

NORTH BERGEN BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

North Bergen, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

North Bergen Board of Education

North Bergen, New Jersey

For The Fiscal Year Ended June 30, 2014

Prepared by

Business Office

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INTRODUCTORY SECTION



NORTH BERGEN BOARD OF EDUCATION

7317 Kennedy Boulevard, North Bergen, New Jersey 07047 • (201) 868-1000

JULIO MARENCO
PRESIDENT

MAURENA LUZZI
VICE PRESIDENT

HUGO D. CABRERA
BOARD SECRETARY

GEORGE J. SOLTER, Jr., Ed.D.
SUPERINTENDENT

NICHOLAS J. SACCO
DIRECTOR OF ELEMENTARY
AND SECONDARY EDUCATION

STEVEN P. SOMICK
BUSINESS ADMINISTRATOR

December 3, 2014

Honorable President and Members
of the Board of Education
North Bergen, New Jersey

The New Jersey Department of Education statutes require that all school districts publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (the "CAFR") of the North Bergen Board of Education for the fiscal year ended June 30, 2014.

The report consists of management's representations concerning the finances of the North Bergen Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the North Bergen Board of Education has established a comprehensive internal control framework that is designed both to protect the Board's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the North Bergen Board of Education's financials statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the North Bergen Board of Education's comprehensive framework or internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The North Bergen Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Board for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the North Bergen Board of Education's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the North Bergen Board of Education as part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grant agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the Board's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. North Bergen Board of Education's MD&A can be found immediately following the report of the independent auditors.

The North Bergen 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 and vocational, as well as special education for handicapped students. The District completed the 2013/2014 fiscal year with an enrollment of 8,048 students, which is 20 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2013-2014	8,048	-.01%
2012-2013	8,068	-.01%
2011-2012	8,201	1.74%
2010-2011	8,061	2.86%
2009-2010	7,837	4.38%
2008-2009	7,508	1.01%
2007-2008	7,424	-.32%
2006-2007	7,448	-.93%
2005-2006	7,518	-.58%
2004-2005	7,562	1.18%

ECONOMIC CONDITION AND OUTLOOK

North Bergen's economy is greatly affected by the New York metropolitan area. New development projects along the Hudson River area will continue to attract new business, industry and residents into the Township. These projects could also increase enrollment in a District. The Board of Trustees, School administrative staff and Township officials are currently analyzing the need for more classroom space. The District's five-year facility plan has received State Department of Education approval. The project being considered in that plan is the construction of a new high school, conversion of the existing high school to a middle school for grades 6-8 and the conversation of all elementary schools from K-8 to K-5. The Board is aggressively pursuing potential funding sources for this project including the School Construction Financing Program or other State and Federal funding sources.

MAJOR INITIATIVES

The North Bergen School district, in compliance with both required policies and best practices, has maintained a process of systematic evaluations to assess the needs of the district. The superintendent has developed many committees to lend guidance when setting the direction in developing new programs of instruction, providing professional development, analyzing data from assessments, and creating the message to the stakeholders. The committees include a data team, a curriculum team, a District Evaluation Advisory Committee (DEAC), School Improvement Panel (ScIP), and a leadership team.

New programs for the 2014-2015 school year include the following: Scholastic book rooms, Scholastic reading evaluation kits, diagnostic assessments in grades 2 to 8 in mathematics and English Language Arts (ELA), the Link-it system to deliver assessments, Benchmark assessments in subjects other than math and ELA, expanding the use of our student information system (SIS) Realtime to include evaluations, Professional Development Plans

(PDP), Student Growth Objectives (SGO), using a writers workshop in all elementary grade classes, and moving to the Danielson '07 evaluation for teachers and Marshall evaluation for administrators.

The technology infrastructure has been upgraded to help prepare the students for 21st century learning skills. All schools have received an upgrade and increased bandwidth has been installed during this school year to help with instruction and to be compliant with the Partnership Assessment for Readiness of Career and College (PARCC). Orders have been placed to purchase chromebooks to help with instruction and assessment. Additionally, the district is moving to the Google platform for communication, operations, assessment, feedback, and instruction.

Lastly, the district is updating our communication methodology that will include social media and technology advances. Our SIS Realtime has the ability for parents and students to log on and view any school activity such as grades, discipline records, absences and communicate with the teachers. The district will use Facebook and twitter to disseminate information to parents, students, staff, and residents concerning school activities. The goal is to create new avenues of communication with the public to enhance involvement as well as to have an informed community.

INTERNAL ACCOUNTING CONTROLS

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

As a recipient of 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.

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 Board of Trustees. Annual appropriated budgets are adopted for the general, special revenue and the debt service funds. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as either committed or assigned fund balance at June 30, 2014.

ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements".

CASH MANAGEMENT

The investment policy of North Bergen is guided in large part by state statute as detailed in "Notes to the Financial Statements". 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.

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.

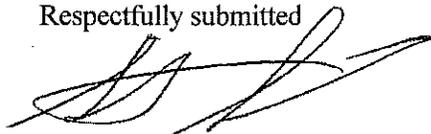
OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, 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 as amended and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

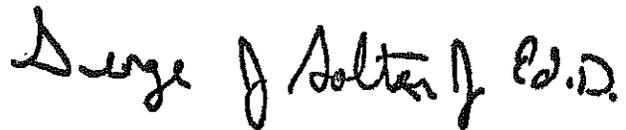
ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the North Bergen 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 the financial and accounting staff.

