional Staff	6,517,509	5,496,882			6,517,509	5,496,882
Admin. and Employee Benefits	3,304,032	3,371,153			3,304,032	3,371,153
Operation & Maint. of Plant	2,982,096	3,304,114			2,982,096	3,304,114
Pupil Transportation	1,484,138	1,406,839			1,484,138	1,406,839
Unallocated Benefits	11,720,257	10,862,356			11,720,257	10,862,356
Special Schools	62,485	45,130			62,485	45,130
Capital Outlay	484,368	11,941			484,368	11,941
Interest on Long-Term Debt	934,377	987,157			934,377	987,157
Food Service			791,646	795,566	791,646	795,566
Unallocated Appropriation	<u>86,997</u>	<u>85,732</u>			<u>86,997</u>	<u>85,732</u>
<b>Total Expenses</b>	<u>\$49,240,282</u>	<u>\$46,386,673</u>	<u>\$791,646</u>	<u>\$795,566</u>	<u>\$50,031,928</u>	<u>\$47,182,239</u>
Incr. (decrease) in Net Assets	(217,563)	2,415,486	(8,616)	1,250	(226,179)	2,416,736
Net Assets-beginning year	<u>43,854,953</u>	<u>41,439,468</u>	<u>22,411</u>	<u>21,161</u>	<u>43,877,364</u>	<u>41,460,629</u>
Net Assets-end year	<u>\$43,637,390</u>	<u>\$43,854,954</u>	<u>\$ 13,795</u>	<u>\$ 22,411</u>	<u>\$43,651,185</u>	<u>\$43,877,365</u>

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The total (decrease) in Net Assets for Governmental Activities is (\$217,563). The total (decrease) in Net Assets for Business Type Activities is (\$8,616). The total (decrease) in Net Assets is (\$226,179).

### Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services, grants and contributions offsetting those services. Table 3a, for Governmental Activities, indicates the total cost of services and the percentage cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlement.

Table 3a.  
Governmental Activities

	<u>Revenue</u>		Amount of Increase (Decrease)	Percent Change
	<u>2012-2013</u>	<u>2011-2012</u>		
Local Sources	\$41,913,730	\$42,982,858	(\$1,069,128)	(2.49%)
State Sources	6,554,820	5,138,478	1,416,342	27.56%
Federal Sources	<u>554,169</u>	<u>680,823</u>	<u>(126,654)</u>	(18.60%)
<b>Total Revenues</b>	<b>\$49,022,719</b>	<b>\$48,802,159</b>	<b>\$ 220,560</b>	
	<u>Total Cost of Service</u>			
			Amount of Increase (Decrease)	Percent Change
Instruction	<u>\$21,664,023</u>	<u>\$20,815,369</u>	\$ 848,654	4.08%
Support Services:				
Tuition Students & Instructional Staff	6,517,509	5,496,882	1,020,627	18.67%
Admin & Employee Benefits	3,304,032	3,371,153	(67,121)	(2.00%)
Operation & Maintenance of Plant	2,982,096	3,304,114	(322,018)	(9.75%)
Pupil Transportation	1,484,138	1,406,839	77,299	5.49%
Employee Benefits	11,720,257	10,862,356	857,901	7.90%
Special Schools	62,485	45,130	17,355	38.46%
Capital Outlay	484,368	11,941	472,427	405.63%
Interest on Long-Term Debt	934,377	987,157	(52,780)	(5.06%)
Unallocated Appropriation	<u>86,997</u>	<u>85,732</u>	<u>1,265</u>	1.48%
<b>Total Expenses</b>	<b>\$49,240,282</b>	<b>\$46,386,673</b>	<b>\$ 2,853,609</b>	

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The Governmental Activities in the chart on the preceding page demonstrate that \$21,664,023 for 2012/2013 and \$20,815,369 for 2011/2012 are allocated to School Based Budgets and are identified as Instruction. Additionally, Tuition, Student and Instructional Staff Activities are \$6,517,509 and \$5,496,882 respectively. Combined resources from Instruction and Pupil and Instructional Staff total \$28,181,532 and \$26,312,251 respectively.

Pupil transportation costs reflect the cost for salaries for district drivers to transport students to and from school and for athletic and co-curricular activities, maintenance of fleet and contracted transportation services for student transportation.

**Business-Type Activity**

Table 3b.  
Business Activities

	<u>Total Cost of Service</u>	
	<u>2012-2013</u>	<u>2011-2012</u>
<b>Revenue</b>		
Charges for Services	\$782,916	\$796,707
Operating Grants	-0-	-0-
Transfers and Interest	<u>114</u>	<u>109</u>
	<u>\$783,030</u>	<u>\$796,816</u>
<b>Function/Program Expenses</b>		
Food Service	\$791,646	\$795,566
<b>Total Expenses</b>	<u>\$791,646</u>	<u>\$795,566</u>
<b>Net Asset Gain (Loss)</b>	(\$8,616)	\$ 1,250

The business-type activity of the Berkeley Heights School District is the food service operation. This program had revenues of \$783,030 for 2012/2013 and \$796,816 for 2011/2012 and expenses were \$791,646 for 2012/2013 and \$795,566 for 2011/2012 and expenses of \$795,566 for fiscal year 2013. For fiscal year 2013 the Food Service Operation realized a net loss of (\$8,616) and for Fiscal Year 2012 there was a net gain of \$1,250.

The Board of Education requires that efforts continue to increase sales and reduce costs. The Board has opted out of the State sponsored Child Nutrition Program which limits the price of lunches and restricts types and sizes of offerings. The cafeterias located in each school building offer flexibility in food selection, menu offerings and pricing that meets the needs of the students.

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Although the Board has opted out to of the Child Nutrition Program it still provides either a free or reduced lunch to students according to the state guidelines. The Berkeley Heights Board of Education and school administrators are committed and have concentrated efforts to ensure that all students who are eligible for Free/Reduced lunch submit the proper forms for eligibility in a timely manner.

The Board of Education has contracted with a food service management company to manage the cafeterias with the goal of operating a program at no cost to the district. This was the fifth year of the change to an outside management company. Each year the management company has made improvements in the menu offerings and services provided. The district recently introduced the on-line payment system for lunch purchases.

#### **Sources of Revenue**

The local tax revenues have been stable for several years. The dependence upon state revenue for governmental activities is minimal. For all governmental activities, state revenues support approximately 10.5%. The community, as a whole provides 75.8% of the support and Federal revenue accounts for 1.1 % of the total cost of programs for Berkeley Heights School District students.

Table 4  
Sources of Revenue

Fiscal Year Ended	Local Tax Levy	Tuition Revenue	Other Local Revenue	State Revenue	Federal Revenue
June 30, 2013	\$37,178,657	\$4,322,566	\$412,507	\$6,554,820	\$554,169
June 30, 2012	\$37,760,107	\$4,647,781	\$555,079	\$5,138,478	\$680,823

The total revenue from all sources is \$49,022,719 for 2012/2013 and \$48,782,268 for 2011/2012.

#### **The School District's Funds**

Information about the School District's major funds are included in the Audit Report. These funds are accounted for using the modified accrual basis of accounting.

#### **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 General Fund. Most of the district's basic services are included here. This fund includes the cost of regular and special education instruction, support services (speech, guidance, nursing, etc.) administration, transportation and operations of buildings and grounds.

BERKELEY HEIGHTS SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

During the course of the fiscal 2013 year, the School District amended its General Fund budget as needed within the guidelines established by the state. The School District uses a program based budgeting system and the budgeting system is designed to tightly control total program budgets but provide flexibility for program management.

Special Education tuition, transportation and related services are a significant portion of the budget. Tuition revenues for students attending Berkeley Heights Schools amount to \$4,322,566 for 2012/2013 which is 8.8% of total revenues.

The district can maintain a fund balance of 2% of its operating budget for unanticipated emergency situations. During the 2013 school year, the district was able to manage spending and at years' end the fund balance was at 2%.

### Capital Assets and Debt Administration

#### Capital Assets

The Berkeley Heights School Districts' investment in capital assets for its governmental and business type activities as of June 30, 2013 and June 30, 2012 amounts to \$62,548,177 and \$63,307,391, respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, building and building improvements, machinery, equipment and vehicles.

	<u>Governmental</u>	<u>Activities</u>	<u>Business-</u> <u>Type</u>	<u>Activities</u>	<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Sites	\$14,043,000	\$14,043,000			\$14,043,000	\$14,043,000
Site Improvements	2,724,447	2,720,447			2,724,447	2,720,447
Building Improvements	64,376,286	64,212,638			64,376,286	64,312,638
Machinery & Equipment	<u>2,959,005</u>	<u>2,543,465</u>	<u>\$35,284</u>	<u>\$16,474</u>	<u>2,994,289</u>	<u>2,559,939</u>
<b>Total</b>	<b>\$84,102,738</b>	<b>\$83,519,550</b>	<b>\$35,284</b>	<b>\$16,474</b>	<b>\$84,138,022</b>	<b>\$83,636,024</b>
Less: Accumulated						
Depreciation	<u>21,571,490</u>	<u>20,212,159</u>	<u>18,355</u>	<u>16,474</u>	<u>21,589,845</u>	<u>20,228,633</u>
<b>Total</b>	<b>\$62,531,248</b>	<b>\$63,307,391</b>	<b>\$16,929</b>	<b>-0-</b>	<b>\$62,548,177</b>	<b>\$63,407,391</b>

Additional information on Berkeley Heights School Districts' capital assets can be found in the notes of this report.

## Debt

At June 30, 2013, the Berkeley Heights School District had no long-term debt payable from proprietary fund resources. Long-term liabilities include debt service, compensated absences and capital lease obligations as follows:

	<u>2013</u>	<u>2012</u>
Bonds and Notes Payable	\$21,519,000	\$22,884,000
Lease Purchase Obligation	-0-	-0-
Compensated Absences	<u>1,885,233</u>	<u>1,800,869</u>
<b>Total</b>	<b>\$23,404,233</b>	<b>\$24,684,869</b>

More Detailed information about the Board's long term liabilities is presented in Note 5 and 6 to the financial statements.

## Current Issues

The Berkeley Heights School District has been and continues to utilize sound accounting practices during a period of declining economic conditions and uncertainty in State funding. The state imposed cap on property tax increases of 2% has impacted how the district budgets and plans for current and future expenses.

Enrollment in the Berkeley Heights School District decreased slightly in the 2012/2013 school year. The special education enrollment has remained constant overall, but there has been a slight decrease in the number of students in out of district placements. Although enrollment has remained fairly constant, addressing new programs and classroom requirements continues to be a challenge in relation to available resources.

There is increased emphasis on student achievement based on standardized test scores. The state has changed the testing requirements and the way the tests are administered. Much of the testing will be on-line testing. This requirement has caused the district to upgrade the technology in the classroom and the technology infrastructure to support the additional devices added in the classroom.

Fortunately, the Berkeley Heights School District has entered this period of time with a strong and prudent budget. Short-term debt has decreased significantly over the past three years and the district has not found it necessary to take on additional short-term debt. In most categories the district per pupil costs are below the state average. The district continues to address facilities needs and make upgrades to the school building and grounds as necessary.

## Contacting the Berkeley Heights School District's Financial Management

The Management Discussion and Analysis of this financial report is designed to provide citizens, taxpayers and investors with a snapshot of the Berkeley Heights School District's finances. Also, to reflect the Berkeley Heights School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Donna A. Felezzola; School Business Administrator/Board Secretary.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

( SECTION A )

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<u>Assets:</u>			
Cash and cash equivalents	\$ 4,178,697	\$ (9,204)	\$ 4,169,493
Receivables			
Local	-	-	-
State	81,971	-	81,971
Federal	-	-	-
Other	662,477	-	662,477
Enterprise fund	-	1,607	1,607
Interfund	662	-	662
Inventory	-	13,071	13,071
Restricted assets:			
Cash and cash equivalents	(22,117)	-	(22,117)
Investments	-	-	-
Capital reserve account - Cash	1,671,642	-	1,671,642
Capital assets - Net (Note 4)	<u>62,531,248</u>	<u>16,929</u>	<u>62,548,177</u>
Total assets	<u>\$69,104,580</u>	<u>\$ 22,403</u>	<u>\$69,126,983</u>
<u>Liabilities:</u>			
Accounts payable	\$ 1,711,075	\$ 4,728	\$ 1,715,803
Other payables	12,908	-	12,908
Contracts payable	-	-	-
Interest payable	313,886	-	313,886
Grant anticipation notes	-	-	-
Payable to state government	156	-	156
Interfund payable	662	-	662
Deferred revenue	24,270	3,880	28,150
Noncurrent liabilities (Note 6)			
Due within one year	1,440,869	-	1,440,869
Due beyond one year	<u>21,963,364</u>	<u>-</u>	<u>21,963,364</u>
Total liabilities	<u>25,467,190</u>	<u>8,608</u>	<u>25,475,798</u>
<u>Net position:</u>			
Invested in capital assets, net of related debt	40,698,362	16,929	40,715,291
Restricted for:			
Debt service	12,109	-	12,109
Capital projects	-	-	-
Permanent endowment - Nonexpendable	-	-	-
Other purposes	4,070,532	-	4,070,532
Unrestricted	<u>(1,143,613)</u>	<u>(3,134)</u>	<u>(1,146,747)</u>
Total net position	<u>43,637,390</u>	<u>13,795</u>	<u>43,651,185</u>
Total liabilities and net position	<u>\$69,104,580</u>	<u>\$ 22,403</u>	<u>\$69,126,983</u>

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS:	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGE IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:						
Instruction:						
Regular	\$16,629,090	-	\$ 489,773	\$(16,139,317)	-	\$(16,139,317)
Special education	3,472,750	-	-	(3,472,750)	-	(3,472,750)
Other special instruction	316,051	-	-	(316,051)	-	(316,051)
Vocational	-	-	-	-	-	-
Other instruction	1,246,132	-	-	(1,246,132)	-	(1,246,132)
Nonpublic school programs	-	-	1,010	1,010	-	1,010
Support services:						
Tuition	1,632,986	-	-	(1,632,986)	-	(1,632,986)
Student & Inst. related services	4,884,523	-	67,617	(4,816,906)	-	(4,816,906)
School administration services	914,662	-	-	(914,662)	-	(914,662)
General and business admin. services	2,389,370	-	-	(2,389,370)	-	(2,389,370)
Plant operation and maintenance	2,982,096	-	-	(2,982,096)	-	(2,982,096)
Pupil transportation	1,484,138	-	-	(1,484,138)	-	(1,484,138)
Business & other support services	11,720,257	-	-	(11,720,257)	-	(11,720,257)
Special schools	62,485	-	-	(62,485)	-	(62,485)
Interest on long-term debt	934,377	-	-	(934,377)	-	(934,377)
Capital outlay	484,368	-	-	(484,368)	-	(484,368)
Unallocated depreciation	86,997	-	-	(86,997)	-	(86,997)
Total governmental activities	49,240,282	-	558,400	(48,681,882)	-	(48,681,882)
Business-type activities:						
Food service	791,646	782,916	-	-	(8,730)	(8,730)
Total primary government	\$50,031,928	\$ 782,916	\$ 558,400	(48,681,882)	(8,730)	(48,690,612)
General revenues:						
Taxes:						
Property taxes levied for general purposes, net				35,479,061	-	35,479,061
Taxes levied for debt service				1,699,596	-	1,699,596
Federal and State aid not restricted				6,551,089	-	6,551,089
Tuition received				4,322,566	-	4,322,566
Investment earnings				8,929	114	9,043
Miscellaneous income				403,078	-	403,078
Transfers				-	-	-
Total general revenues, special items, extraordinary items & transfers				48,464,319	114	48,464,433
Changes in net assets				(217,563)	(8,616)	(226,179)
Net assets - Beginning				43,854,953	22,411	43,877,364
Net assets - Ending				\$ 43,637,390	\$ 13,795	\$ 43,651,185

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

FUND FINANCIAL STATEMENTS

( SECTION B )