Respectfully submitted



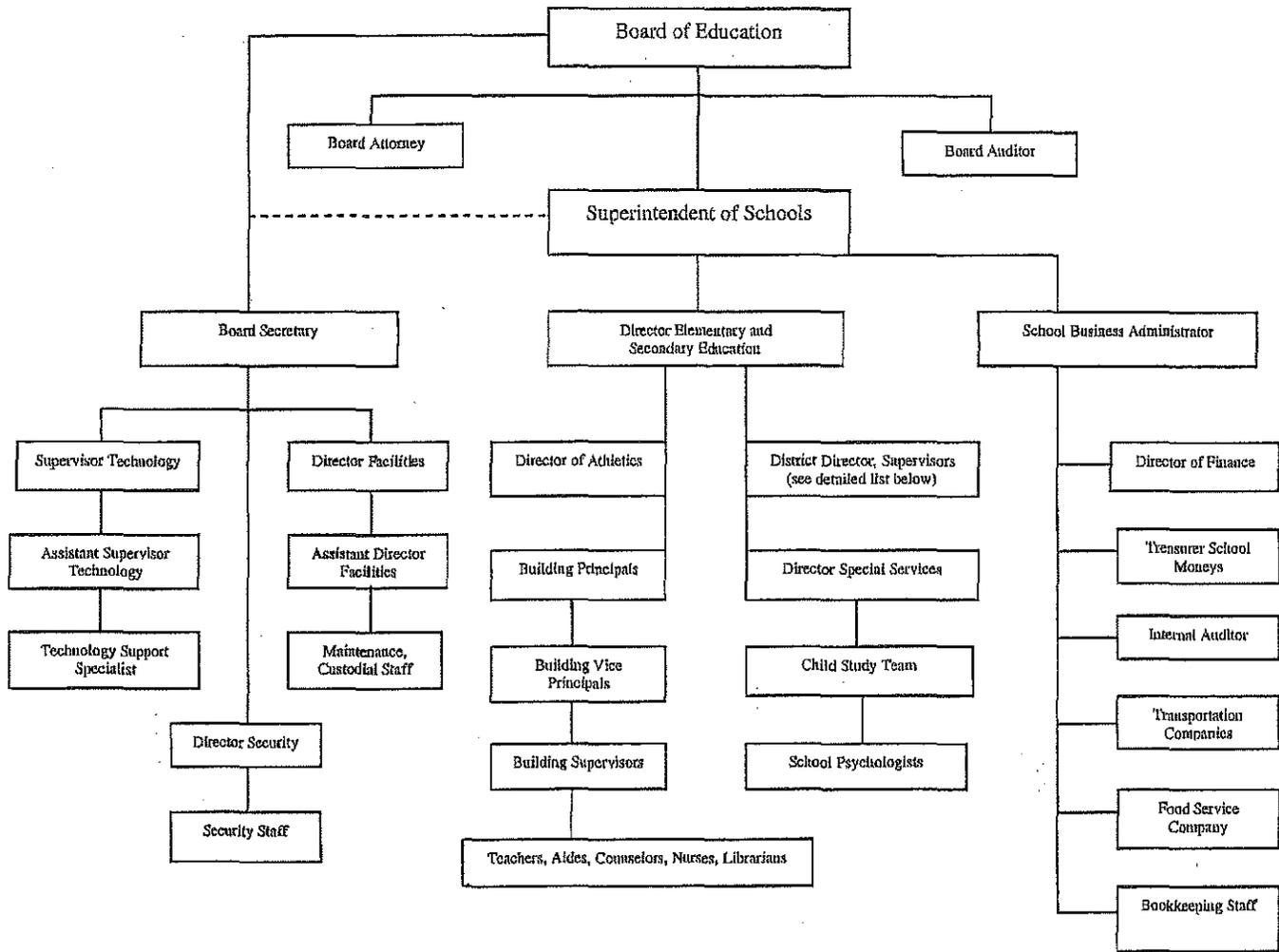
Steven Somick
School Business Administrator



George J. Solter
Superintendent of Schools

NORTH BERGEN BOARD OF EDUCATION

ORGANIZATIONAL CHART



**NORTH BERGEN BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2014**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Julio Marengo, President	2015
Maurena Luzzi, Vice President	2015
Patricia Bartoli	2016
Luis Diaz	2017
Edward La Tour	2016
Elaine Nicolliello	2017
Kanaiyalal Patel	2017
Luis Rabelo	2016
Ruth Shaw	2015
Gonzalo Perez (Guttenberg)	

Other Officials

George J. Solter, Jr. Ed. D., Superintendent of Schools
Nicholas J. Sacco, Director of Elementary and Secondary Education
Steven Somick, School Business Administrator
Hugo Cabrera, Board Secretary
William B. Mitchell, Jr., Director of Finance
Robert Pittfield, Treasurer

**NORTH BERGEN BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

ARCHITECT

Mayo Lynch Associates, Inc.
333 Meadowland Parkway
Secaucus, New Jersey 07094

AUDIT FIRM

Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, New Jersey 07410

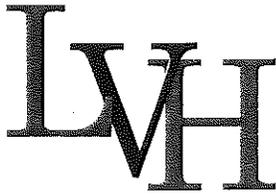
ATTORNEY

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115 River Road
Edgewater, New Jersey 07020

OFFICIAL DEPOSITORY

TD Bank North
Kennedy Blvd.
North Bergen, NJ

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
CHYNNA C. DESTEFANO, CPA, PSA
KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
North Bergen Board of Education
North Bergen, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Bergen Board of Education, as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Bergen Board of Education as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 North Bergen 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 U.S. Office of Management and Budget (OMB) 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 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 of the North Bergen Board of Education.

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 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.

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 December 3, 2014 on our consideration of the North Bergen Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Bergen Board of Education's internal control over financial reporting and compliance.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 3, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

This section of North Bergen Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-2014 fiscal year include the following:

- The assets and deferred outflows of resources of the North Bergen Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$47,355,999 (net position).
- Overall District revenues were \$126,774,232. General revenues accounted for \$95,478,640 or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$31,295,592 or 25% of total revenues.
- The School District had \$122,013,783 in expenses for governmental activities; only \$28,238,089 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$95,478,509 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$18,544,126 an increase of \$4,556,842 when compared to the ending Fund balance at June 30, 2013 of \$13,987,284.
- The General Fund unassigned fund balance at June 30, 2014 was in a deficit position of \$4,726,127, a decrease of \$1,409,117 when compared with the ending fund balance deficit of \$3,317,010 at June 30, 2013.
- The General Fund unassigned budgetary fund balance at June 30, 2014 was \$1,128,437 which represents a decrease of \$1,329,965 when compared to the ending unassigned fund balance at June 30, 2013 of \$2,458,402.

NORTH BERGEN BOARD OF EDUCATION

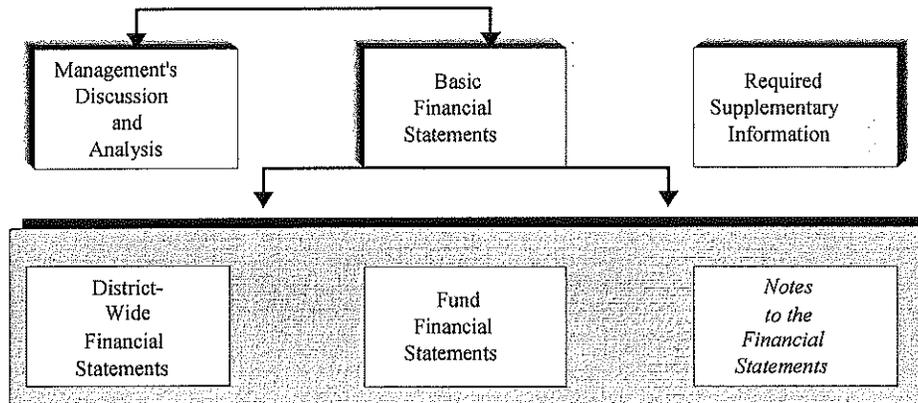
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The Governmental Funds statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Proprietary Funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
 - Fiduciary Funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities for the district that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education	Activities the district operates similar to private businesses: Enterprise funds	Instances in which the district administers resources on behalf of someone else, such as Unemployment, Payroll Agency, and Student Activities
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes In Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting And economic resources Focus
Type of asset/liability information	All asset, deferred outflows, liabilities, deferred inflows, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long Funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

District-Wide Financial Statements

The district-wide statements report information about the North Bergen Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or position

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (Continued)

The District has three kinds of funds:

- **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

Enterprise Funds – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has an enterprise fund for the food service operations.

- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons if required.

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,355,999 and \$45,498,772 as of June 30, 2014 and 2013, respectively, as shown below.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position as of June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$ 30,139,731	\$ 21,476,363	\$ 827,194	\$ 754,471	\$ 30,966,925	\$ 22,230,834
Capital Assets	<u>53,003,066</u>	<u>55,795,815</u>	<u>34,275</u>	<u>21,462</u>	<u>53,037,341</u>	<u>55,817,277</u>
Total Assets	<u>83,142,797</u>	<u>77,272,178</u>	<u>861,469</u>	<u>775,933</u>	<u>84,004,266</u>	<u>78,048,111</u>
Deferred Outflows of Resources						
Deferred Charges on Refunding	<u>517,966</u>	<u>565,312</u>	-	-	<u>517,966</u>	<u>565,312</u>
Total Deferred Outflows	<u>517,966</u>	<u>565,312</u>	-	-	<u>517,966</u>	<u>565,312</u>
Total Assets and Deferred Outflows	<u>83,660,763</u>	<u>77,837,490</u>	<u>861,469</u>	<u>775,933</u>	<u>84,522,232</u>	<u>78,613,423</u>
Liabilities						
Long-Term Liabilities	25,369,491	25,337,295			25,369,491	25,337,295
Other Liabilities	<u>11,660,938</u>	<u>7,572,676</u>	<u>127,592</u>	<u>198,951</u>	<u>11,788,530</u>	<u>7,771,627</u>
Total Liabilities	<u>37,030,429</u>	<u>32,909,971</u>	<u>127,592</u>	<u>198,951</u>	<u>37,158,021</u>	<u>33,108,922</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	-	-	<u>8,212</u>	<u>5,729</u>	<u>8,212</u>	<u>5,729</u>
Total Deferred Inflows	-	-	<u>8,212</u>	<u>5,729</u>	<u>8,212</u>	<u>5,729</u>
Total Liabilities and Deferred Inflows	<u>37,030,429</u>	<u>32,909,971</u>	<u>135,804</u>	<u>204,680</u>	<u>37,166,233</u>	<u>33,114,651</u>
Net Position						
Net Investment in Capital Assets	40,601,409	42,221,991	34,275	21,462	40,635,684	42,243,453
Restricted	14,765,943	10,814,307			14,765,943	10,814,307
Unrestricted	<u>(8,737,018)</u>	<u>(8,108,779)</u>	<u>691,390</u>	<u>549,791</u>	<u>(8,045,628)</u>	<u>(7,558,988)</u>
Total Net Position	<u>\$ 46,630,334</u>	<u>\$ 44,927,519</u>	<u>\$ 725,665</u>	<u>\$ 571,253</u>	<u>\$ 47,355,999</u>	<u>\$ 45,498,772</u>

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

The changes in net position for fiscal years 2014 and 2013 are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	\$ 4,389,854	\$ 3,385,154	\$ 596,612	\$ 637,575	\$ 4,986,466	\$ 4,022,729
Operating Grants and Contributions	23,763,862	26,589,456	2,460,891	2,470,315	26,224,753	29,059,771
Capital Grants and Contributions	84,373	697,311			84,373	697,311
General Revenues						
Property Taxes	43,735,129	42,543,922			43,735,129	42,543,922
State Aid	51,408,732	50,781,864			51,408,732	50,781,864
Investment Earnings	18,341	15,591	131	85	18,472	15,676
Miscellaneous	306,307	615,273			306,307	615,273
Other - Donation of Capital Asset	10,000	-	-	-	10,000	-
Total Revenues	<u>123,716,598</u>	<u>124,628,571</u>	<u>3,057,634</u>	<u>3,107,975</u>	<u>126,774,232</u>	<u>127,736,546</u>
Expenses						
Instruction						
Regular	48,062,992	49,890,427			48,062,992	49,890,427
Special Education	16,364,077	15,393,829			16,364,077	15,393,829
Other Instruction	9,400,836	10,598,844			9,400,836	10,598,844
School Sponsored Activities and Athletics	2,087,712	2,101,085			2,087,712	2,101,085
Support Services						
Student and Instruction Related Services	13,433,274	13,655,646			13,433,274	13,655,646
General Administration Services	2,446,297	2,849,487			2,446,297	2,849,487
School Administration Services	8,005,807	7,659,657			8,005,807	7,659,657
Plant Operation and Maintenance	14,789,426	13,724,829			14,789,426	13,724,829
Pupil Transportation	3,796,694	3,825,607			3,796,694	3,825,607
Business Services	2,716,209	2,802,117			2,716,209	2,802,117
Interest and Other Chgs on Long-Term Debt	910,459	900,966			910,459	900,966
Food Service	-	-	2,903,222	2,947,175	2,903,222	2,947,175
Total Expenses	<u>122,013,783</u>	<u>123,402,494</u>	<u>2,903,222</u>	<u>2,947,175</u>	<u>124,917,005</u>	<u>126,349,669</u>
Change in Net Position	1,702,815	1,226,077	154,412	160,800	1,857,227	1,386,877
Net Position, Beginning of Year	<u>44,927,519</u>	<u>43,701,442</u>	<u>571,253</u>	<u>410,453</u>	<u>45,498,772</u>	<u>44,111,895</u>
Net Position, End of Year	<u>\$ 46,630,334</u>	<u>\$ 44,927,519</u>	<u>\$ 725,665</u>	<u>\$ 571,253</u>	<u>\$ 47,355,999</u>	<u>\$ 45,498,772</u>