GOVERNMENTAL FUNDS

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECT FUND	DEBT SERVICE FUND	PERMANENT FUND	TOTAL GOVERNMENTAL FUNDS
<b>Assets:</b>						
Cash and cash equivalents	\$ 4,178,697	\$ (34,226)	\$ -	\$ 12,109	\$ -	\$ 4,156,580
Receivables, net	-	-	-	-	-	-
Due from other funds	662	-	-	-	-	662
Receivables from other governments	651,554	45,264	-	-	-	696,818
Receivables - Other	47,630	-	-	-	-	47,630
Inventory	-	-	-	-	-	-
Restricted cash	1,671,642	-	-	-	-	1,671,642
Total assets	\$ 6,550,185	\$ 11,038	\$ -	\$ 12,109	\$ -	\$ 6,573,332
<b>Liabilities and fund balance:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,700,855	\$ 10,220	\$ -	\$ -	\$ -	\$ 1,711,075
Other payables	12,908	-	-	-	-	12,908
Contracts payable	-	-	-	-	-	-
Prepaid 2013-14 activity fees	24,270	-	-	-	-	24,270
Interfund payable	-	662	-	-	-	662
Payable to Federal government	-	-	-	-	-	-
Payable to State government	-	156	-	-	-	156
Deferred revenue	-	-	-	-	-	-
Total liabilities	1,738,033	11,038	-	-	-	1,749,071
Fund balance:						
Non-spendable inventory	-	-	-	-	-	-
Restricted for:						
Legally restricted	1,533,625	-	-	-	-	1,533,625
Capital reserve account	1,671,642	-	-	-	-	1,671,642
Excess surplus current year	615,275	-	-	-	-	615,275
Debt Service Fund	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Designated for subsequent year	-	-	-	12,109	-	12,109
Assigned to:						
Year-end encumbrances	249,990	-	-	-	-	249,990
Unassigned:						
General fund	741,620	-	-	-	-	741,620
Special revenue fund	-	-	-	-	-	-
Total fund balances	4,812,152	-	-	12,109	-	4,824,261
Total liabilities and fund balances	\$ 6,550,185	\$ 11,038	\$ -	\$ 12,109	\$ -	\$ 6,573,332

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used by governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$84,102,738 and the accumulated depreciation is \$21,571,490. (See Note 4)  
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6)  
Accrued interest long term debt

Net assets of governmental activities

62,531,248  
(23,404,233)  
(313,886)  
\$ 43,637,390

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECT FUND	DEBT SERVICE FUND	PERMANENT FUND	TOTAL GOVERNMENTAL FUNDS
<u>Revenues:</u>						
Local sources:						
Local tax levy	\$ 35,479,061	\$ -	\$ -	\$ 1,699,596	\$ -	\$ 37,178,657
Tuition charges	4,322,566	-	-	-	-	4,322,566
Interest earned - Capital Reserve Fund	5,671	-	-	-	-	5,671
Interest earned investments	3,258	-	-	-	-	3,258
Miscellaneous	403,078	500	-	-	-	403,578
Total local sources	40,213,634	500	-	1,699,596	-	41,913,730
State sources	5,934,998	1,010	-	618,812	-	6,554,820
Federal sources	-	554,169	-	-	-	554,169
Total revenue	46,148,632	555,679	-	2,318,408	-	49,022,719
<u>Expenditures:</u>						
Current:						
Regular instruction	15,461,275	490,783	-	-	-	15,952,058
Special education instruction	3,354,488	-	-	-	-	3,354,488
Other special instruction	306,536	-	-	-	-	306,536
Other instruction	1,202,633	-	-	-	-	1,202,633
Support services and undistributed costs:						
Tuition	1,632,986	-	-	-	-	1,632,986
Student and inst. related services	4,661,942	67,617	-	-	-	4,729,559
School administrative services	853,492	-	-	-	-	853,492
Other administrative services	2,306,451	-	-	-	-	2,306,451
Plant operations and maintenance	3,065,862	-	-	-	-	3,065,862
Pupil transportation	1,410,734	-	-	-	-	1,410,734
Other support services	-	-	-	-	-	-
Employee benefits	11,720,257	-	-	-	-	11,720,257
Special schools	59,766	-	-	-	-	59,766
Debt service:						
Principal	-	-	-	1,365,000	-	1,365,000
Interest	-	-	-	953,408	-	953,408
Capital outlay	850,576	-	-	-	-	850,576
Total expenditures	46,886,998	558,400	-	2,318,408	-	49,763,806

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECT FUND	DEBT SERVICE FUND	PERMANENT FUND	TOTAL GOVERNMENTAL FUNDS
(Continued from prior page)						
Excess (deficiency) of revenues over expenditures	\$ (738,366)	\$ (2,721)	\$ -	\$ -	\$ -	\$ (741,087)
Other financing sources (uses)						
Bond proceeds	-	-	-	-	-	-
Transfers to general fund	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net change in fund balances	(738,366)	(2,721)	-	-	-	(741,087)
Fund balances - July 1	5,550,518	2,721	-	12,109	-	5,565,348
Fund balances - June 30	\$ 4,812,152	\$ -	\$ -	\$ 12,109	\$ -	\$ 4,824,261

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Total net change in fund balances -  
Governmental funds (FROM B-2) \$ (741,087)

Amounts reported for governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense (1,359,331)  
Capital outlays (Net of adjustment) 583,188

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 1,365,000

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Bonds issued -  
Capital lease proceeds -  
Capital lease repayments -

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.

June 30, 2012 332,917  
June 30, 2013 (313,886)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Compensated absences payments 132,653  
Compensated absences earned (217,017)

Change in net assets of governmental activities \$ (217,563)

PROPRIETARY FUNDS

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2013

Business-type Activity - Enterprise Fund

FOOD  
SERVICE

Assets:

Current assets:

Cash and cash equivalents	\$ (9,204)
Accounts receivable	1,607
Inventories	<u>13,071</u>
Total current assets	<u>5,474</u>

Noncurrent assets:

Machinery and equipment	35,284
Less accumulated depreciation	<u>(18,355)</u>
Total noncurrent assets	<u>16,929</u>

Total assets	<u>\$ 22,403</u>
--------------	------------------

Liabilities:

Current liabilities:

Accounts payable	\$ 4,728
Deferred revenue	3,880
Interfund payable	<u>-</u>
Total current liabilities	<u>8,608</u>

Net position

Invested in capital assets	16,929
Unrestricted (deficit)	<u>(3,134)</u>
Total net position	<u>13,795</u>
Total liabilities and net position	<u>\$ 22,403</u>

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>FOOD SERVICE</u>
<u>Operating revenues:</u>	
Charges for services:	
Daily sales - Reimbursable programs	\$ -
Daily sales - Non-reimbursable programs	782,916
Miscellaneous	-
Total operating revenues	<u>782,916</u>
<u>Operating expenses:</u>	
Cost of sales	476,504
Salaries	226,601
Employee benefits	11,439
Supplies and materials	9,690
Purchased professional services	65,531
Depreciation	<u>1,881</u>
Total operating expenses	<u>791,646</u>
Operating income (loss)	<u>(8,730)</u>
<u>Non-operating revenues (expenses):</u>	
State sources:	
State school lunch program	-
Federal sources:	
National school lunch program	-
Special milk program	-
Food distribution program	-
Interest earned	<u>114</u>
Total non-operating revenues	<u>114</u>
<u>Net income (loss) before transfers</u>	<u>(8,616)</u>
Transfers from General Fund	<u>-</u>
<u>Change in net position</u>	<u>(8,616)</u>
Total net position - Beginning	<u>22,411</u>
<u>Total net position - Ending</u>	<u>\$ 13,795</u>

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

Business-type Activities - Enterprise Funds

	<u>FOOD SERVICE</u>
Cash flows from operating activities:	
Receipts from customers	\$ 799,038
Payments to employees and benefits	(238,040)
Payments to suppliers	<u>(554,523)</u>
Net cash provided by (used for) operating activities	<u>6,475</u>
Cash flows from non-capital financing activities:	
State sources	-
Federal sources	-
Operating subsidies and transfers to other funds	-
Net cash provided by (used for) non-capital financing activities	<u>-</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(18,810)</u>
Cash flows from investing activities:	
Advance repaid	-
Interest earned	114
Net cash provided by (used for) investing activities	<u>114</u>
Net increase (decrease) in cash and cash equivalents	(12,221)
Balances - Beginning of year	<u>3,017</u>
Balances - End of year (Deficit)	<u>\$ (9,204)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (8,730)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,881
Food distribution program	-
(Increase) decrease in accounts receivable	12,242
(Increase) decrease in inventories	422
(Increase) decrease in deferred revenue	3,880
Increase (decrease) in accounts payable	<u>(3,220)</u>
Total adjustments	<u>15,205</u>
Net cash provided by (used for) operating activities	<u>\$ 6,475</u>

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

FIDUCIARY FUNDS

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>AGENCY FUND</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 203,153	\$ 728,945
Total assets	<u>\$ 203,153</u>	<u>\$ 728,945</u>
<u>LIABILITIES:</u>		
Accounts payable	\$ -	\$ -
Payable to district	-	-
Payable to student groups	-	-
Payroll deductions and withholdings	<u>-</u>	<u>728,945</u>
Total liabilities	<u>-</u>	<u>\$ 728,945</u>
<u>NET POSITION:</u>		
Held in trust for unemployment claims and other purposes	<u>\$ 203,153</u>	

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

Page No. 40  
EXHIBIT B-8

FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>UNEMPLOYMENT COMPENSATION TRUST</u>
<u>ADDITIONS:</u>	
Contributions:	
Plan member	\$ 40,889
Board contributions	<u>20,995</u>
Total contributions	<u>61,884</u>
Investment earnings:	
Interest	<u>25</u>
Net investment earnings	<u>25</u>
Total additions	<u>61,909</u>
 <u>DEDUCTIONS:</u>	
Quarterly contribution reports	-
Unemployment claims	39,126
Refunds of contributions	<u>-</u>
Total deductions	<u>39,126</u>
Change in net position	22,783
 Net position - Beginning of the year	 <u>180,370</u>
Net position - End of the year	 <u>\$ 203,153</u>

NOTES TO THE  
FINANCIAL STATEMENTS

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Berkeley Heights School District is a type II district located in the County of Union, State of New Jersey. As a type II district, the school district functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms and one sending district member appointed annually. The purpose of the District is to educate students in Grades K-12. The Berkeley Heights School District has an approximate enrollment at June 30, 2013 of 2,728 students.

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include elementary, middle and high schools located in Berkeley Heights Township. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Fund Accounting

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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 other funds. 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 fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or 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.

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Proprietary Funds

The focus of Proprietary Fund measurement is 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 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.

The District's Enterprise Fund is comprised of the Food Service Fund.

All 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 balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	10 Years

Fiduciary Fund Type

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Fiduciary Fund Type (Continued)

Nonexpendable Trust Fund: A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principle. (The District currently has no Nonexpendable Trust Funds).

Expendable Trust Fund: An Expendable Trust Fund is accounted for in essentially the same manner as the Governmental Fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principle and interest may be spent. Expendable Trust Funds include The Unemployment Compensation Insurance Fund.

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

Account Groups: In addition to the funds listed above, the District maintains two account groups as follows:

General Fixed Assets Account Group: Fixed assets used in Governmental Fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. Depreciation has been provided on General Fixed Assets. Fixed assets related to food service operations are accounted for in the Enterprise Fund and are considered fund fixed assets.

General Long-Term Debt Account Group: Long-Term liabilities expected to be financed from Governmental Funds are accounted for in the General Long-Term Debt Account Group, not in the Governmental Funds. This includes serial bonds outstanding that are expected to be financed from Governmental Funds, the outstanding principle balance on capital leases and the noncurrent portion of the liability for compensated absences.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund type operating statements present increases (i.e., revenues) and decreases (i.e. expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all Governmental Fund types, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other Governmental Fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principle and interest on general long-term debt which are recorded when due.

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus (Continued):

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval. P.L. 2011, c.202, effective January 17, 2012, permits a board of education, or voters to move the April annual school board election to the date of the November general election thereby eliminating the vote on the annual base budget. The District approved the election date to be moved to November, the dates for submission of the budget, advertising, or public hearing have not been changed. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any supplemental budgetary appropriations during the fiscal year.

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 one or more June 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. Unencumbered appropriations lapse at fiscal year end.

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund types. Note that the District does not report encumbrances outstanding at year end as expenditures in the General Fund since the General Fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last June state aid payments.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$46,259,395	\$ 555,679
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	326,268	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(437,031)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	<u>\$46,148,632</u>	<u>\$ 555,679</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$46,886,998	\$ 555,679
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.	N/A	2,721
Transfer 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>N/A</u>	<u>-</u>
Total expenditures (GAAP Basis)	<u>\$46,886,998</u>	<u>\$ 558,400</u>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are 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 public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits to 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.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Receivables/Payables

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

The following interfund balances remained on the statement of net position at June 30, 2013.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 662	\$ -
Special Revenue Fund	-	662
Enterprise Fund	-	-
Capital Project Fund	-	-
Debt Service Fund	-	-
	<u>\$ 662</u>	<u>\$ 662</u>

H. Inventories and Prepaid Expenses

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

I. Capital Assets

Capital Assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and Proprietary Funds are shown as follows:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$2,000	Straight-line	20-50 years
Equipment	\$2,000	Straight-line	5-10

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Salaries and Wages

Certain district employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but un-disbursed amounts be retained in a separate bank account. As of June 30, 2013, the amount earned by these employees but not disbursed was \$500,925.00.

K. Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave based upon a stated formula.

The liability for vested compensated absences of the Governmental Fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance of the Governmental Funds is considered material to the applicable funds total liabilities, and therefore is shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the Proprietary Fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2013 no liability existed for compensated absences in the Food Service Fund.

L. Deferred Revenue

Deferred Revenue in the Special Revenue Fund (if any) represents cash which has been received but not yet earned.

Deferred Revenue of \$3,880 in the Enterprise Funds represents lunch deposits received in 2012-13 which will be applied to lunch fees during 2013-14.

M. Prepaid 2013 - 14 Activity Fees

The District has collected activity fees that are applicable to the 2013-14 school year. At June 30, 2013 \$24,270 has been prepaid by parents and will be reported in the year to which they apply.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)N. Long-term Obligations

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. The remaining portion of such obligations is reported in the basic financial statements as long-term and short-term liabilities:

<u>Government Activities</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Bonds and notes payable	\$22,884,000	\$ -	\$1,365,000	\$21,519,000	\$1,425,000
Lease purchase oblig.	-	-	-	-	-
Compensated absences	1,800,869	217,017	132,653	1,885,233	15,869
Other	-	-	-	-	-
	<u>\$24,684,869</u>	<u>\$ 217,017</u>	<u>\$1,497,653</u>	<u>\$23,404,233</u>	<u>\$1,440,869</u>

O. Fund Equity

Contributed capital represents the amount of fund capital contributed to the Proprietary Funds from other funds. Reserves represent those portions of Fund Equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

P. Comparative Data

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Category 1

Insured, registered or collateralized with securities held by the District or by its agent in the District's name.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 2

Uninsured, unregistered or collateralized with securities held by the pledging public depository or by its trust department or agent in the District's name.

Category 3

Uninsured, unregistered or uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository or by its trust department or agent but not in the District's name. *Investments in the New Jersey Cash Management Fund are included in this category.*

As of June 30, 2013, the District's deposits and investments are summarized as follows:

<u>Category</u>	<u>Amount</u>
1	\$ 5,759,722
2	-
3	<u>59,297</u>
	<u>\$ 5,819,019</u>

As of June 30, 2013, the District had investments of:

<u>Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Federal Notes	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

The investment recorded in the general-purpose financial statements would be recorded at the carrying amount. The difference between the carrying amount and market value is not material to the general-purpose financial statements.