NORTH BERGEN BOARD OF EDUCATION

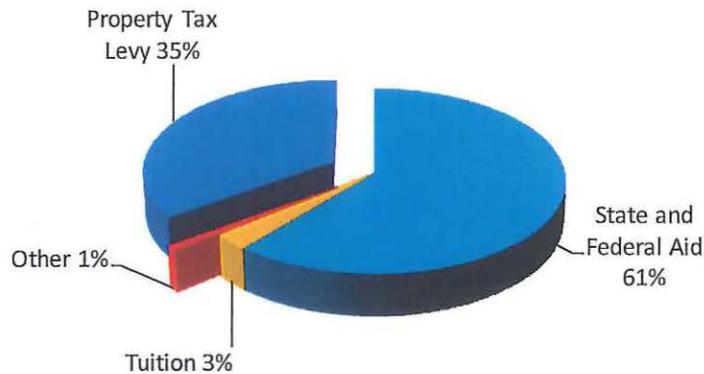
Management's Discussion and Analysis

Governmental Activities. The District's total governmental activities revenues were \$123,716,598 for the fiscal year ended June 30, 2014. Tuition accounted for \$4,389,854 representing 3% of total revenues. Local property taxes were \$43,735,129 representing 35% of total revenues. State and federal aid revenues were \$75,256,967 representing 61% of total revenue for the year. Investment earnings and the miscellaneous revenues accounted for less than 1% of the District's revenues.

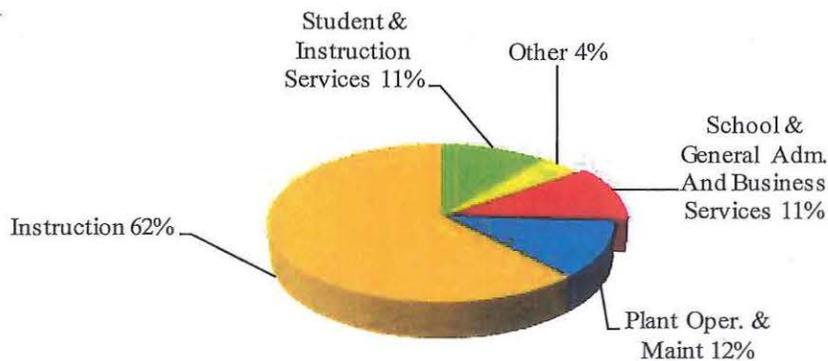
The total cost of all governmental activities programs and services were \$122,013,783. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$75,915,617 (62%) of total expenditures. Support services totaled \$45,187,707 (37%) of total expenditures and the remainder of expenditures were for interest and other charges on long-term debt totaling \$910,459 (1%).

Total governmental activities revenues surpassed expenses and other items, increasing net position by \$1,702,815 over the previous year.

**Revenues by Source- Governmental Activities
For Fiscal Year 2013/14**



**Expenditures by Type- Governmental Activities
For Fiscal Year 2013/14**



NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

Total and Net Cost of Governmental Activities. The District's total cost of services was \$122,013,783 for the fiscal year ended June 30, 2014. After applying program revenues, derived from charges for services of \$4,389,854; operating grants and contributions of \$23,763,862; and capital grants and contributions of \$84,373, the net cost of services of the District is \$93,775,694. The following is a comparative analysis of the net cost of governmental activities for the fiscal years ended June 30, 2014 and 2013.

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
	Instruction			
Regular	\$ 48,062,992	\$ 49,890,427	\$ 35,399,777	\$ 37,372,199
Special Education	16,364,077	15,393,829	8,244,569	6,905,616
Other Instruction	9,400,836	10,598,844	6,291,565	6,413,551
School Sponsored Activities and Athletics	2,087,712	2,101,085	1,901,131	1,893,047
Support Services				
Student and Instruction Related Services	13,433,274	13,655,646	11,146,882	11,013,596
General Administration	2,446,297	2,849,487	2,293,402	2,661,404
School Administration Services	8,005,807	7,659,657	7,455,965	7,030,837
Plant Operation and Maintenance	14,789,426	13,724,829	13,860,667	12,220,528
Pupil Transportation	3,796,694	3,825,607	3,555,068	3,516,712
Business Services	2,716,209	2,802,117	2,716,209	2,802,117
Interest and Other Charges on Long-Term Debt	910,459	900,966	910,459	900,966
Total	\$ 122,013,783	\$ 123,402,494	\$ 93,775,694	\$ 92,730,573

Business-Type Activities – The District's total business-type activities revenues were \$3,057,634 for the fiscal year ended June 30, 2014. Charges for services accounted for 20% or \$596,612 of total revenues. Operating grants and contributions accounted for 80% or \$2,460,891 of total revenue for the year.