*New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principle or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.*

As of June 30, 2013, the District had \$59,297.00 on deposit with the New Jersey Cash Management Fund.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 3. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Township of Berkeley Heights Board of Education by inclusion of \$1,525,000 on April 29, 1993 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 transfer by Board resolution at year end 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 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.

The activity of the Capital Reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$1,290,971
Interest earnings	5,671
Deposits	
Approved - Budget authorization	375,000
Approved by Board Resolution	-
Withdrawals	
Budget authorization	-
Ending balance, June 30, 2013	<u>\$1,671,642</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects at June 30, 2013 is in excess of \$5,888,500. The withdrawals from the Capital Reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

During the fiscal year ended June 30, 2013, the District had actual interest earnings of \$5,671.00. By Board resolution and voter approval, the District transferred \$0.00 to the Capital Outlay Fund for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan. By Board resolution and voter approval, \$375,000.00 was transferred at year-end.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 4. FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets by source for the fiscal year ended June 30, 2013.

	Balance as of 7-01-12	<u>Expenditure from:</u>			<u>Less:</u>	Balance as of 6-30-13
		<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Adjustments &amp; Disposals</u>	
Sites	\$ 14,043,000	\$ -	\$ -	\$ -	-	\$ 14,043,000
Site improve.	2,720,447	4,000	-	-	-	2,724,447
Buildings and bldg. improve.	64,212,638	163,648	-	-	-	64,376,286
Machinery and equip.	2,543,465	415,540	-	-	-	2,959,005
<b>Total</b>	<u>\$ 83,519,550</u>	<u>\$ 583,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	84,102,738

Less accumulated depreciation	<u>21,571,490</u>
Net fixed assets	<u>\$ 62,531,248</u>

The following is a summary of Proprietary Fund type fixed assets at June 30, 2013:

Machinery and equipment	\$ 35,284
Less: Accumulated depreciation	<u>(18,355)</u>
Net fixed assets	<u>\$ 16,929</u>

During fiscal year ended June 30, 2013, an update of the school district's Fixed Assets was made by the American Appraisal Company.

The Fixed Asset accounts and depreciation have been adjusted to reflect this update.

NOTE 5. OPERATING LEASES

The District has commitments to lease copying, computer and postage equipment under operating leases which expire in August 2017. Total operating lease payments made during the year ended June 30, 2013 were \$40,067. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2014	\$ 42,999
June 30, 2015	41,724
June 30, 2016	40,569
June 30, 2017	32,590
June 30, 2018	<u>4,101</u>

Total future minimum lease payments	<u>\$ 161,983</u>
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BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2013 the following changes occurred in liabilities reported in the General Long-term Debt account group:

	<u>BALANCE</u> <u>7-01-12</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE</u> <u>6-30-13</u>
Compensated absences payable	\$ 1,800,869	\$ 217,017	\$ (132,653)	\$ 1,885,233
Bonds payable	22,884,000	-	(1,365,000)	21,519,000
Capital leases payable	-	-	-	-
	<u>\$24,684,869</u>	<u>\$ 217,017</u>	<u>\$(1,497,653)</u>	<u>\$23,404,233</u>

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Principle and interest due on bonds outstanding is as follows:

<u>YEAR ENDING JUNE 30,</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$ 1,425,000	\$ 898,083	\$ 2,323,083
2015	1,495,000	838,295	2,333,295
2016	1,565,000	775,033	2,340,033
2017	1,625,000	709,820	2,334,820
Thereafter	<u>15,409,000</u>	<u>3,137,123</u>	<u>18,546,123</u>
	<u>\$21,519,000</u>	<u>\$ 6,358,354</u>	<u>\$27,877,354</u>

B. Bonds Authorized But Not Issued

As of June 30, 2013 the Board had no authorized but not issued bonds.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

C. Capital Leases Payable

At June 30, 2013 there were no Capital Leases payable outstanding.

NOTE 7. PENSION PLANS

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

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

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 7. PENSION PLANS (Continued)

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.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by  $\frac{1}{2}$  of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfounded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 7. PENSION PLANS (Continued)

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

Three-Year Trend Information for PERS

Year	Annual Pension <u>Funding</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/11	\$ 465,707	100%	\$ 464,707
6/30/12	\$ 565,296	100%	\$ 565,296
6/30/13	\$ 497,759	100%	\$ 497,759

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year	Annual Pension <u>Funding</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/11	\$1,479,551	100%	\$ -
6/30/12	\$2,019,253	100%	\$ -
6/30/13	\$2,972,312	100%	\$ -

During the fiscal year ended June 30, 2013, the State of New Jersey contributed \$2,972,312 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,617,570 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 8. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement Systems (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, 2012, there were 97,661 retirees receiving post-retirement medical benefits. 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 free 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

NOTE 9. CONTINGENT LIABILITIES

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

NOTE 10. PREMIUM STABILIZATION RESERVE

CIGNA Insurance Company is holding deposits in the amount of \$508,960.24. These amounts are to be used to help stabilize the annual hospitalization insurance costs. These deposits are Board General Funds which may be reclaimed at any time.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 11. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Total excess surplus at June 30, 2012 was \$1,533,625, from 2011-12, as a result, this amount was appropriated in the 2013-14 budget. The excess surplus at June 30, 2013 was \$615,275

NOTE 12. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)

Of the \$5,249,183 General Fund fund balance at June 30, 2013, \$249,990 is reserved for encumbrances; none has been legally restricted in accordance with N.J.A.C. 6a:23-8.5(j); \$615,275 reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$-0- of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014); \$1,671,642 has been reserved in the Capital Reserve Account; \$1,533,625 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; and \$1,178,651 is unreserved and undesignated.

NOTE 13. DEFERRED COMPENSATION

The District offers its employees a choice of the following Deferred Compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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. The plan administrators are as follows:

Lincoln Investment Planning  
VALIC  
MetLife Resources  
AXA Equitable

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 14. RISK MANAGEMENT

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Claims Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 20,995	\$ 25	\$ 40,889	\$ (39,126)	\$203,153
2011-2012	\$103,835	\$ 83	\$ 37,820	\$ (64,306)	\$180,370
2010-2011	\$ 85,000	\$ 187	\$ 37,867	\$ (188,730)	\$102,938

NOTE 15. INVENTORY

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$ 8,113
Supplies	<u>4,958</u>
	<u>\$ 13,071</u>

The value of the Federal donated commodities (if any) as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 16. CAPITAL PROJECT FUND

The Capital Projects were completed during 2011-12.

NOTE 17. DEFICIT FUND BALANCES

The District has a surplus fund balance of \$1,178,651 in the General Fund and \$-0- in the Special Revenue Fund as of June 30, 2013 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 is not made until the following school budget year, districts must record the delayed one or more June state aid payments 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 June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments (on the GAAP financial statements) until the year the state records the payable. Due to the timing difference of recording the June state aid payments, the General and Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated General Fund or Special Project Fund balance that is reported as a direct result from a delay in the June state aid payments until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(1,143,613) represents the last state aid payments plus liabilities for compensated absences, accrued interest and other liabilities which are required to be reflected under GAAP accounting but which are not required reportings under budgetary accounting requirements.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

( SECTIONS C THROUGH I )

BUDGETARY COMPARISON SCHEDULES

( SECTION C )

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<u>Revenues:</u>					
<u>Local sources:</u>					
Local tax levy	\$ 35,479,061	\$ -	\$ 35,479,061	\$ 35,479,061	-
Tuition	4,308,935	-	4,308,935	4,322,566	13,631
Interest on Capital Reserve account	1,820	-	1,820	5,671	3,851
Interest on investments	10,000	-	10,000	3,258	(6,742)
Rental income	25,000	-	25,000	52,267	27,267
Participation fees	120,000	-	120,000	138,447	18,447
Miscellaneous	254,119	-	254,119	212,364	(41,755)
Total local sources	<u>40,198,935</u>	<u>-</u>	<u>40,198,935</u>	<u>40,213,634</u>	<u>14,699</u>
<u>State sources:</u>					
Categorical special education aid	974,153	-	974,153	974,153	-
Categorical transportation aid	114,303	-	114,303	114,303	-
Categorical security aid	34,714	-	34,714	34,714	-
Nonpublic school transportation aid 2012-13	-	-	-	25,404	25,404
Extraordinary aid 2012-2013	-	-	-	307,305	307,305
Other state aid	-	-	-	-	-
TPAF pension (on-behalf - non-budgeted)	-	-	-	2,972,312	2,972,312
TPAF social security (reimbursed - non-budgeted)	-	-	-	1,617,570	1,617,570
Total state sources	<u>1,123,170</u>	<u>-</u>	<u>1,123,170</u>	<u>6,045,761</u>	<u>4,922,591</u>
Total revenues	<u>41,322,105</u>	<u>-</u>	<u>41,322,105</u>	<u>46,259,395</u>	<u>4,937,290</u>
<u>Expenditures:</u>					
<u>Current expense:</u>					
<u>Regular programs - Instruction:</u>					
Salaries Preschool/Kindergarten	427,414	(70,282)	357,132	357,132	-
Salaries of teachers - Grades 1-5	4,927,005	51,416	4,978,421	4,977,748	673
Salaries of teachers - Grades 6-8	3,270,761	53,315	3,324,076	3,322,512	1,564
Salaries of teachers - Grades 9-12	5,474,811	269,334	5,744,145	5,743,272	873
Regular programs - Home instruction:					
Salaries of teachers	24,000	17,521	41,521	41,521	-
Purchased professional services	7,500	718	8,218	8,218	-
Regular programs - Undistributed instruction:					
Other salaries of instruction	84,159	2,451	86,610	85,609	1,001
Other purchased services	39,213	(5,719)	33,494	31,681	1,813
Purchased technical services	105,175	(12,125)	93,050	84,016	9,034
Other purchased services	76,503	2,313	78,816	78,651	165
Travel	2,300	957	3,257	2,149	1,108
General supplies	527,917	245,631	773,548	653,921	119,627
Textbooks	53,821	21,950	75,771	73,866	1,905
Other expenditures	2,760	(1,781)	979	979	-
Total regular programs - Instruction	<u>15,023,339</u>	<u>575,699</u>	<u>15,599,038</u>	<u>15,461,275</u>	<u>137,763</u>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
(Continued from prior page)					
<u>Special education - Instruction:</u>					
<u>Learning/language disability:</u>					
Salaries of teachers	\$ 147,748	\$ (27,874)	\$ 119,874	\$ 119,874	\$ -
General supplies	772	299	1,071	634	437
Total learning/language disability	148,520	(27,575)	120,945	120,508	437
<u>Auditory impairments:</u>					
Supervisor salaries	67,648	61,004	128,652	128,652	-
Salaries of teachers	210,675	(6,816)	203,859	203,859	-
Other salaries of instruction	253,596	(28,995)	224,601	224,599	2
General supplies	1,000	23	1,023	1,023	-
Textbooks	2,530	(2,443)	87	-	87
Other objects	-	420	420	-	420
Total auditory impairments	535,449	23,193	558,642	558,133	509
<u>Multiple disabilities:</u>					
Salaries of teachers	98,816	(23,301)	75,515	75,443	72
General supplies	884	1,275	2,159	1,983	176
Total multiple disabilities	99,700	(22,026)	77,674	77,426	248
<u>Resource room:</u>					
Salaries of teachers	1,833,007	(163,036)	1,669,971	1,668,878	1,093
Other salaries of instruction	506,242	73,071	579,313	579,313	-
General supplies	2,085	7,870	9,955	7,384	2,571
Textbooks	-	-	-	-	-
Total resource room	2,341,334	(82,095)	2,259,239	2,255,575	3,664
<u>Autism:</u>					
Salaries of teachers	-	53,000	53,000	52,711	289
Other salaries of instruction	-	65,000	65,000	64,845	155
Total autism	-	118,000	118,000	117,556	444
<u>Preschool disabilities - Part-time:</u>					
Salaries of teachers	177,968	(40,000)	137,968	137,303	665
Other salaries of instruction	79,990	7,200	87,190	87,163	27
General supplies	824	-	824	824	-
Total preschool disabilities - Part-time	258,782	(32,800)	225,982	225,290	692
Total special education - Instruction	3,383,785	(23,303)	3,360,482	3,354,488	5,994

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
(Continued from prior page)					
<u>Basic skills/remedial education:</u>					
Salaries of teachers	\$ 185,052	\$ (9,210)	\$ 175,842	\$ 175,194	\$ 648
General supplies	1,730	-	1,730	569	1,161
Total basic skills/remedial education	186,782	(9,210)	177,572	175,763	1,809
<u>Bilingual education - Instruction:</u>					
Salaries of teachers	119,362	10,944	130,306	129,536	770
Purchased professional services	25	(4)	21	-	21
Purchased technical services	-	-	-	-	-
Other purchased services	180	(63)	117	101	16
General supplies	270	867	1,137	1,136	1
Total bilingual education - Instruction	119,837	11,744	131,581	130,773	808
<u>School-sponsored co-curricular activities - Instruction:</u>					
Salaries	176,890	6,156	183,046	182,986	60
Other purchased services	36,436	702	37,138	36,035	1,103
Supplies and materials	13,690	3,697	17,387	17,321	66
Miscellaneous expenditures	3,249	1,590	4,839	4,771	68
Total school sponsored co-curricular - Instruction	230,265	12,145	242,410	241,113	1,297
<u>School-sponsored athletics - Instruction:</u>					
Salaries	717,977	(12,762)	705,215	702,885	2,330
Purchased services	75,300	1,047	76,347	61,372	14,975
Travel	1,000	-	1,000	195	805
Supplies and materials	134,006	9,036	143,042	128,147	14,895
Other objects	62,700	2,910	65,610	65,056	554
Total school-sponsored athletics - Instruction	990,983	231	991,214	957,655	33,559
Community service program:					
Salaries	7,956	(766)	7,190	3,865	3,325
Total instruction	19,942,947	565,540	20,509,487	20,324,932	184,555
<u>Undistributed expenditures:</u>					
<u>Instruction:</u>					
Tuition - Other LEA's within the State - Special	746,150	(55,982)	690,168	690,168	-
Tuition - County vo-tech - Regular	128,000	72,000	200,000	200,000	-
Tuition - County vo-tech - Special	36,000	(15,500)	20,500	20,500	-
Tuition - Private school disabil. - Within state	690,779	(33,772)	657,007	641,689	15,318
Tuition - Private school disabil. - Out of state	132,600	(51,971)	80,629	80,629	-
Tuition - Other (Charter School)	14,500	(14,500)	-	-	-
Total undistributed expenditures - Instruction	1,748,029	(99,725)	1,648,304	1,632,986	15,318

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
(Continued from prior page)					
<u>Attendance and social work services:</u>					
Salaries	47,787	-	47,787	47,738	49
<u>Health services:</u>					
Salaries - Physicians	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries - Nurses	380,785	8,392	389,177	388,785	392
Salaries - Secretarial	23,520	-	23,520	23,263	257
Other purchased services	25,076	453	25,529	25,215	314
Supplies and materials	7,952	2,963	10,915	9,673	1,242
Other objects	1,095	(10)	1,085	425	660
Total health services	438,428	11,798	450,226	447,361	2,865
<u>Other support services - Related services:</u>					
Salaries	349,059	10,048	359,107	359,107	-
Purchased prof. Services - Educational	109,200	(41,281)	67,919	67,919	-
Supplies and materials	4,121	21,268	25,389	21,998	3,391
Total other support services - Related services	462,380	(9,965)	452,415	449,024	3,391
<u>Other extraordinary services:</u>					
Salaries of instruction	-	65,409	65,409	65,409	-
<u>Other support services - Guidance:</u>					
Salaries of other professional staff	845,292	56,001	901,293	901,180	113
Salaries of secretarial/clerical	115,928	(8,409)	107,519	107,383	136
Supplies and materials	1,100	1,414	2,514	2,207	307
Total other support services - Guidance	962,320	49,006	1,011,326	1,010,770	556
<u>Other support services - Child Study Teams:</u>					
Salaries of other professional staff	1,062,873	93,979	1,156,852	1,156,852	-
Salaries of secretarial/clerical	66,503	8,181	74,684	74,684	-
Purchased professional services	30,670	(14,707)	15,963	15,172	791
Other purchased services	690	-	690	339	351
Travel	2,400	(58)	2,342	2,310	32
Supplies and materials	4,180	7,335	11,515	11,314	201
Total other support services - Student - Special	1,167,316	94,730	1,262,046	1,260,671	1,375
<u>Improvement of inst. serv./other support serv. inst. staff:</u>					
Salaries of supervisors of instruction	804,476	67,889	872,365	872,344	21
Salaries of secretarial/clerical asst.	31,211	(1,146)	30,065	30,050	15
Other purchased services	16,280	854	17,134	15,175	1,959
Supplies and materials	3,100	7,654	10,754	10,729	25
Total improvement of instruction services	855,067	75,251	930,318	928,298	2,020