The total cost of all business-type activities programs and services was \$2,903,222 for the fiscal year ended June 30, 2014. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities revenues were greater than expenses, increasing net position by \$154,412.

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$18,544,126, an increase of \$4,556,842 from last year's fund balance of \$13,987,284.

Revenues for the District's governmental funds were \$123,706,598, total expenditures were \$121,759,883.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

The following schedule presents a comparison of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2014</u>	Fiscal Year Ended <u>June 30, 2013</u>	Amount of Increase <u>(Decrease)</u>	<u>Percent</u>
Local Sources:				
Property Tax Levy	\$ 42,141,260	\$ 41,061,340	\$ 1,079,920	2.63%
Tuition	4,389,854	3,385,154	1,004,700	29.68%
Miscellaneous	324,648	630,864	(306,216)	-48.54%
State/Federal Sources	<u>67,074,676</u>	<u>67,687,316</u>	<u>(612,640)</u>	-0.91%
Total General Fund Revenues	<u>\$ 113,930,438</u>	<u>\$ 112,764,674</u>	<u>\$ 1,165,764</u>	<u>1.03%</u>

Total General Fund Revenues increased by \$1,165,764 or 1% over the previous year.

Local property taxes increased \$1,079,920 over the previous year. State and federal aid decreased 1%, primarily due to the State of New Jersey decreasing their On-Behalf TPAF Funding to the District. Tuition charges increased \$1,004,700.

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

The following schedule presents a summary of General Fund Expenditures.

	Fiscal Year Ended <u>June 30, 2014</u>	Fiscal Year Ended <u>June 30, 2013</u>	Amount of Increase (Decrease)	Percent
Instruction	\$ 70,623,066	\$ 70,077,912	\$ 545,154	0.78%
Support Services	40,552,010	40,359,166	192,844	0.48%
Debt Service	459,542	60,129	399,413	664.26%
Capital Outlay	<u>137,369</u>	<u>389,664</u>	<u>(252,295)</u>	-64.75%
Total Expenditures	<u>\$ 111,771,987</u>	<u>\$ 110,886,871</u>	<u>\$ 885,116</u>	<u>0.80%</u>

Total General Fund expenditures increased \$885,116 or 1% from the previous year due to salary and other contractual increases.

For the fiscal year ended June 30, 2014 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$3,193,451. After deducting statutory reserves and designations in the amount of \$19,576,152, the unassigned fund balance at June 30, 2014 was in a deficit position of \$4,726,127, an increase of \$1,409,117 from the June 30, 2013 fund balance deficit of \$3,317,010. This deficit occurs because the State has delayed the District's final state aid payments until July 2014. Had these payments been received prior to June 30, 2014, the District would not have been in a deficit position.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$7,547,091, for the fiscal year ended June 30, 2014. State sources in the amount of \$2,764,138 accounted for 37% of the total revenue and federal sources in the amount of \$4,732,870 accounted for 63% of the total revenue in the special revenue fund.

Total Special Revenue Fund revenues decreased \$1,585,751 or 17% from the previous year. State sources decreased \$327,198, while Federal sources decreased by \$1,258,643.

Expenditures of the Special Revenue Fund were \$7,555,872. Instructional expenditures were \$5,980,825 or 79%, expenditures for support services were \$1,575,047 or 21%, for the fiscal year ended June 30, 2014.

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Capital Projects - The capital projects revenues and other financing sources exceeded expenditures by \$1,353,697 increasing the fund balance from \$2,326,929 at June 30, 2013 to \$3,680,626 at June 30, 2014. The increase was due to new capital projects and ongoing progress on the district's prior year construction projects.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

Enterprise Fund - The District uses Enterprise Funds to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2013 encumbrances.
- Appropriation of Capital Reserve funds to finance Capital Projects.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to \$53,003,066 and \$34,275 (net of accumulated depreciation), respectively. The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2013-2014 amounted to \$3,170,794 for governmental activities and \$2,762 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2014 and 2013.

	Governmental		Business- Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 2,688,797	\$ 2,688,797			\$ 2,688,797	\$ 2,688,797
Construction in Progress	2,613,559	2,419,237	-	-	2,613,559	2,419,237
Site Improvements	80,516	82,469			80,516	82,469
Building	47,229,505	50,182,570			47,229,505	50,182,570
Machinery and Equipment	390,689	422,742	\$ 34,275	\$ 21,462	424,964	444,204
Total	<u>\$ 53,003,066</u>	<u>\$ 55,795,815</u>	<u>\$ 34,275</u>	<u>\$ 21,462</u>	<u>\$ 53,037,341</u>	<u>\$ 55,817,277</u>

NORTH BERGEN BOARD OF EDUCATION

Management's Discussion and Analysis

Additional information on the District's capital assets are presented in the Notes to the Financial Statements.

LONG TERM LIABILITIES

At June 30, 2014, the District's long-term liabilities consisted of compensated absences payable of \$6,458,700, serial bonds of \$4,439,109 (including unamortized premium), obligations under lease purchase agreements of \$12,291,682 (net of unamortized discount) and Sales/Leaseback obligations of \$2,180,000 totaling \$25,369,491. This is in comparison to long-term liabilities at June 30, 2013 of \$25,337,295, or an increase of \$32,196.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2013-2014 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were also considered when adopting the budget for fiscal year 2014-2015. Budgeted expenditures in the General Fund increased in this year's school year to fund contractual salary increases and increases in the premiums for employee benefits.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, North Bergen Board of Education, 7317 Kennedy Boulevard, North Bergen, NJ 07047.