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
(Continued from prior page)					
<u>Educational media services/school library:</u>					
Salaries	\$ 303,659	\$ 16,642	\$ 320,301	\$ 318,669	\$ 1,632
Other purchased services	-	-	-	-	-
Supplies and materials	26,181	2,263	28,444	27,282	1,162
Other objects	24,180	(827)	23,353	23,350	3
Total educational media services/school library	354,020	18,078	372,098	369,301	2,797
<u>Instructional staff training service:</u>					
Salaries of supervisors of instruction	30,192	(500)	29,692	29,691	1
Salaries of secretarial/clerical	12,000	(3,045)	8,955	8,693	262
Purchased professional services	20,000	11,731	31,731	31,676	55
Other purchased services	21,000	(13,295)	7,705	7,451	254
Supplies and materials	1,750	4,109	5,859	5,859	-
Total instructional staff training service	84,942	(1,000)	83,942	83,370	572
<u>Support services general administration:</u>					
Salaries	437,785	8,609	446,394	422,449	23,945
Legal	110,000	(34,955)	75,045	65,138	9,907
Audit fees	43,157	-	43,157	43,100	57
Architect/Engineer	21,500	5,236	26,736	23,521	3,215
Other purchased professional services	14,500	(5,741)	8,759	4,699	4,060
Purchased technical services	44,550	(10,616)	33,934	32,684	1,250
Communication/telephone	57,500	1,381	58,881	45,660	13,221
Travel	9,750	(1,000)	8,750	7,115	1,635
BOE other purchased services	3,000	-	3,000	2,699	301
Other purchased services	153,150	5,605	158,755	157,064	1,691
Supplies and materials	1,000	-	1,000	570	430
General supplies	21,500	1,635	23,135	13,697	9,438
Other purchased professional services	1,000	-	1,000	-	1,000
Miscellaneous deductions	6,100	(3,000)	3,100	2,155	945
BOE membership dues and fees	29,500	3,500	33,000	32,941	59
Total support services general administration	953,992	(29,345)	924,646	853,492	71,154
<u>Support services school administration:</u>					
Salaries of principals	1,172,690	(32,338)	1,140,352	1,139,384	968
Salaries of secretarial/clerical	482,556	14,059	496,615	495,214	1,401
Supplies and materials	21,260	5,534	26,794	20,414	6,380
Total support services school administration	1,676,506	(12,745)	1,663,761	1,655,012	8,749

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<u>Undistributed expend. - Central services:</u>					
Salaries	\$ 410,304	\$ 200	\$ 410,504	\$ 407,959	\$ 2,545
Other purchased services	1,000	(1,000)	-	-	-
Travel	2,200	-	2,200	1,624	576
Supplies and materials	14,200	5,400	19,600	16,811	2,789
Miscellaneous deductions	1,500	2,500	4,000	3,636	364
Total undistributed expend. - Central services	429,204	7,100	436,304	430,030	6,274
<u>Undistributed expend. - Admin. Info. Tech.:</u>					
Salaries	141,044	1,831	142,875	142,875	-
Purchased technical services	49,088	19,219	68,307	65,783	2,524
Other purchased services	250	250	500	448	52
Supplies and materials	1,260	11,050	12,310	12,303	7
Total undistributed expend. - Admin. Info. Tech.	191,642	32,350	223,992	221,409	2,583
<u>Required maintenance school facilities:</u>					
Salaries	312,688	20,946	333,634	332,951	683
Cleaning, repair & maintenance services	146,650	243,906	390,556	382,945	7,611
General supplies	80,700	65,471	146,171	124,300	21,871
Total required maintenance school facilities	540,038	330,323	870,361	840,196	30,165
<u>Other operation custodial services:</u>					
Salaries	1,500,748	26,294	1,527,042	1,507,150	19,892
Cleaning, repair & maintenance services	35,000	2,996	37,996	36,212	1,784
Other purchased property services	54,590	(4,517)	50,073	41,568	8,505
Insurance	16,690	-	16,690	16,690	-
General supplies	92,000	(8,646)	83,354	81,268	2,086
Energy (heat and electric)	693,838	(136,763)	557,075	412,405	144,670
Total operation custodial services	2,392,866	(120,636)	2,272,230	2,095,293	176,937
<u>Maintenance care and upkeep grounds:</u>					
Salaries	46,326	300	46,626	46,570	56
Miscellaneous purchased services	36,400	16,583	52,983	45,744	7,239
General supplies	29,950	4,100	34,050	32,122	1,928
Total maintenance care and upkeep grounds	112,676	20,983	133,659	124,436	9,223
<u>Security:</u>					
General supplies	5,000	937	5,937	5,937	-

(Continued from prior page)

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
(Continued from prior page)					
Student transportation services:					
Salaries (home & school) - Regular	\$ 142,507	\$ (50,851)	\$ 91,656	\$ 91,656	\$ -
Salaries (home & school) - Special	41,563	1,500	43,063	42,819	244
Salaries (Other than home & school)	41,930	52,566	94,496	94,496	-
Cleaning, repair & maintenance services	63,840	49,913	113,753	94,356	19,397
Rental payment - School bus	2,000	(2,000)	-	-	-
Contract service - Aide in lieu - Non-pub.	120,000	1,992	121,992	121,381	611
Contract service (between home & school) - Vendors	589,900	(60,721)	529,179	529,179	-
Contract service - Other vendor	54,840	(19,413)	35,427	32,651	2,776
Contract service (spec. ed.) - Vendors	17,895	5,855	23,750	23,696	54
Contract service (spec. ed.) - ESC & CTSA	388,617	(23,694)	364,923	361,629	3,294
Travel	200	-	200	140	60
Miscellaneous purchased services	11,025	1	11,026	10,784	242
Supplies and materials	10,200	(1,962)	8,238	7,947	291
Total student transportation services	1,484,517	(46,814)	1,437,703	1,410,734	26,969
Regular program instr. employee benefits:					
Social security contributions	505,104	2,001	507,105	507,105	-
Other retirement contributions pers.	523,928	(43,716)	480,212	480,212	-
Unemployment compensation	70,000	(42,387)	27,613	20,995	6,618
Workmen's compensation	244,257	(16,194)	228,063	228,063	-
Health benefits	6,316,450	(328,735)	5,987,715	5,808,773	178,942
Tuition reimbursements	102,040	(7,792)	94,248	82,607	11,641
Other employee benefits	2,500	486	2,986	2,620	366
Total regular program instr. employee benefits	7,764,279	(436,337)	7,327,942	7,130,375	197,567
On-behalf payments:					
T.P.A.F. pension contribution (non-budgeted)	-	-	-	2,972,312	(2,972,312)
T.P.A.F. social security (non-budgeted)	-	-	-	1,617,570	(1,617,570)
Total on-behalf payments	-	-	-	4,589,882	(4,589,882)
Total personal services - Employee benefits	7,764,279	(436,337)	7,327,942	11,720,257	(4,392,315)
Total undistributed expenditures	21,671,009	(50,603)	21,620,406	25,651,724	(4,031,318)
Total general expenses	41,613,956	515,937	42,129,893	45,976,656	(3,846,763)

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
(Continued from prior page)					
<u>Capital outlay:</u>					
<u>Equipment:</u>					
Regular program - Instruction:					
Preschool/Kindergarten	-	-	-	-	-
Grades 1-5	-	-	-	-	-
Grades 6-8	-	-	-	-	-
Grades 9-12	-	13,049	13,049	13,049	-
Undistributed expenditures:					
Custodial	-	-	-	-	-
Grounds	84,946	12,272	97,218	97,303	(85)
Athletic equipment	-	10,972	10,972	10,476	496
Non-instructional equipment	98,427	10,558	108,985	103,138	5,847
Total equipment	183,373	46,851	230,224	223,966	6,258
<u>Facilities acquisition and construction services:</u>					
Construction services	718,219	(9,500)	708,719	596,677	112,042
Lease purchase agreements	-	-	-	-	-
Other objects (State assessment)	29,933	-	29,933	29,933	-
Total facilities acquisition and construction services	748,152	(9,500)	738,652	626,610	112,042
Assets acquired under capital lease	-	-	-	-	-
Total expenditures capital outlay	931,525	37,351	968,876	850,576	118,300
<u>Summer school:</u>					
Summer school instruction:					
Salaries of teachers	55,000	4,766	59,766	59,766	-
General supplies	-	-	-	-	-
Total summer school	55,000	4,766	59,766	59,766	-
Total expenditures	42,600,481	558,054	43,158,535	46,886,998	(3,728,463)
<u>Excess (deficiency) of revenue over (under) expenditures</u>	<u>(1,278,376)</u>	<u>(558,054)</u>	<u>(1,836,430)</u>	<u>(627,603)</u>	<u>1,208,827</u>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
(Continued from prior page)					
Other financing sources (uses):					
Transfer to Capital Reserve Fund	\$ (376,820)	-	\$ (376,820)	-	\$ 376,820
Transfer from Capital Project Fund	-	-	-	-	-
Total other financing sources	(376,820)	-	(376,820)	-	376,820
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,655,196)	(558,054)	(2,213,250)	(627,603)	1,585,647
Fund balances July 1	5,876,786	-	5,876,786	5,876,786	-
Fund balances June 30	\$ 4,221,590	\$ (558,054)	\$ 3,663,536	\$ 5,249,183	\$ 1,585,647

Recapitulation:

Restricted funds	
Capital Reserve Fund	\$ 1,671,642
Excess surplus current year	615,275
Assigned fund balance	1,533,625
Designated for subsequent year	249,990
Year-end encumbrances	1,178,651
Unrestricted fund balance	5,249,183
	(437,031)
	\$ 4,812,152

Reconciliation to Governmental Funds Statement (GAAP):  
Last state aid payment not recognized on GAAP basis (2012-13)

Fund balance per Governmental Funds (GAAP)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

BUDGETARY COMPARISON SCHEDULE  
EDUCATIONAL JOBS FUND  
FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<u>Revenues:</u>					
State sources	\$ -	\$ 1,010	\$ 1,010	\$ 1,010	\$ -
Federal sources	465,908	88,261	554,169	554,169	-
Local sources	-	500	500	500	-
Total revenues	465,908	89,771	555,679	555,679	-
<u>Expenditures:</u>					
Instruction:					
Salaries of teachers	-	-	-	-	-
Purchased prof./tech. services	-	8,594	8,594	8,594	-
Tuition	430,854	(5,315)	425,539	425,539	-
Supplies and materials	35,054	18,452	53,506	53,506	-
Textbooks	-	423	423	423	-
Miscellaneous	-	-	-	-	-
Total instruction	465,908	22,154	488,062	488,062	-
Support services:					
Salaries other professional staff	-	-	-	-	-
Purchased prof. services	-	51,064	51,064	51,064	-
Instructional supplies	-	16,553	16,553	16,553	-
Total support services	-	67,617	67,617	67,617	-
Facilities acquisition and const.					
Non-instructional equipment	-	-	-	-	-
Total expenditures	465,908	89,771	555,679	555,679	-
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED  
SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2013

Note A - Explanation of differences between budgetary inflow and outflows and GAAP revenue and expenditures:

		<u>GENERAL FUND</u>		<u>SPECIAL REVENUE FUND</u>
<u>Sources/inflows of resources:</u>				
Actual amounts (budgetary basis)				
"revenue" from the budgetary comparison schedule	C-1	\$46,259,935	C-2	\$ 555,679
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statement:				
2012-13		(437,031)		-
2011-12		<u>326,268</u>		<u>-</u>
Total revenues as reported on the statement of revenue, expenditures and change in fund balance - Gov't. Funds	B-2	<u>\$46,148,632</u>	B-2	<u>\$ 555,679</u>
<u>Uses/outflows of resources:</u>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1	\$46,886,998	C-2	\$ 555,679
Differences - Budget to GAAP:				
Encumbrances for supplies, etc. 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	6/30/2012	N/A		2,721
	6/30/2013	<u>N/A</u>		<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and change in fund balances - Gov't. Funds	B-2	<u>\$46,886,998</u>	B-2	<u>\$ 558,400</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL BASED BUDGET SCHEDULES

( SECTION D )

( NOT APPLICABLE )

SPECIAL REVENUE FUND

( SECTION E )

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
AS OF JUNE 30, 2013

	I D E A				NURSING	TOTAL 2013
	BASIC 2012-13 CARRYOVER	2012-13 PRESCHOOL CARRYOVER	NON-PUBLIC SCHOOL TECHNOLOGY TEXTBOOK			
<b>Revenues:</b>						
State sources	\$ -	\$ -	\$ -	\$ 423	\$ 587	\$ 1,010
Federal sources	490,585	13,918	-	-	-	554,469
Local sources	-	-	-	-	-	500
Total revenues	490,585	13,918	-	423	587	555,679
<b>Expenditures:</b>						
<b>Instruction:</b>						
Purchased prof. and tech. services	-	-	-	-	-	8,594
Tuition	411,621	13,918	-	-	-	425,539
Supplies and materials	18,310	-	-	-	587	53,506
Textbooks	-	-	423	-	-	423
Total instruction	429,931	13,918	423	423	587	488,062
<b>Support services:</b>						
Purchased professional services	36,544	-	-	-	-	41,274
Purchased services	9,790	-	-	-	-	9,790
Instructional supplies	14,320	-	-	-	-	16,553
Total support services	60,654	-	-	-	-	67,617
Facilities acquisition and const.	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
Total expenditures	490,585	13,918	423	423	587	555,679
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Recapitulation:  
Reserve for encumbrance \$ (2,721)  
Last State Aid payment not recognized on GAAP Basis  
Fund balance per Gov. Fund (GAAP) \$ (2,721)



SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

CAPITAL PROJECTS FUND

( SECTION F )

( NOT APPLICABLE )

PROPRIETARY FUNDS

( SECTION G )

ENTERPRISE FUND

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013

(With comparative totals for June 30, 2012)

	<u>FOOD SERVICE FUND</u>	<u>2013</u>	<u>2012</u>
<u>Assets:</u>			
Current assets:			
Cash and cash equivalents	\$ (9,204)	\$ (9,204)	\$ 3,017
Accounts receivable:			
State	-	-	-
Federal	-	-	-
Other	1,607	1,607	13,849
Inventories	<u>13,071</u>	<u>13,071</u>	<u>13,493</u>
Total current assets	<u>5,474</u>	<u>5,474</u>	<u>30,359</u>
Non-current assets:			
Equipment	35,284	35,284	16,474
Accumulated depreciation	<u>(18,355)</u>	<u>(18,355)</u>	<u>(16,474)</u>
Total non-current assets	<u>16,929</u>	<u>16,929</u>	<u>-</u>
Total assets	<u>\$ 22,403</u>	<u>\$ 22,403</u>	<u>\$ 30,359</u>
<u>Liabilities and net position:</u>			
Current liabilities:			
Accounts payable	\$ 4,728	\$ 4,728	\$ 7,948
Interfund payable	-	-	-
Deferred revenues	<u>3,880</u>	<u>3,880</u>	<u>-</u>
Total current liabilities	<u>8,608</u>	<u>8,608</u>	<u>7,948</u>
Net position:			
Invested in capital assets	16,929	16,929	-
Unreserved retained earnings	<u>(3,134)</u>	<u>(3,134)</u>	<u>22,411</u>
Total net position	<u>13,975</u>	<u>13,795</u>	<u>22,411</u>
Total net position	<u>\$ 22,403</u>	<u>\$ 22,403</u>	<u>\$ 30,359</u>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