FINANCIAL STATEMENTS

**NORTH BERGEN BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 13,562,960	\$ 3,238	\$ 13,566,198
Receivables, Net	14,533,717	222,696	14,756,413
Internal Balances	(557,639)	557,639	
Other Receivables	24,782	3,295	28,077
Prepaid Items	10,000		10,000
Other Assets	20,000		20,000
Inventory		40,326	40,326
Restricted Assets			
Cash and Cash Equivalents	2,545,911		2,545,911
Capital Assets			
Not Being Depreciated	5,302,356		5,302,356
Being Depreciated, Net	47,700,710	34,275	47,734,985
 Total Assets	 <u>83,142,797</u>	 <u>861,469</u>	 <u>84,004,266</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	<u>517,966</u>	<u>-</u>	<u>517,966</u>
 Total Deferred Outflows of Resources	 <u>517,966</u>	 <u>-</u>	 <u>517,966</u>
 Total Assets and Deferred Outflows of Resources	 <u>83,660,763</u>	 <u>861,469</u>	 <u>84,522,232</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	3,946,970	127,592	4,074,562
Accrued Interest Payable	65,333		65,333
Payable to Other Governments	341,498		341,498
Unearned Revenue	7,307,137		7,307,137
Noncurrent Liabilities			
Due Within One Year	2,685,000		2,685,000
Due Beyond One Year	22,684,491	-	22,684,491
 Total Liabilities	 <u>37,030,429</u>	 <u>127,592</u>	 <u>37,158,021</u>

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

**NORTH BERGEN BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	-	\$ 8,212	\$ 8,212
Total Deferred Inflows of Resources	-	8,212	8,212
Total Liabilities and Deferred Inflows of Resources	\$ 37,030,429	135,804	37,166,233
NET POSITION			
Net Investment in Capital Assets	40,601,409	34,275	40,635,684
Restricted for:			
Capital Projects	10,931,840		10,931,840
Other Purposes	3,834,103		3,834,103
Unrestricted	<u>(8,737,018)</u>	<u>691,390</u>	<u>(8,045,628)</u>
Total Net Position	<u>\$ 46,630,334</u>	<u>\$ 725,665</u>	<u>\$ 47,355,999</u>

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

**NORTH BERGEN BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 48,062,992	\$ 4,389,854	\$ 8,273,361		\$ (35,399,777)		\$ (35,399,777)
Special Education	16,364,077		8,119,508		(8,244,569)		(8,244,569)
Other Instruction	9,400,836		3,109,271		(6,291,565)		(6,291,565)
School Sponsored Activities and Athletics	2,087,712		186,581		(1,901,131)		(1,901,131)
Support Services:							
Student and Instruction Related Services	13,433,274		2,286,392		(11,146,882)		(11,146,882)
General Administrative Services	2,446,297		152,895		(2,293,402)		(2,293,402)
School Administrative Services	8,005,807		549,842		(7,455,965)		(7,455,965)
Plant Operations and Maintenance	14,789,426		844,386	\$ 84,373	(13,860,667)		(13,860,667)
Pupil Transportation	3,796,694		241,626		(3,555,068)		(3,555,068)
Business Services	2,716,209				(2,716,209)		(2,716,209)
Interest on Long-Term Debt	910,459	-	-	-	(910,459)	-	(910,459)
Total Governmental Activities	122,013,783	4,389,854	23,763,862	84,373	(93,775,694)	-	(93,775,694)
Business-Type Activities:							
Food Service	2,903,222	596,612	2,460,891	-	-	\$ 154,281	154,281
Total Business-Type Activities	2,903,222	596,612	2,460,891	-	-	154,281	154,281
Total Primary Government	\$ 124,917,005	\$ 4,986,466	\$ 26,224,753	\$ 84,373	(93,775,694)	154,281	(93,621,413)
General Revenues							
Property Taxes							
Levied for General Purposes					42,141,260		42,141,260
Levied for Debt Service					1,593,869		1,593,869
State Aid - Unrestricted					50,857,905		50,857,905
State Aid - Restricted for Debt Service					550,827		550,827
Investment Earnings					18,341	131	18,472
Miscellaneous Income					306,307		306,307
Gain on Disposal of Capital Assets					10,000	-	10,000
Total General Revenues and Other Items					95,478,509	131	95,478,640
Change in Net Position					1,702,815	154,412	1,857,227
Net Position-Beginning of Year					44,927,519	571,253	45,498,772
Net Position-End of Year					\$ 46,630,334	\$ 725,665	\$ 47,355,999

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

FUND FINANCIAL STATEMENTS

NORTH BERGEN BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 11,386,085	\$ 866,254	\$ 1,308,954	\$ 1,667	\$ 13,562,960
Receivables From Other Governments	3,420,053	1,845,607	9,268,057		14,533,717
Other Receivables	12,993				12,993
Prepaid Items	10,000				10,000
Other Assets	20,000				20,000
Due From Other Funds	1,899,660				1,899,660
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	2,534,103	-	-	11,808	2,545,911
Total Assets	\$ 19,282,894	\$ 2,711,861	\$ 10,577,011	\$ 13,475	\$ 32,585,241
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 3,436,688	\$ 102,171	\$ 39,628		\$ 3,578,487
Unearned Revenue	75,059	2,268,192	4,963,886		7,307,137
Payables to Other Governments		341,498			341,498
Other Payables	18,500		5,000		23,500
Due To Other Funds	902,622	-	1,887,871	-	2,790,493
Total Liabilities	4,432,869	2,711,861	6,896,385	-	14,041,115
Fund Balances:					
Restricted					
Capital Reserve	6,431,840				6,431,840
Capital Reserve-Designated for Subsequent Year's Budget	4,500,000				4,500,000
Maintenance Reserve	1,000,000				1,000,000
Maintenance Reserve-Designated for Subsequent Year's Budget	300,000				300,000
Emergency Reserve	1,000,000				1,000,000
Excess Surplus Designated for Subsequent Year's Budget	280,118				280,118
Legally Restricted - Sale/Leaseback Reserve	2,534,103				2,534,103
Capital Projects Fund			3,680,626		3,680,626
Debt Service				\$ 13,475	13,475
Committed					
Encumbrances	26,686				26,686
Assigned					
Designated for Subsequent Year's Budget	3,178,869				3,178,869
Encumbrances	324,536				324,536
Unassigned					
General Fund	(4,726,127)	-	-	-	(4,726,127)
Total Fund Balances	14,850,025	-	3,680,626	13,475	18,544,126
Total Liabilities and Fund Balances	\$ 19,282,894	\$ 2,711,861	\$ 10,577,011	\$ 13,475	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$79,436,926 and the accumulated depreciation is \$26,433,860