Page No. 90  
EXHIBIT G-2

ENTERPRISE FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(With comparative totals for the fiscal year ended June 30, 2012)

	<u>FOOD SERVICE FUND</u>	<u>2013</u>	<u>2012</u>
<u>Operating revenues:</u>			
Local sources:			
Daily sales - Reimbursable programs	\$ -	\$ -	\$ -
Daily sales - Non-reimbursable programs	782,916	782,916	796,707
Special functions	-	-	-
Total operating revenues	782,916	782,916	796,707
<u>Operating expenses:</u>			
Salaries	226,601	226,601	229,985
Employee benefits	11,439	11,439	9,795
Cafeteria supplies and materials	9,690	9,690	15,974
Purchased professional services	65,531	65,531	67,000
Depreciation	1,881	1,881	-
Cost of sales	476,504	476,504	472,812
Total operating expenses	791,646	791,646	795,566
<u>Operating income (loss):</u>	(8,730)	(8,730)	1,141
<u>Non-operating revenues:</u>			
State sources:			
State school lunch program	-	-	-
Federal sources:			
National school lunch program	-	-	-
Special milk program	-	-	-
Food distribution program	-	-	-
Interest revenue	114	114	109
Total non-operating revenues	114	114	109
Net income (loss) before operating transfers	(8,616)	(8,616)	1,250
<u>Operating transfers:</u>			
Operating transfer in - General Fund	-	-	-
Net income (loss)	(8,616)	(8,616)	1,250
<u>Total net position - Beginning</u>	22,411	22,411	21,161
<u>Total net position - Ending</u>	\$ 13,795	\$ 13,795	\$ 22,411

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

Page No. 91  
EXHIBIT G-3

ENTERPRISE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(With comparative totals for the fiscal year ended June 30, 2012)

	<u>FOOD SERVICE FUND</u>	<u>2013</u>	<u>2012</u>
<u>Cash flows from operating activities:</u>			
Operating income (loss)	\$ (8,730)	\$ (8,730)	\$ 1,141
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,881	1,881	-
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	12,242	12,242	(12,316)
(Increase) decrease in inventories	422	422	146
Increase (decrease) in accounts payable	(3,220)	(3,220)	4,286
Increase (decrease) in deferred revenues	<u>3,880</u>	<u>3,880</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>6,475</u>	<u>6,475</u>	<u>(6,743)</u>
<u>Cash flows from non-capital financing activities:</u>			
Cash received from state and federal reimbursements	-	-	-
Loan repayment to Fund 10	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by non-capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash flows from capital and related financing activities:</u>			
Acquisition of capital assets	<u>(18,810)</u>	<u>(18,810)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(18,810)</u>	<u>(18,810)</u>	<u>-</u>
<u>Cash flows from investing activities:</u>			
Interest on investments	<u>114</u>	<u>114</u>	<u>109</u>
Net cash provided by investing activities	<u>114</u>	<u>114</u>	<u>109</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	<u>(12,221)</u>	<u>(12,221)</u>	<u>(6,634)</u>
<u>Cash and cash equivalents July 1</u>	<u>3,017</u>	<u>3,017</u>	<u>9,651</u>
<u>Cash and cash equivalents June 30</u>	<u>\$ (9,204)</u>	<u>\$ (9,204)</u>	<u>\$ 3,017</u>

INTERNAL SERVICE FUND

( NOT APPLICABLE )

FIDUCIARY FUNDS

( SECTION H )

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

TRUST AND AGENCY FUND  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013  
(with comparative totals for June 30, 2012)

	NONEXPENDABLE TRUST		AGENCY		EXPENDABLE TRUSTS	TOTALS	
	VARIOUS	STUDENT ACTIVITY	STUDENT ACTIVITY	PAYROLL		2013	2012
Cash and cash equivalents	\$ -	\$ 290,471	\$ 290,471	\$ 728,945	\$ 203,153	\$ 1,222,569	\$ 1,087,780
Total assets	\$ -	\$ 290,471	\$ 290,471	\$ 728,945	\$ 203,153	\$ 1,222,569	\$ 1,087,780
<b>LIABILITIES AND FUND BALANCES:</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	-	-	728,945	-	728,945	659,154
Deferred revenue	-	-	-	-	-	-	-
Due to student groups	-	290,471	290,471	-	-	290,471	248,256
Total liabilities	-	290,471	290,471	728,945	-	1,019,416	907,410
Fund balances:							
Unreserved	-	-	-	-	203,153	203,153	180,370
Total fund balances	-	-	-	-	203,153	203,153	180,370
Total liabilities and fund balances	\$ -	\$ 290,471	\$ 290,471	\$ 728,945	\$ 203,153	\$ 1,222,569	\$ 1,087,780

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

COMBINING STATEMENT OF  
CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013

UNEMPLOYMENT  
COMPENSATION  
TRUST

ADDITIONS:

Contributions:	
Plan member	\$ 40,889
Board contributions	<u>20,995</u>
Total contributions	<u>61,884</u>
Investment earnings:	
Interest	<u>25</u>
Net investment earnings	<u>25</u>
Total additions	<u>61,909</u>

DEDUCTIONS:

Quarterly contribution reports	-
Unemployment claims	39,126
Refunds of contributions	<u>-</u>
Total deductions	<u>39,126</u>
Change in net position	22,783
Net position - Beginning of the year	<u>180,370</u>
Net position - End of the year	<u>\$ 203,153</u>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
<u>ELEMENTARY SCHOOLS:</u>				
Mary Kay McMillin School	\$ 2,457	\$ 238	\$ 695	\$ 2,000
Hughes School	5,905	8,716	10,810	3,811
Mt. Park School	1,795	5,961	4,319	3,437
Woodruff School	<u>4,123</u>	<u>14,037</u>	<u>13,673</u>	<u>4,487</u>
Total elementary schools	14,280	28,952	29,497	13,735
Columbia Middle School	12,843	112,107	103,618	21,332
Governor Livingston High School (EXHIBIT H-3a)	209,756	233,090	197,587	245,259
Mary Kay McMillin Memorial Scholarship Fund	7,833	12	1,000	6,845
Jack Dennis Memorial Scholarship Fund	2,274	6	250	2,030
General Organization Account	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>1,270</u>
Total liabilities	<u>\$ 248,256</u>	<u>\$ 374,167</u>	<u>\$ 331,952</u>	<u>\$ 290,471</u>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

STUDENT ACTIVITY FUND  
GOVERNOR LIVINGSTON HIGH SCHOOL  
STATEMENT OF ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BALANCE JULY 1, 2012	CASH RECEIPTS	CASH DISBURSEMENTS	INTERFUND TRANSFERS	BALANCE JUNE 30, 2013
Academic team	\$ 1,083	-	-	-	\$ 1,083
AP Tests - BOE	18,758	27,581	43,845	-	2,494
Art club	508	1,328	1,801	15	50
ASLHS	433	330	304	-	459
Athletics	4,560	6,375	7,817	-	3,118
Business education - BOE	721	-	720	-	1
Cap and gown	3,093	-	-	-	3,093
Chess club	192	-	-	-	192
Chorale	127	7,015	7,005	137	274
Class of 2003	72	-	-	-	72
Class of 2007	454	-	-	-	454
Class of 2008	566	-	-	-	566
Class of 2011	1,189	-	-	-	1,189
Class of 2012	2,812	1,055	-	-	3,867
Class of 2013	4,622	31,331	30,456	-	5,497
Class of 2014	6,290	5,384	4,943	-	6,731
Class of 2015	2,380	1,588	785	-	3,183
Class of 2016	-	5,283	2,939	-	2,344
College application postage	5,293	521	-	-	5,814
Computer club	86	-	-	-	86
Days of Realization	37	-	-	-	37
DDH EO	109	1,342	624	-	827
Drama	54,913	16,482	11,367	-	60,028
Environmental	1,289	107	462	-	934
Subtotal	109,587	105,722	113,068	152	102,393

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

STUDENT ACTIVITY FUND  
GOVERNOR LIVINGSTON HIGH SCHOOL  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BALANCE JULY 1, 2012	CASH RECEIPTS	CASH DISBURSEMENTS	INTERFUND TRANSFERS	BALANCE JUNE 30, 2013
Subtotal carried forward	\$ 109,587	\$ 105,722	\$ 113,068	\$ 152	\$ 102,393
FBLA	719	3,360	3,630	-	449
Field trips	4,911	8,954	9,868	22	4,019
Fine arts - BOE	50	-	-	-	50
Fines	3,137	200	148	-	3,189
French	13	1,158	1,013	-	158
GL Hilltop players auxiliary	155	-	-	-	155
GLHS book fines	3,689	1,208	-	-	4,897
Guidance	3,660	20,799	-	-	24,459
Highlander	8	2,347	2,327	-	28
IMC - Shipping	53	-	-	-	53
Interact	2,684	8,954	8,566	-	3,072
Interest from bank	10,835	31	-	-	10,866
Italian	1	224	-	-	225
ITS	2,284	200	-	-	2,484
Junior NAD	309	-	120	-	189
Junior States of America	1,348	11,632	12,809	-	171
Latin	595	291	161	-	725
Library group	16	-	-	-	16
Link Crew	381	634	471	-	544
Literary magazine - Myrid	1	-	-	-	1
Lobby committee	424	-	-	-	424
Subtotal	144,860	165,714	152,181	174	158,567

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

STUDENT ACTIVITY FUND  
GOVERNOR LIVINGSTON HIGH SCHOOL  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BALANCE JULY 1, 2012	CASH RECEIPTS	CASH DISBURSEMENTS	INTERFUND TRANSFERS	BALANCE JUNE 30, 2013
Subtotal carried forward	\$ 144,860	\$ 165,714	\$ 152,181	\$ 174	\$ 158,567
Miscellaneous	5,468	732	1,010	(174)	5,016
Model UN	143	50	-	-	193
Mu Alpha Theta	435	1,070	1,225	-	280
National Art Honor Society	783	3,039	2,928	-	894
National Honor Society	524	2,954	2,943	-	535
Photography club	152	-	-	-	152
Project Connect	3,676	2,650	1,457	-	4,869
PSAT	11,298	8,602	5,848	-	14,052
Republican club	112	-	-	-	112
Scholarship fund	-	2,982	2,750	-	232
School store	1,858	-	-	-	1,858
Science	178	-	-	-	178
Spanish	511	828	1,281	-	58
Spanish Honor Society	133	-	-	-	133
Student auxiliary	3,089	2,279	2,232	-	3,136
Student council	5,146	4,231	6,800	-	2,577
Student fundraisers	3,167	-	-	-	3,167
Student parking permits	-	7,110	350	-	6,760
Sunshine club	25	1,110	983	-	152
Target funds	175	-	-	-	175
Teachers fund	408	-	-	-	408
Trend	2,096	3,534	2,699	-	2,931
Values & diversity	60	-	-	-	60
World languages - BOE	2,797	2,850	3,131	-	2,516
Yearbook	22,662	23,355	9,769	-	36,248
Total	\$ 209,756	\$ 233,090	\$ 197,587	\$ -	\$ 245,259

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

PAYROLL AGENCY FUND ACCOUNT  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
FICA	\$ -	\$ 4,052,943	\$ 4,052,943	\$ -
Federal withholding tax	-	3,525,563	3,525,563	-
N.J. withholding tax	-	981,726	981,726	-
P.A. withholding tax	-	4,370	4,370	-
SUI employment	-	40,889	40,889	-
TPAF fund	139,628	1,433,659	1,407,753	165,534
TPAF back deduction	333	20,485	21,033	(215)
TPAF Contributory Life Insurance	7,323	86,424	85,959	7,788
TPAF loans	8,959	143,992	138,307	14,644
TPAF arrears	1,576	14,965	15,233	1,308
PERS fund	26,448	763,284	761,201	28,531
PERS back deduction	854	3,194	3,541	507
PERS Contributory Life Insurance	2,786	20,712	22,287	1,211
PERS loans	5,119	72,359	70,764	6,714
PERS arrears	-	-	-	-
FSA	-	56,941	56,941	-
Conn. General Life Insurance	-	190,519	190,519	-
Delta Dental Insurance	-	78,946	78,946	-
Prudential Insurance	-	1,954	1,954	-
Valic Insurance	-	271,930	271,930	-
Equitable 457(b)	25	111,301	111,326	-
Equitable 403(b)	15,884	823,602	839,486	-
Lincoln Investment (Thomas Seely T/S)	-	39,825	39,825	-
BHEA Association dues	-	310,454	310,454	-
Summer pay	449,800	500,925	449,800	500,925
Interest earned	-	42	42	-
MetLife tax shelter	-	117,136	117,136	-
County Educators Federal Credit Union	-	287,280	287,280	-
Miscellaneous	419	33,895	32,316	1,998
UNUM	-	8,446	8,446	-
Prudential disability	-	74,346	74,346	-
Employee benefits 1.5%	-	271,602	271,602	-
<b>Totals</b>	<u>\$ 659,154</u>	<u>\$14,343,709</u>	<u>\$14,273,918</u>	<u>\$ 728,945</u>

LONG – TERM DEBT

( SECTION I )

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL LONG-TERM DEBT ACCOUNT GROUP  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2012	ISSUED	RETIRED	BALANCE JUNE 30, 2013
			DATE	AMOUNT					
Alterations and renovations to all schools in the District, including furnishing, equipment and site work.	3/01/2006	\$24,614,000	3/1/13	1,050,000	4.125			\$1,050,000	
	3/1/14		3/1/14	1,100,000	4.125				
	3/1/15		3/1/15	1,150,000	4.125				
	3/1/16		3/1/16	1,200,000	4.125				
	3/1/17		3/1/17	1,250,000	4.125				
	3/1/18		3/1/18	1,300,000	4.125				
	3/1/19		3/1/19	1,350,000	4.125				
	3/1/20		3/1/20	1,425,000	4.125				
	3/1/21		3/1/21	1,475,000	4.125				
	3/1/22		3/1/22	1,550,000	4.125				
	3/1/23		3/1/23	1,600,000	4.125				
	3/1/24		3/1/24	1,600,000	4.250				
	3/1/25		3/1/25	1,600,000	4.250				
3/1/26		3/1/26	1,589,000	4.250					
						19,239,000		1,050,000	18,189,000
School Refunding Bonds, Series 2009	6/16/2009	\$ 4,005,000 (*)	8/1/12	315,000	3.50			315,000	
			8/1/13	325,000	4.00				
			8/1/14	345,000	4.50				
			8/1/15	365,000	4.50				
			8/1/16	375,000	4.00				
			8/1/17	385,000	5.00				
			8/1/18	385,000	5.00				
			8/1/19	385,000	5.00				
			8/1/20	385,000	4.00				
			8/1/21	380,000	4.00				
TOTAL						3,645,000		315,000	3,330,000
						\$22,884,000	\$	\$1,365,000	\$21,519,000

(\*) Refunding Bonds issued under Chapter 24, Title 18A.

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL LONG-TERM DEBT ACCOUNT GROUP  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PURPOSES	DATE OF LEASE	TERM OF LEASE	AMOUNT OF		INTEREST RATE	BALANCE JULY 1, 2012	ISSUED	RETIRED	BALANCE JUNE 30, 2013
			ORIGINAL LEASE	INTEREST					

NONE

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFER FUND	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
<u>Revenue:</u>					
Local sources:					
Local tax levy	\$ 1,699,596	\$ -	\$ 1,699,596	\$ 1,699,596	\$ -
State sources	618,812	-	618,812	618,812	-
Total revenue	2,318,408	-	2,318,408	2,318,408	-
<u>Expenditures:</u>					
Regular debt service:					
Interest	953,408	-	953,408	953,408	-
Redemption of principal	1,365,000	-	1,365,000	1,365,000	-
Total expenditures	2,318,408	-	2,318,408	2,318,408	-
<u>Excess (deficiency) of revenue over (under) expenditures</u>	-	-	-	-	-
<u>Other financing sources:</u>					
Excess (deficiency) of revenue and other financing sources over (under) expenditures	-	-	-	-	-
<u>Fund balances, July 1,</u>	12,109	-	12,109	12,109	-
<u>Fund balances, June 30,</u>	\$ 12,109	\$ -	\$ 12,109	\$ 12,109	\$ -
<u>Recapitulation of excess (deficiency) of revenue over (under) expenditures:</u>					
Budgeted fund balance	\$ -	\$ -	\$ -	\$ 12,109	\$ -

STATISTICAL SECTION

( Unaudited )

( SECTION J )

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCURAL BASIS OF ACCOUNTING)

	FISCAL YEAR ENDING JUNE 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GOVERNMENTAL ACTIVITIES</b>										
Invested in capital assets, net of related debt	\$53,532,998	\$53,595,204	\$26,922,069	\$32,682,304	\$35,683,316	\$38,119,841	\$39,166,864	\$39,651,236	\$40,090,474	\$40,698,362
Restricted	1,733,056	1,077,723	24,040,880	17,127,421	6,578,018	4,433,863	2,304,849	2,878,696	4,841,132	4,082,641
Unrestricted	(158,605)	(376,167)	636,123	(935,428)	(973,680)	(1,282,306)	(1,695,736)	(1,090,464)	(1,076,652)	(1,143,613)
Total governmental activities	\$55,107,449	\$54,296,760	\$51,599,072	\$49,874,297	\$41,287,654	\$41,271,398	\$39,775,977	\$41,439,468	\$43,854,954	\$43,637,390
<b>BUSINESS-TYPE ACTIVITIES</b>										
Invested in capital assets, net of related debt	\$ 7,515	\$ 5,768	\$ 4,121	\$ 2,474	\$ 827	\$ -	\$ -	\$ -	\$ -	\$ 16,929
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	5,781	7,429	8,857	12,325	20,090	(2,979)	24,648	21,161	22,411	(3,134)
Total business-type activities	\$ 13,296	\$ 13,197	\$ 12,978	\$ 14,799	\$ 20,917	\$ (2,979)	\$ 24,648	\$ 21,161	\$ 22,411	\$ 13,795
<b>DISTRICT-WIDE</b>										
Invested in capital assets, net of related debt	\$53,540,513	\$53,600,972	\$26,926,190	\$32,684,778	\$35,684,143	\$38,119,841	\$39,166,864	\$39,651,236	\$40,090,474	\$40,715,291
Restricted	1,733,056	1,077,723	24,040,880	17,127,421	6,578,018	4,433,863	2,304,849	2,878,696	4,841,132	4,082,641
Unrestricted	(152,824)	(368,738)	644,980	(923,103)	(953,590)	(1,285,285)	(1,671,088)	(1,069,303)	(1,054,241)	(1,146,747)
Total district net position	\$55,120,745	\$54,309,957	\$51,612,050	\$49,889,096	\$41,308,571	\$41,268,419	\$39,800,625	\$41,460,629	\$43,877,365	\$43,651,185

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>EXPENSES</b>										
Governmental activities:										
Instruction:										
Regular	\$ 13,725,978	\$ 13,554,246	\$ 13,895,269	\$ 16,114,016	\$ 16,074,927	\$ 16,586,718	\$ 16,488,047	\$ 15,946,715	\$ 15,956,205	\$ 16,629,090
Special education	2,509,833	2,748,832	2,887,879	2,741,118	2,415,377	2,617,193	3,127,684	3,054,708	3,383,511	3,472,750
Other special instruction	21,850	751,481	695,822	237,185	224,287	234,896	315,628	226,547	260,570	316,051
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	1,047,044	1,055,363	1,054,873	1,100,851	1,087,889	1,180,134	1,263,381	1,112,950	1,215,083	1,246,132
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Support services:										
Tuition	1,223,702	1,430,331	1,465,970	1,370,021	1,412,282	1,286,391	1,317,641	1,087,617	1,154,617	1,632,986
Student & inst. related services	3,496,632	3,555,067	3,884,257	3,999,687	4,615,553	4,638,488	4,728,218	4,638,541	4,342,265	4,884,523
School administration services	1,389,355	1,375,985	1,483,877	1,430,811	1,406,164	1,181,209	1,094,059	948,692	965,581	914,662
General & business administration services	1,322,574	1,945,743	2,006,473	2,065,234	2,223,039	2,308,024	2,337,372	2,296,054	2,405,572	2,389,370
Plant operation and maintenance	2,873,875	3,121,830	3,139,306	3,347,016	3,736,285	3,559,332	3,636,275	3,237,594	3,304,114	2,982,096
Pupil transportation	1,557,666	1,689,231	1,698,287	1,763,900	1,594,082	1,630,629	1,566,989	1,387,742	1,406,839	1,484,138
Business and other support services	6,127,672	7,198,323	7,418,774	9,349,510	9,777,661	9,263,988	10,022,900	9,849,143	10,862,356	11,720,257
Special schools	65,107	28,190	90,005	86,201	55,940	89,162	102,283	84,561	45,110	62,485
Interest on long term debt	269,413	259,879	589,552	1,248,427	1,203,622	1,156,981	1,022,623	1,030,239	987,157	934,377
Capital outlays	451,932	328,364	3,323,676	4,093,734	8,482,585	11,941	1,067,598	178,784	11,941	484,368
Unallocated depreciation	-	-	99,658	110,636	92,506	96,309	91,239	85,050	85,732	86,297
Total governmental activities expenses	36,082,633	39,042,865	43,733,678	49,058,387	54,402,209	45,841,395	48,182,637	45,164,937	46,386,673	49,240,282
Business-type activities:										
Food service	842,410	804,868	843,735	847,733	825,199	802,422	724,269	777,102	795,566	791,646
Other	842,410	804,868	843,735	847,733	825,199	802,422	724,269	777,102	795,566	791,646
Total business-type activities expenses	1,684,820	1,609,736	1,687,470	1,695,466	1,650,398	1,604,844	1,448,538	1,554,204	1,591,132	1,583,292
Total district expenses	\$ 36,925,043	\$ 39,847,733	\$ 44,577,413	\$ 49,906,080	\$ 55,227,498	\$ 46,643,817	\$ 48,906,906	\$ 45,942,039	\$ 47,182,239	\$ 50,031,928
<b>PROGRAM REVENUE</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	451,317	509,408	517,918	835,103	816,462	940,669	920,845	696,977	675,659	558,400
Total governmental activities program revenue	451,317	509,408	517,918	835,103	816,462	940,669	920,845	696,977	675,659	558,400

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCURAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Business-type activities:</b>										
Charge for services:										
Food services	719,821	761,279	791,190	786,605	740,398	778,310	751,793	773,506	796,707	782,916
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	53,111	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	772,932	761,279	791,190	786,605	740,398	778,310	751,793	773,506	796,707	782,916
program revenue										
Total district program revenue	\$ 1,224,249	\$ 1,270,687	\$ 1,309,108	\$ 1,621,708	\$ 1,556,860	\$ 1,718,979	\$ 1,672,638	\$ 1,470,483	\$ 1,472,366	\$ 1,341,316
<b>NET (EXPENSE)/REVENUE</b>										
Governmental activities	\$(35,631,316)	\$(38,533,457)	\$(43,215,760)	\$(48,223,244)	\$(53,585,747)	\$(44,900,726)	\$(47,261,792)	\$(44,467,960)	\$(45,711,014)	\$(48,681,882)
Business-type activities	(69,478)	(43,589)	(52,545)	(61,128)	(84,801)	(24,112)	27,524	(3,596)	1,141	(8,730)
Total district-wide net expense	\$(35,700,794)	\$(38,577,046)	\$(43,268,305)	\$(48,284,372)	\$(53,670,548)	\$(44,924,838)	\$(47,234,268)	\$(44,471,556)	\$(45,709,873)	\$(48,690,612)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>										
Governmental activities:										
Property taxes levied for gen. purposes, net\$	26,923,514	\$ 29,036,556	\$ 31,038,797	\$ 31,930,028	\$ 33,203,514	\$ 34,094,895	\$ 34,787,219	\$ 35,775,842	\$ 36,132,822	\$ 35,479,061
Taxes levied for debt service	483,438	483,763	483,523	1,600,133	1,388,537	1,371,046	1,595,218	1,677,496	1,627,285	1,699,596
Unrestricted grants and contributions	4,739,034	4,301,907	4,935,172	6,796,920	6,617,824	5,409,860	5,548,916	3,966,102	5,143,642	6,551,089
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Tuition received	3,708,998	3,678,091	3,481,360	3,645,036	3,905,608	3,722,118	3,573,070	4,369,523	4,647,781	4,322,566
Investment earnings	47,547	111,029	390,925	1,502,110	771,231	124,067	36,394	19,588	15,141	8,929
Miscellaneous income	214,783	154,422	259,295	86,242	202,390	162,484	225,554	322,900	559,829	403,078
Transfers	(69,400)	(43,000)	(51,000)	(62,000)	(90,000)	-	-	-	-	-
Total governmental activities	36,047,894	37,722,768	40,518,072	45,498,469	45,999,104	44,884,470	45,766,371	46,131,451	48,126,500	48,464,319
Business-type activities:										
Investment income	120	590	1,026	1,249	919	216	103	109	109	114
Transfers	69,400	43,000	51,000	62,000	90,000	-	-	-	-	-
Total business-type activities	69,520	43,590	52,026	63,249	90,919	216	103	109	109	114
Total district-wide	\$ 36,117,414	\$ 37,766,358	\$ 40,570,098	\$ 45,561,718	\$ 46,090,023	\$ 44,884,686	\$ 45,766,474	\$ 46,131,560	\$ 48,126,609	\$ 48,464,433
<b>CHANGE IN NET ASSETS</b>										
Governmental activities	\$ 416,578	\$ (810,689)	\$ (2,697,688)	\$ (2,724,775)	\$ (7,586,643)	\$ (16,256)	\$ (1,495,421)	\$ 1,663,491	\$ 2,415,486	\$ (217,563)
Business-type activities	42	1	(519)	2,121	6,118	(23,896)	27,627	(3,487)	1,250	(8,616)
Total district	\$ 416,620	\$ (810,688)	\$ (2,698,207)	\$ (2,722,654)	\$ (7,580,525)	\$ (40,152)	\$ (1,467,794)	\$ 1,660,004	\$ 2,416,736	\$ (226,179)

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

FUND BALANCE - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FISCAL YEAR ENDED JUNE 30,										
<b>GOVERNMENTAL FUND</b>										
Reserved	\$ 588,165	\$ 900,723	\$ 1,862,110	\$ 2,666,780	\$ 3,528,692	\$ 3,254,439	\$ 1,888,098	\$ 2,683,732	\$ 4,808,167	\$ 4,070,532
Unreserved	881,784	609,626	636,203	670,007	694,576	486,232	126,194	786,342	724,216	741,620
Total General Fund	\$ 1,469,949	\$ 1,510,349	\$ 2,498,313	\$ 3,336,787	\$ 4,223,268	\$ 3,740,671	\$ 2,014,292	\$ 3,470,074	\$ 5,532,383	\$ 4,812,152
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$ -	\$ 5,885	\$ 2,462,033	\$ 207,038	\$ 219,669	\$ 19,879	\$ 17,067	\$ 62,595	\$ 2,721	\$ -
Unreserved reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Capital Project Fund	1,144,891	171,115	19,713,820	14,048,606	2,829,626	1,159,545	343,259	75,944	-	-
Debt Service Fund	-	-	2,837	205,000	1	-	56,425	56,425	12,109	12,109
Permanent Fund	-	-	-	-	-	-	-	-	-	-
Total all other Governmental Funds	\$ 1,144,891	\$ 177,000	\$ 22,178,690	\$ 14,460,644	\$ 3,049,296	\$ 1,179,424	\$ 416,751	\$ 194,964	\$ 14,830	\$ 12,109

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
LAST TEN (10) FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR ENDED JUNE 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES</b>										
Tax levy	\$27,406,952	\$29,520,319	\$31,522,320	\$33,530,161	\$34,592,051	\$35,590,058	\$36,382,437	\$37,453,338	\$37,760,107	\$37,178,657
Tuition charges	3,708,998	3,678,091	3,481,360	3,645,036	3,905,608	3,722,118	3,996,962	4,369,523	4,647,781	4,322,566
Interest earnings	47,547	111,029	390,925	1,502,110	771,231	124,067	36,394	19,588	15,141	8,929
Miscellaneous	214,783	154,422	256,458	86,242	202,390	162,484	190,379	253,900	547,720	403,578
State sources	4,739,014	4,301,907	4,908,986	6,825,239	6,613,752	5,437,528	5,553,567	3,926,450	5,138,478	6,554,820
Federal sources	451,317	509,408	524,104	806,784	820,534	913,001	916,194	736,629	680,823	554,169
Total revenues	36,568,611	38,275,176	41,084,153	46,395,572	46,905,566	45,949,256	47,075,933	46,759,428	48,790,050	49,022,719
<b>EXPENDITURES</b>										
Instruction										
Regular instruction	12,935,619	13,034,367	13,673,203	14,476,169	14,889,853	15,389,667	15,518,734	14,874,235	14,961,546	15,461,275
Special education instruction	2,380,532	2,614,442	2,752,407	2,590,724	2,289,378	2,486,272	3,002,703	2,939,092	3,266,969	3,354,488
Other special instruction	21,850	256,385	229,161	225,084	214,157	224,362	305,572	217,245	251,193	306,536
Other instruction	993,568	1,004,023	1,005,044	1,045,534	1,041,581	1,131,979	1,217,411	1,070,425	1,172,217	1,202,633
Support services:										
Tuition	1,223,702	1,430,331	1,465,970	1,370,021	1,412,282	1,286,391	1,317,641	1,087,617	1,154,617	1,632,986
Student & inst. related serv.	3,240,875	3,317,137	3,599,628	3,793,831	4,404,749	4,412,533	4,445,494	4,377,890	4,122,911	4,661,942
General administration	1,318,396	1,308,035	1,413,805	1,353,021	1,341,043	1,113,491	1,029,414	888,891	905,301	853,492
School administrative services	1,255,026	1,910,399	1,911,487	1,959,786	2,134,764	2,216,229	2,249,742	2,214,990	2,323,859	2,306,451
Plant operations & maintenance	2,789,435	2,969,320	3,072,828	3,267,115	3,594,467	3,411,858	3,495,492	3,107,360	3,172,837	3,065,862
Pupil transportation	1,493,263	1,630,748	1,664,486	1,763,611	1,577,293	1,604,365	1,559,339	1,374,941	1,383,194	1,410,734
Other support services	36,448	37,220	32,561	35,419	-	-	-	-	-	-
Employee benefits	6,091,224	7,159,593	7,384,656	9,312,362	9,777,661	9,263,988	10,022,900	9,849,143	10,862,356	11,720,257
Capital outlay	1,256,901	1,988,418	4,499,811	9,873,596	11,498,907	2,300,586	1,688,709	454,961	307,144	850,576
Special schools	65,107	26,680	86,891	82,744	53,046	86,152	99,410	81,903	42,451	59,766
Special revenue funds	479,955	548,806	562,875	835,103	816,463	940,669	920,845	696,977	675,659	558,400
Debt service:										
Principal	210,000	220,000	230,000	1,040,000	1,075,000	1,135,000	1,260,000	1,304,000	1,295,000	1,365,000
Interest	273,438	263,763	253,523	1,264,027	1,219,757	1,173,296	1,042,862	1,054,763	1,004,595	953,408
Total expenditures	36,065,339	39,719,667	43,838,336	54,288,147	57,340,400	48,177,638	49,176,268	45,594,433	46,901,849	49,763,806
Excess (deficiency) of revenues over (under) expenditures	503,272	(1,444,491)	(2,754,183)	(7,892,575)	(10,434,834)	(2,228,382)	(2,100,335)	1,164,995	1,888,201	(741,087)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from borrowing	-	-	24,614,000	-	-	-	-	-	-	-
Proceeds from refunding bond	-	-	-	-	-	-	38,575	69,000	12,109	-
Accrued interest on bond issue	-	-	2,837	-	-	-	-	-	-	-
Capital leases (non-budgeted)	950,000	560,000	1,178,000	1,075,000	-	-	-	-	-	-
Uncollected state aid	-	-	-	-	-	-	-	-	-	-
Refund of prior years rev. rcvtd.	-	-	-	-	-	(124,117)	(423,892)	-	-	-
Transfers in	-	-	-	-	-	-	(3,400)	-	-	-
Transfers out (Enterprise Fund)	(69,400)	(43,000)	(51,000)	(62,000)	(90,000)	-	-	-	-	-
Total other financing sources (uses)	880,600	517,000	25,743,837	1,013,000	(90,000)	(124,117)	(388,717)	69,000	12,109	-
Net changes in fund balances	\$ 1,383,872	\$ (927,491)	\$22,989,654	\$ (6,879,575)	\$ (10,524,834)	\$ (2,352,499)	\$ (2,489,052)	\$ 1,233,995	\$ 1,900,310	\$ (741,087)
Debt service as a percentage of noncapital expenditures	0.60%	0.58%	0.58%	5.19%	5.01%	5.03%	4.85%	5.23%	4.94%	4.74%