53,003,066

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(65,333)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

Bonds Payable	\$ 4,435,000	
Less: Deferred Amount on Refundings	(32,737)	
Add: Unamortized Premium	4,109	
Sale/Leaseback Obligations Payable	2,180,000	
Certificates of Participation	12,375,000	
Less: Deferred Amount on Refunding	(485,229)	
Less: Unamortized Discount	(83,318)	
Compensated Absences	6,458,700	
		(24,851,525)

Net Position of Governmental Activities **\$ 46,630,334**

**NORTH BERGEN BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Property Taxes	\$ 42,141,260			\$ 1,593,869	\$ 43,735,129
Tuition	4,389,854				4,389,854
Interest	18,341				18,341
Miscellaneous	306,307	\$ 50,083	-	-	356,390
Total - Local Sources	<u>46,855,762</u>	<u>50,083</u>	<u>-</u>	<u>1,593,869</u>	<u>48,499,714</u>
State Sources	66,812,784	2,764,138	\$ 84,373	550,827	70,212,122
Federal Sources	261,892	4,732,870	-	-	4,994,762
Total Revenues	<u>113,930,438</u>	<u>7,547,091</u>	<u>84,373</u>	<u>2,144,696</u>	<u>123,706,598</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	46,565,168	2,186,098			48,751,266
Special Education Instruction	14,700,737	1,663,340			16,364,077
Other Instruction	7,269,449	2,131,387			9,400,836
School Sponsored Activities and Athletics	2,087,712				2,087,712
Support Services					
Student and Instruction Related Services	11,871,318	1,522,817			13,394,135
General Administrative Services	2,451,974	8,781			2,460,755
School Administrative Services	8,014,886				8,014,886
Plant Operations and Maintenance	11,709,601				11,709,601
Pupil Transportation	3,753,245	43,449			3,796,694
Business Services	2,750,986				2,750,986
Debt Service					
Principal	355,000			1,465,000	1,820,000
Interest and Other Charges	104,542			736,348	840,890
Capital Outlay	137,369	-	230,676	-	368,045
Total Expenditures	<u>111,771,987</u>	<u>7,555,872</u>	<u>230,676</u>	<u>2,201,348</u>	<u>121,759,883</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,158,451</u>	<u>(8,781)</u>	<u>(146,303)</u>	<u>(56,652)</u>	<u>1,946,715</u>
Other Financing Sources (Uses)					
Refunding Bond/Lease Purchase Proceeds	2,535,000			3,225,000	5,760,000
Payments to Refunding Escrow Agent				(3,149,873)	(3,149,873)
Transfers In (Out)	(1,500,000)	-	1,500,000	-	-
Total Other Financing Sources (Uses)	<u>1,035,000</u>	<u>-</u>	<u>1,500,000</u>	<u>75,127</u>	<u>2,610,127</u>
Net Change in Fund Balances	3,193,451	(8,781)	1,353,697	18,475	4,556,842
Fund Balance (Deficit), Beginning of Year	<u>11,656,574</u>	<u>8,781</u>	<u>2,326,929</u>	<u>(5,000)</u>	<u>13,987,284</u>
Fund Balance, End of Year	<u>\$ 14,850,025</u>	<u>\$ -</u>	<u>\$ 3,680,626</u>	<u>\$ 13,475</u>	<u>\$ 18,544,126</u>

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

**NORTH BERGEN BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 4,556,842

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	\$ 368,045	
Depreciation Expense	<u>(3,170,794)</u>	(2,802,749)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals) is to decrease net assets. These transactions are not reported in the governmental funds financial statements.

Donation of Capital Assets		10,000
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The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these activities:

Principal Repayments		
General Obligation Bonds	550,000	
Amortization		
Premium	3,765	
Deferred Charge on Refunding	(2,625)	
Certificates of Participation	915,000	
Amortization		
Discount	(14,379)	
Deferred Charge on Refunding	(74,594)	
Sales/Leaseback Obligations	<u>355,000</u>	1,732,167

Issuance of Debt is an Other Financing Source in the Governmental Funds, but the issuance increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities

Refunding Bond Proceeds	(3,225,000)	
Add: Payments to Escrow Agent	3,149,873	
Sales/Leaseback	<u>(2,535,000)</u>	(2,610,127)

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. 18,264

In the statement of activities, certain operating expenses, e.g., compensated absences 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).

Compensated Absences		<u>798,418</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,702,815

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

**NORTH BERGEN BOARD OF EDUCATION
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2014**

ASSETS

Cash and Cash Equivalents	\$ 3,238
Intergovernmental Receivable	
State	5,074
Federal	217,622
Accounts Receivable	3,295
Inventories	40,326
Due from Other Funds	<u>557,639</u>
Total Current Assets	<u>827,194</u>
Capital Assets	
Equipment	132,236
Accumulated Depreciation	<u>(97,961)</u>
Total Capital Assets	<u>34,275</u>
Total Assets	<u>861,469</u>

LIABILITIES

Current Liabilities	
Accounts Payable	<u>127,592</u>
Total Current Liabilities	<u>127,592</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Commodities Revenue	<u>8,212</u>
Total Deferred Inflows of Resources	<u>8,212</u>
Total Liabilities and Deferred Inflows of Resources	<u>135,804</u>

NET POSITION

Net Investment in Capital Assets	34,275
Unrestricted	<u>691,390</u>
Total Net Position	<u>\$ 725,665</u>

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

**NORTH BERGEN BOARD OF EDUCATION
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

OPERATING REVENUES

Local Sources	
Daily Sales	\$ 572,440
Special Functions	<u>24,172</u>
 Total Operating Revenues	 <u>596,612</u>
 OPERATING EXPENSES	
Salaries and Wages	1,118,272
Employee Benefits	175,212
Cost of Sales	1,188,958
Other Purchased Services	331,552
Supplies and Materials	86,466
Depreciation	<u>2,762</u>
 Total Operating Expenses	 <u>2,903,222</u>
 Operating Income (Loss)	 <u>(2,306,610)</u>