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

<u>FISCAL</u> <u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>TUITION</u>	<u>INTEREST</u> <u>ON</u> <u>INVESTMENTS</u>	<u>RENTALS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2004	\$ 3,708,998	\$ 47,547	\$ 23,328	\$ 191,455	\$ 3,971,328
2005	\$ 3,678,091	\$ 111,029	\$ 24,098	\$ 130,324	\$ 3,943,542
2006	\$ 3,481,360	\$ 390,935	\$ 34,552	\$ 176,949	\$ 4,083,796
2007	\$ 3,645,036	\$ 1,502,210	\$ 26,364	\$ 59,878	\$ 5,233,488
2008	\$ 3,905,608	\$ 771,231	\$ 30,457	\$ 171,933	\$ 4,879,229
2009	\$ 3,722,118	\$ 124,067	\$ 34,078	\$ 128,406	\$ 4,008,669
2010	\$ 3,996,962	\$ 36,394	\$ 28,558	\$ 161,821	\$ 4,223,735
2011	\$ 4,369,523	\$ 19,588	\$ 38,438	\$ 215,462	\$ 4,643,011
2012	\$ 4,647,781	\$ 12,370	\$ 38,205	\$ 506,832	\$ 5,205,188
2013	\$ 4,322,566	\$ 5,671	\$ 52,267	\$ 350,811	\$ 4,731,315

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

FISCAL YEAR ENDING JUNE 30	VACANT LAND	RESIDENTIAL	FARM REG	Q FARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED ACTUAL EQUALIZED VALUE	TOTAL SCHOOL DISTRICT TAX RATE
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1,862,813,920	-	N/A	\$1,862,813,920	\$2,596,043,192	1.510
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1,837,988,047	-	N/A	\$1,837,988,047	\$2,768,948,303	1.631
2006	\$27,199,400	\$1,309,438,100	N/A	\$420	\$280,444,400	\$198,401,200	\$5,934,500	\$1,821,418,020	N/A	N/A	\$1,821,418,020	\$3,168,234,510	1.752
2007	\$24,938,000	\$1,323,139,300	N/A	\$420	\$279,462,800	\$190,184,000	\$5,934,500	\$1,823,659,020	N/A	N/A	\$1,823,659,020	\$3,258,279,471	1.833
2008	\$30,119,200	\$1,334,493,700	N/A	\$420	\$275,994,900	\$189,657,000	\$5,934,500	\$1,836,199,720	N/A	N/A	\$1,836,199,720	\$3,451,503,233	1.910
2009	\$30,713,200	\$1,345,388,900	N/A	\$420	\$278,417,500	\$201,733,100	\$5,560,000	\$1,861,813,120	N/A	N/A	\$1,861,813,120	\$3,476,775,201	1.932
2010	\$23,614,000	\$1,349,614,800	N/A	\$420	\$434,694,900	\$39,497,300	\$5,560,000	\$1,852,981,420	N/A	N/A	\$1,852,981,420	\$3,437,813,395	1.991
2011	\$22,897,700	\$1,349,437,300	N/A	\$420	\$362,566,100	\$39,438,250	\$5,560,000	\$1,779,899,770	N/A	N/A	\$1,779,899,770	\$3,379,342,643	2.112
2012	\$21,960,200	\$1,351,388,000	N/A	\$420	\$360,148,400	\$38,760,950	\$5,560,000	\$1,777,817,970	N/A	N/A	\$1,777,817,970	\$3,264,447,246	2.107
2013	\$22,412,600	\$1,351,716,000	N/A	\$420	\$358,555,600	\$38,468,950	\$5,400,000	\$1,776,553,570	N/A	N/A	\$1,776,553,870	\$3,184,358,971	2.111

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(RATE PER \$100 OF ASSESSED VALUE)

<u>FISCAL</u> <u>YEAR END</u> <u>JUNE 30,</u>	<u>BERKELEY HEIGHTS</u> <u>SCHOOL DISTRICT</u>			<u>OVERLAPPING RATES</u>		<u>TOTAL</u> <u>DIRECT AND</u> <u>OVERLAPPING</u> <u>TAX RATE</u>
	<u>BASIC</u> <u>RATE</u>	<u>GENERAL</u> <u>OBLIGATION</u> <u>DEBT SERVICE</u>	<u>TOTAL</u> <u>DIRECT</u> <u>SCHOOL</u> <u>TAX RATE</u>	<u>BERKELEY</u> <u>HEIGHTS</u> <u>TOWNSHIP</u>	<u>UNION</u> <u>COUNTY</u>	
2004	1.510	0.017	1.527	0.450	0.561	2.538
2005	1.631	0.027	1.658	0.487	0.572	2.717
2006	1.752	0.057	1.809	0.525	0.624	2.958
2007	1.821	0.012	1.833	0.540	0.632	3.005
2008	1.832	0.078	1.910	0.540	0.653	3.103
2009	1.847	0.085	1.932	0.555	0.665	3.152
2010	1.947	0.044	1.991	0.605	0.721	3.317
2011	2.024	0.088	2.112	0.654	0.819	3.585
2012	2.060	0.047	2.107	0.667	0.839	3.613
2013	2.026	0.085	2.111	0.685	0.905	3.701

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO

2013

2004

	2013		2004		% OF TOTAL DIRECT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK	TAXABLE ASSESSED VALUE	RANK	
Alcatel-Lucent	\$ 95,000,000	1	\$160,800,000	1	8.66%
The Connell Company	37,500,000	2	71,631,400	2	3.86%
Diamond Hill Joint Venture	33,101,000	3	12,500,000	6	0.67%
430 Mountain Avenue	32,496,800	4			
The Connell Corporate Center	26,400,000	5	65,410,500	3	3.52%
Connell Company	20,200,000	6			
Connell East	18,518,000	7	52,062,100	4	2.80%
The Connell Company LTF	15,801,000	8			
Berkeley Development, LP	9,000,000	9	11,831,100	7	0.64%
Free Acres Assoc.	7,490,000	10			
Lockhern Associates, LLC	-		8,311,700	8	0.45%
Transwestern Mt. Hts., LLC	-		44,596,500	5	2.40%
Oakite Products Inc.	-		5,312,000	10	0.29%
Computer Science Corp.	-		5,626,400	9	0.30%
Total	\$295,506,800		\$438,081,700		23.59%

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	<u>TAXES LEVIED</u> <u>FOR THE YEAR</u>	<u>COLLECTED</u> <u>FOR THE YEAR</u>	<u>PERCENTAGE</u> <u>OF LEVY</u>	<u>COLLECTION IN</u> <u>SUBSEQUENT</u> <u>YEARS</u>
2003	\$ 45,460,405	\$ 45,217,967	99.47%	N/A
2004	\$ 47,527,814	\$ 47,363,770	99.65%	N/A
2005	\$ 50,051,219	\$ 49,767,954	99.43%	N/A
2006	\$ 54,341,456	\$ 53,822,377	98.79%	N/A
2007	\$ 54,821,462	\$ 54,465,475	99.03%	N/A
2008	\$ 57,332,514	\$ 56,913,052	98.94%	N/A
2009	\$ 59,547,627	\$ 58,846,123	98.82%	N/A
2010	\$ 61,672,932	\$ 60,962,180	98.84%	N/A
2011	\$ 63,974,131	\$ 63,190,908	98.78%	N/A
2012	\$ 64,360,285	\$ 63,419,932	98.50%	N/A

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

FISCAL YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES				BOND		BUSINESS TYPE ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	CAPITAL LEASES	ANTICIPATION NOTES	CAPITAL LEASES	CAPITAL LEASES				
2004	\$ 5,829,000	-	\$ 2,173,756	-	-	-	-	\$ 8,002,756	1.378%	589.52	
2005	\$ 5,609,000	-	\$ 2,074,257	-	-	-	-	\$ 7,683,257	1.287%	572.44	
2006	\$29,993,000	-	\$ 2,119,057	-	-	-	-	\$32,112,057	5.000%	2,393.42	
2007	\$28,953,000	-	\$ 2,055,625	-	-	-	-	\$31,008,625	4.528%	2,327.80	
2008	\$27,878,000	-	\$ 1,425,788	-	-	-	-	\$29,303,788	4.251%	2,202.80	
2009	\$26,743,000	-	\$ 925,184	-	-	-	-	\$27,668,184	4.251%	2,059.26	
2010	\$25,483,000	-	\$ 480,777	-	-	-	-	\$25,963,777	4.251%	1,980.91	
2011	\$24,179,000	-	\$ 244,936	-	-	-	-	\$24,423,936	3.666%	1,849.32	
2012	\$22,884,000	-	-	-	-	-	-	\$22,884,000	3.333%	1,710.57	
2013	\$21,519,000	-	-	-	-	-	-	\$21,519,000	N/A	N/A	

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u> <u>ENDING JUNE 30,</u>	<u>GENERAL</u> <u>OBLIGATION</u> <u>BONDS</u>	<u>DEDUCTIONS</u>	<u>NET GENERAL</u> <u>BONDED DEBT</u> <u>OUTSTANDING</u>	<u>PERCENTAGE OF</u> <u>ACTUAL TAXABLE</u> <u>VALUE OF</u> <u>PROPERTY</u>	<u>PER</u> <u>CAPITA</u>
2004	\$ 5,829,000		\$ 5,829,000	0.313%	\$ 429
2005	\$ 5,609,000		\$ 5,609,000	0.305%	\$ 414
2006	\$29,993,000		\$29,993,000	1.647%	\$2,255
2007	\$28,953,000		\$28,953,000	1.588%	\$2,182
2008	\$27,878,000		\$27,878,000	1.518%	\$2,096
2009	\$26,743,000		\$26,743,000	1.436%	\$1,990
2010	\$25,483,000		\$25,483,000	1.375%	\$1,930
2011	\$24,179,000		\$24,179,000	1.358%	\$1,824
2012	\$22,884,000		\$22,884,000	1.287%	\$1,711
2013	\$21,519,000		\$21,519,000	1.211%	N/A

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2013

GOVERNMENTAL UNIT	<u>DEBT</u> <u>OUTSTANDING</u>	<u>ESTIMATED</u> <u>PERCENTAGE</u> <u>APPLICABLE</u>	<u>ESTIMATED</u> <u>SHARE OF</u> <u>OVERLAPPING</u> <u>DEBT</u>
Debt repaid with property taxes			
Berkeley Heights Township	\$ 17,404,980	100.00%	\$ 17,990,148
Union County	548,231,133	4.91%	26,929,973
Other debt (none)			-
Subtotal overlapping debt			44,920,121
Berkeley Heights Board of Education direct debt			<u>21,519,000</u>
Total direct and overlapping debt			<u>\$ 66,439,121</u>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2013  
EQUALIZED VALUATION BASIS

2013	\$ 3,184,358,971
2012	3,264,447,246
2011	<u>3,379,342,643</u>
	<u>\$ 9,828,148,860</u>
Average equalized valuation of taxable property	<u>\$ 3,276,049,620</u>
Debt limit (4% X \$3,276,049,620)	131,041,985
Total debt applicable to limit	<u>21,519,000</u>
Legal debt margin	<u>\$ 109,522,985</u>

	<u>DEBT LIMIT</u>	<u>TOTAL DEBT APPLICABLE TO LIMIT</u>	<u>LEGAL DEBT MARGIN</u>	<u>PERCENTAGE OF DEBT LIMIT</u>
2004	\$ 96,879,405	\$ 5,829,000	\$ 91,050,405	6.017%
2005	\$103,131,522	\$ 5,609,000	\$ 97,522,522	5.439%
2006	\$113,766,347	\$29,993,000	\$ 83,773,347	26.364%
2007	\$122,606,164	\$28,953,000	\$ 93,653,164	23.615%
2008	\$131,706,896	\$27,878,000	\$103,828,896	21.167%
2009	\$135,820,772	\$26,743,000	\$109,077,772	19.690%
2010	\$138,214,558	\$25,483,000	\$112,731,558	18.437%
2011	\$137,252,417	\$24,179,000	\$113,073,417	17.616%
2012	\$134,421,377	\$22,884,000	\$111,537,377	17.024%
2013	\$131,041,985	\$21,519,000	\$109,522,985	16.421%

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>UNEMPLOYMENT RATE</u>
2003	13,495	\$562,215,195	\$ 41,661	2.8%
2004	13,435	\$578,309,575	\$ 43,045	2.2%
2005	13,367	\$595,981,062	\$ 44,586	2.1%
2006	13,354	\$655,173,948	\$ 49,062	2.2%
2007	13,321	\$680,090,334	\$ 51,054	2.0%
2008	13,303	\$685,623,317	\$ 51,539	2.6%
2009	13,436	\$658,901,440	\$ 49,040	4.6%
2010	13,207	\$666,266,736	\$ 50,448	4.7%
2011	13,254	\$687,352,440	\$ 51,860	4.7%
2012	13,378	N/A	N/A	4.7%

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO

	2013			2004		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT
Alcatel-Lucent	N/A	N/A	N/A	N/A	N/A	N/A
Berkeley Heights Board of Education	N/A	N/A	N/A	N/A	N/A	N/A
Berkeley Heights Convalescent	N/A	N/A	N/A	N/A	N/A	N/A
Berkeley Heights Township	N/A	N/A	N/A	N/A	N/A	N/A
Connell Company	N/A	N/A	N/A	N/A	N/A	N/A
EGL Co., Inc.	N/A	N/A	N/A	N/A	N/A	N/A
REHEIS, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Runnells Specialized Hospital	N/A	N/A	N/A	N/A	N/A	N/A
Summit Medical Group	N/A	N/A	N/A	N/A	N/A	N/A

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction	185	194	196	198	199	200	202	198	200	201
Regular	25	24	22	23	25	24	24	23	23	24
Special education	20	20	20	21	21	22	23	22	22	23
Other special education	3	3	3	3	3	3	3	3	3	3
Vocational	0	0	0	0	0	0	0	0	0	0
Other instruction	0	0	0	0	0	0	0	0	0	0
Nonpublic school programs	0	0	0	0	0	0	0	0	0	0
Adult/continuing education	0	0	0	0	0	0	0	0	0	0
Support services	23	25	25	25	27	27	27	27	27	27
Student & instruction related services	3	3	3	3	3	3	3	3	3	3
General administration	9	9	9	9	9	9	9	9	9	9
School administrative services	7	7	7	7	7	7	7	6	6	7
Other administrative services	5	5	5	5	5	5	5	5	5	5
Central services	4	4	4	4	4	4	4	4	4	4
Administrative information technology	33	33	33	32	32	32	32	31	31	32
Plant operations and maintenance	6	6	6	6	6	6	6	5	6	6
Pupil transportation	53	54	55	57	57	57	57	55	57	59
Other support services	0	0	0	0	0	0	0	0	0	0
Special schools	25	25	25	24	24	24	24	24	16	15
Food service	0	0	0	0	0	0	1	0	0	0
Child care	0	0	0	0	0	0	0	0	0	0
Total	401	412	413	417	422	423	427	415	412	418

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

PUPIL/TEACHER RATIO

FISCAL YEAR ENDING JUNE 30,	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT	AVERAGE DAILY ATTENDANCE	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY SCHOOL	MIDDLE SCHOOL	SENIOR HIGH SCHOOL				
2004	2,834	\$34,325,000	\$12,112	0.43%	275	14	12	11	2746.2	2638.3	(0.36)%	96.1%
2005	2,848	\$37,247,486	\$13,078	7.98%	285	14	12	11	2792.5	2686.3	1.69%	96.2%
2006	2,855	\$38,858,002	\$13,611	4.07%	285	14	12	11	2808.7	2698.3	0.58%	96.1%
2007	2,878	\$42,110,524	\$14,632	7.50%	288	14	12	11	2843.1	2728.8	1.22%	96.0%
2008	2,832	\$43,546,736	\$15,377	5.09%	290	14	12	11	2825.4	2717.4	(0.62)%	96.2%
2009	2,865	\$43,567,956	\$15,207	(1.10)%	290	14	12	11	2832.0	2716.9	0.23%	95.9%
2010	2,848	\$45,046,872	\$15,817	4.01%	293	14	12	11	2854.1	2711.0	0.78%	95.0%
2011	2,821	\$42,729,949	\$15,147	(4.24)%	286	14	12	11	2814.7	2655.6	(1.38)%	94.3%
2012	2,802	\$44,295,110	\$15,808	4.37%	288	14	12	11	2797.5	2650.5	(0.61)%	94.7%
2013	2,728	\$46,594,400	\$17,080	8.04%	291	14	12	11	2724.9	2594.4	(2.60)%	95.2%

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Elementary</u>										
<u>Mary Kay McMillin School (1961)</u>										
Square feet	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137
Capacity	332	332	332	332	332	332	332	332	332	332
Enrollment	413	419	429	442	396	398	378	345	375	345
<u>Hughes School (1953)</u>										
Square feet	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600
Capacity	278	278	278	278	278	278	278	278	278	278
Enrollment	292	299	292	294	311	318	314	313	272	270
<u>Mountain Park (1958)</u>										
Square feet	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092
Capacity	278	278	278	278	278	278	278	278	278	278
Enrollment	273	283	291	291	286	270	284	262	253	259
<u>Woodruff School (1961)</u>										
Square feet	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820
Capacity	235	235	235	235	235	235	235	235	235	235
Enrollment	241	229	210	212	219	229	233	258	228	227
<u>Middle School</u>										
<u>Columbia (1929)</u>										
Square feet	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610
Capacity	665	665	665	665	665	665	665	665	665	665
Enrollment	579	610	612	616	621	625	597	605	626	617
<u>High School</u>										
<u>Governor Livingston (1960)</u>										
Square feet	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983
Capacity	903	903	903	903	903	903	903	903	903	903
Enrollment	954	969	1,021	1,023	999	1,025	1,042	1,038	1,048	1,010
<b>Total Enrollment</b>	<b>2,752</b>	<b>2,809</b>	<b>2,855</b>	<b>2,878</b>	<b>2,832</b>	<b>2,865</b>	<b>2,848</b>	<b>2,821</b>	<b>2,802</b>	<b>2,728</b>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS ENDING JUNE 30

Undistributed expenditures - Required  
Maintenance for School Facilities  
11-000-261-XXX

SCHOOL FACILITIES	GROSS SQ. FOOT	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governor Livingston High School	186,953	\$ 159,025	\$ 171,993	\$ 173,411	\$ 181,881	\$ 292,947	\$ 334,937	\$ 281,156	\$ 294,599	\$ 299,713	\$ 339,055
T.P. Hughes Elementary School	33,600	28,576	30,906	31,161	32,683	52,641	61,069	50,523	63,171	76,864	75,840
Columbia Middle School	109,610	93,221	100,823	101,654	106,620	171,726	212,346	164,815	167,681	211,622	215,719
Mary Kay McMillin School	40,147	34,136	36,919	37,224	39,042	62,883	67,427	60,352	79,914	76,414	56,349
Mountain Park Elementary School	43,092	36,649	39,637	39,964	41,916	67,512	61,981	64,795	64,508	93,638	75,950
Woodruff Elementary School	38,820	33,016	35,708	36,003	37,761	60,819	71,031	58,372	56,748	77,897	93,509
		384,623	415,986	419,417	439,903	708,528	808,791	680,013	726,621	836,148	856,422
<u>OTHER FACILITIES</u>		-	-	-	-	-	-	-	-	-	-
Total		\$ 384,623	\$ 415,986	\$ 419,417	\$ 439,903	\$ 708,528	\$ 808,791	\$ 680,013	\$ 726,621	\$ 836,148	\$ 856,422

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

Page No. 126  
EXHIBIT J-20

INSURANCE SCHEDULE  
JUNE 30, 2013

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy - Selective Way Ins. Co.		
Property - Blanket Building & Contents (Replacement Cost)	\$ Unlimited	\$ 1,000
Commercial General Liability	\$ 2,000,000	\$ 1,000
Comprehensive Employee Benefits Liability	\$ 2,000,000	\$ 1,000
Comprehensive Personal Injury	\$ 1,000,000	\$ 1,000
Valuable Papers	\$ 100,000	\$ 250
Building Ordinance Coverage	\$ 500,000	
Personal Effects & Property Other	\$ 25,000	
Abuse or Molestation	\$ 2,000,000	
Damage to Premises Rented	\$ 100,000	
Medical Expense	\$ 5,000	
Earthquake & Broad Form Flood	\$ 1,000,000	\$ 25,000
Contractors Equipment	\$ 230,000	\$ 500
Data	\$ 50,000	\$ 500
Umbrella Liability - Selective Way Ins. Co.		
Umbrella Policy	\$ 10,000,000	
School Board Legal Liability		
Selective Way Insurance Co.		
Directors & Officers Policy	\$ 1,000,000	\$ 5,000
Crime Policy - Employee Blanket		
Selective Way Ins. Co.	\$ 100,000	\$ 1,000
Position Bond - Selective Way Ins. Co.		
Donna Felezzola	\$ 300,000	
Harold Kessler	\$ 300,000	
Automobile Liability - Selective Way Ins. Co.		
Liability	\$ 1,000,000	
Athletic Accident Insurance - National Union Fire Ins. Co.		
Accident Medical Benefit	\$ 6,000,000	
Catastrophe Disability	\$ 1,000,000	
Excess Umbrella Liability - Fireman's Fund Ins. Co.		
Umbrella Policy	\$ 50,000,000	
Workers Compensation		
Pooled Insurance Program of New Jersey	Statutory	

SINGLE AUDIT SECTION

( SECTION K )

**NOKE AND HEARD, L.L.P.**

*Certified Public Accountants*

469 MORRIS AVENUE  
SUMMIT, N.J. 07901-1564

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of The Board of Education  
Township of Berkeley Heights  
County of Union, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Board of Education of the Township of Berkeley Heights School District, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise The Board of Education of the Township of Berkeley Heights School District's basic financial statements, and have issued our report thereon dated November 14, 2013.

**Internal Control Over Financial Reporting**

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

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

**Internal Control Over Financial Reporting (Continued)**

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



DONALD C. HEARD  
Certified Public Accountant  
Licensed Public School Accountant  
No. 20CS00118000  
NOKE AND HEARD, L.L.P.

November 14, 2013

**NOKE AND HEARD, L.L.P.**

*Certified Public Accountants*

469 MORRIS AVENUE  
SUMMIT, N.J. 07901-1564

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND  
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133  
AND NEW JERSEY OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of The Board of Education  
Township of Berkeley Heights School District  
County of Union, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited The Board of Education of the Township of Berkeley Heights School District's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of The Township of Berkeley Heights Board of Education's major federal and state programs for the year ended June 30, 2013. The Township of Berkeley Heights Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of The Township of Berkeley Heights Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and *New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and *OMB Circular A-133* and *New Jersey OMB's Circular 04-04*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about The Township of Berkeley Heights Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**Auditor's Responsibility (Continued)**

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of The Township of Berkeley Heights Board of Education's compliance.

**Opinion on Each Major Federal and State Program**

In our opinion, The Board of Education of The Township of Berkeley Heights School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

**Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**Report on Internal Control Over Compliance**

Management of The Board of Education of the Township of Berkeley Heights School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit compliance, we considered The Board of Education of the Township of Berkeley Heights School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Board of Education of the Township of Berkeley Heights School District's internal control over compliance.

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

**Report on Internal Control Over Compliance (Continued)**

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133* and *New Jersey OMB's Circular 04-04*. Accordingly, this report is not suitable for another purpose.

**Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04**

We have audited the financial statements of The Township of Berkeley Heights Board of Education as of and for the year ended June 30, 2013, and have issued our report thereon dated November 14, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and *New Jersey OMB's Circular 04-04* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

  
DONALD C. HEARD  
Certified Public Accountant  
Licensed Public School Accountant  
No. 20CS00118000  
NOKE AND HEARD, L.L.P.

November 14, 2013

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SCHEDULE A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2012	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCE	BALANCE AT JUNE 30, 2013	
										ACCOUNTS RECEIVABLE	DEFERRED REVENUE
<u>SPECIAL REVENUE FUND</u>											
84.027	IDEA031013	490,585	9/1/12-8/31/13	\$ -	\$ -	\$ 454,424	\$ 490,585	\$ 1	\$ -	\$ 36,160	\$ -
84.027	IDEA031013	13,918	9/1/12-8/31/13	-	-	13,918	13,918	-	-	-	-
84.367A	NCLB031013	34,109	9/1/12-8/31/13	-	-	34,109	34,109	-	-	-	-
84.365A	NCLB031013	15,557	9/1/12-8/31/13	-	-	6,453	15,557	-	-	9,104	-
Total Special Revenue Fund										45,264	-
<u>U.S. DEPARTMENT OF AGRICULTURE</u>											
<u>ENTERPRISE FUND</u>											
Food distribution program											
National school lunch program											
Total Enterprise Fund										-	-
Total Federal Assistance										\$ 45,264	\$ -

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

SCHEDULE B

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2012 DEFERRED REV. (ACCS. REC.)	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENTS PRIOR YRS BAL	BALANCE AT JUNE 30, 2013	
									(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE, INTERFUND PAYABLE
<b>STATE DEPARTMENT OF EDUCATION</b>										
<b>GENERAL FUND</b>										
Special Education Aid	13-495-034-5120-012	\$ 974,153	7/1/12-6/30/13	\$ -	\$ -	\$ 886,400	\$ 974,153	\$ -	\$ (87,753)	\$ -
Special Education Aid	12-495-034-5120-012	81,317	7/1/11-6/30/12	(81,317)	-	81,317	-	-	-	-
Transportation Aid	13-495-034-5120-014	114,303	7/1/12-6/30/13	-	-	102,039	114,303	-	(12,264)	-
Security Aid	13-495-034-5120-084	34,714	7/1/12-6/30/13	-	-	30,410	34,714	-	(4,304)	-
Extraordinary Aid	13-495-034-5120-044	307,305	7/1/12-6/30/13	-	-	211,543	-	-	(307,305)	-
Extraordinary Aid	12-495-034-5120-044	-	7/1/11-6/30/12	(211,543)	-	-	-	-	-	-
Non-Public School Trans. Cost	13-495-034-5120-XXX	25,404	7/1/12-6/30/13	-	-	-	-	-	(25,404)	-
Non-Public School Trans. Cost	12-495-034-5120-XXX	33,408	7/1/11-6/30/12	(33,408)	-	33,408	-	-	-	-
Reimbursed TPAF Social Sec. Contr.	13-495-034-5095-002	1,613,642	7/1/11-6/30/13	(78,043)	-	1,613,642	1,617,570	-	(81,971)	-
On-Behalf TPAF Pension Contr.	13-495-034-5095-006	2,972,312	7/1/12-6/30/13	-	-	2,972,312	2,972,312	-	-	-
Total General Fund		(404,311)				5,931,071	5,713,052		(519,001)	(332,709)
<b>NON-PUBLIC SCHOOL</b>										
Textbook Aid	13-100-034-5120-064	423	7/1/12-6/30/13	-	-	423	423	-	-	-
Technology aid	13-100-034-5120-373	156	7/1/12-6/30/13	-	-	156	-	-	-	156
Nursing Aid	12-100-034-5120-070	587	7/1/12-6/30/13	-	-	587	587	-	-	-
Total Non-Public School						1,166	1,010			156
<b>DEBT SERVICE FUND</b>										
Debt Service Aid	12-495-034-5120-017	618,815	7/1/12-6/30/13	-	-	618,812	618,812	-	-	-
Total State Assistance				(404,311)		\$ 5,551,049	\$ 6,332,874		\$(519,001)	\$(332,709)

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2013

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Berkeley Heights School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These basis' of accounting are described in Notes 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2013

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$-0- for the General Fund and \$-0- for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>FEDERAL</u>	<u>STATE</u>	<u>TOTAL</u>
General Fund	\$ -	\$ 5,713,052	\$ 5,713,052
Special Revenue Fund	554,169	1,010	555,179
Debt Service Fund	-	618,812	618,812
Food Service Fund	-	-	-
Total Awards Financial Assistance	<u>\$ 554,169</u>	<u>\$ 6,332,874</u>	<u>\$ 6,887,043</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

There are no loans outstanding at June 30, 2013.

NOTE 6: OTHER

There were no revenues and expenditures under the Food Distribution Program during the current year. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the District:

IDEIA - Basic	\$ 490,585
IDEIA - Preschool	13,918
Title II	34,109
Title III	15,557
Total	<u>\$ 554,169</u>

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- 2) Significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes  X  No

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- 2) Significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? \_\_\_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA - PART B - BASIC

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results (cont'd)

State Awards

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

\$300,000

Auditee qualified as low-risk auditee?        X   Yes             No

Internal control over major programs:

1) Material weakness(es) identified?             Yes        X   No

2) Significant deficiencies identified  
that are not considered to be  
material weaknesses?             Yes        X   None reported

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

Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with *NJOMB*  
*Circular Letter 04-04*

       Yes        X   No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
13-495-034-5120-012	Categorical Special Education Aid
13-495-034-5120-044	Extraordinary Aid
13-495-034-5120-017	Debt Service Aid
13-495-034-5095-002	Reimb. TPAF Soc. Sec. Contribution
13-495-034-5095-006	Reimb. On Behalf TPAF Pension Contribution

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

Section II - Financial Statement Findings

Finding 2013-1:

Our audit of the General Fund revealed that certain employees Form I-9 were either missing or not completed properly by employer.

Criteria or specific requirement:

Federal employee requirement.

Condition

The District is not securing Form I-9 for every employee or the forms secured were not complete.

Context:

Employer is required to review each Form I-9 for completeness.

Effect:

The District is not in compliance with Federal Law.

Cause:

Unknown.

Recommendation:

It is recommended that the District secure Form I-9 from all employees and that the submitted forms be reviewed for completeness.

Views of responsible officials and planned corrective actions:

Management has reviewed this finding and has indicated they will review and revise their procedures to ensure corrective action is taken.

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

FEDERAL AWARDS

Finding: None

STATE AWARDS:

Finding: None

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (2012)  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

STATUS OF PRIOR YEAR FINDINGS

No matters were reported.