NONOPERATING REVENUES

State Sources	
State School Lunch Program	36,085
Federal Sources	
School Breakfast Program	480,379
National School Lunch Program	1,926,896
Special Milk Program	5,835
After School Snack Program	11,696
Interest	<u>131</u>
 Total Nonoperating Revenues	 <u>2,461,022</u>
 Change in Net Position	 154,412
 Net Position, Beginning of Year	 <u>571,253</u>
 Net Position, End of Year	 <u>\$ 725,665</u>

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

**NORTH BERGEN BOARD OF EDUCATION
 PROPRIETARY FUNDS
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 600,001
Cash Payments for Employees Salaries & Benefits	(1,293,484)
Cash Payments to Suppliers for Goods and Services	<u>(1,553,306)</u>
Net Cash (Used) by Operating Activities	<u>(2,246,789)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash Payments for Interfund Transactions	(45,567)
Cash Received from State and Federal Subsidy Reimbursements	<u>2,310,997</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,265,430</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Cash Payment for Acquisition of Capital Assets	<u>(15,575)</u>
Net Cash (Used) for Capital Financing Activities	<u>(15,575)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received on Deposits	<u>131</u>
Net Cash Provided by Investing Activities	<u>131</u>

Net Change in Cash and Cash Equivalents 3,197

Cash and Cash Equivalents, Beginning of Year 41

Cash and Cash Equivalents, End of Year \$ 3,238

Reconciliation of Operating (Loss) to Net Cash**(Used) by Operating Activities**

Operating Income (Loss)	<u>\$ (2,306,610)</u>
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities	
Depreciation	2,762
Non-Cash Federal Assistance-Food Distribution Program	127,085
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	3,389
Increase/(Decrease) in Accounts Payable	(71,359)
(Increase)/Decrease in Inventory	(4,539)
Increase/(Decrease) in Deferred Commodities Revenue	<u>2,483</u>
Total Adjustments	<u>59,821</u>

Net Cash (Used) by Operating Activities \$ (2,246,789)

Non-Cash Investing, Capital and Financing Activities

Value Received - Food Distribution Program \$ 129,568

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

NORTH BERGEN BOARD OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 AS OF JUNE 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 612,509	\$ 2,952,467
Accounts Receivable	26,487	
Due From Other Funds	<u>436,064</u>	<u>90,283</u>
Total Assets	<u>1,075,060</u>	<u>\$ 3,042,750</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 28,502
Accrued Salaries and Wages		2,534,704
Intergovernmental Payable	13,183	
Due to Student Groups		286,391
Due to Other Funds	<u>-</u>	<u>193,153</u>
Total Liabilities	<u>13,183</u>	<u>\$ 3,042,750</u>
NET POSITION		
Held in Trust for Unemployment Compensation Claims	<u>\$ 1,061,877</u>	

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

NORTH BERGEN BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Employee Deductions	\$ 97,709
Board Contribution	254,700
Interest	<u>709</u>
Total Additions	<u>353,118</u>
DEDUCTIONS	
Unemployment Claims	<u>164,303</u>
Total Deductions	<u>164,303</u>
Change in Net Position	188,815
Net Position, Beginning of Year	<u>873,062</u>
Net Position, End of Year	<u>\$ 1,061,877</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The North Bergen Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and one representative from the Guttenberg Board of Education. The Board is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the North Bergen Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2014, the District adopted the following GASB statement:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**NORTH BERGEN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects and/or Lease-Purchase Agreements for capital projects and/or certificates of participation, principal and interest.

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site Improvements	20
Buildings	40
Building Improvements	20
Equipment and Furniture	5-15
Computer Equipment	5

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board only has one item that qualifies for reporting in this category. It is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In additions to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has only one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

8. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of unused vacation, personal and sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

9. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Long-Term Obligations (Continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2014/2015 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Maintenance Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2014/2015 District budget certified for taxes.

NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that was appropriated in the 2014/2015 original budget certified for taxes.

Legally Restricted – Sale/Lease Back Reserve – This restriction was created in accordance with NSJA 18A:7F-7(e) to represent the unexpended proceeds of a sale/lease back transaction.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2014/2015 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2012-2013 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2013/2014. Also, during 2013/2014 the Board increased the original budget by \$3,385,405. The increase was funded by Capital Reserve funds appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved the appropriation of \$1,500,000 from the General Fund Capital Reserve.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$4,726,127 in the General Fund as of June 30, 2014 as reported in the fund financial statements (modified accrual basis). NJSA 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 these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2013/2014 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$4,726,127 in the General Fund is less than the delayed state aid payments.

**NORTH BERGEN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

A capital reserve account was established by the District on September 20, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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. 6:23A-14.1(g), the balance in the reserve 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 fiscal year ended June 30, 2014 is as follows:

Balance, July 1, 2013		\$ 8,505,526
Increased by		
Deposits Approved by Board Resolution	\$ 4,000,000	
Cancelled Balances Restored to Reserve		
Capital Outlay	<u>1,326,314</u>	
		<u>5,326,314</u>
		13,831,840
Decreased by		
Budgeted Withdrawal in 2013-2014 Budget	1,400,000	
Withdrawn by Board Resolution	<u>1,500,000</u>	
		<u>2,900,000</u>
Balance, June 30, 2014		<u>\$ 10,931,840</u>

Analysis of Restricted for Capital Reserve, June 30, 2014

Capital Reserve		\$ 6,431,840
Capital Reserve - Designated for Subsequent Year's Budget		<u>4,500,000</u>
		<u>\$ 10,931,840</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**NORTH BERGEN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2014, the book value of the Board's deposits were \$19,677,085 and bank and brokerage firm balances of the Board's deposits amounted to \$22,053,096. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 22,053,096</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2014 the Board's bank balances were not exposed to custodial credit risk.

Investments

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

As of June 30, 2014, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2014 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Other Funds</u>	<u>Total</u>
Receivables:						
Accounts	\$ 12,993			\$ 3,295		\$ 16,288
Intergovernmental-						
Federal		\$ 1,776,317	\$ 8,974	\$ 217,622		2,002,913
State	264,915	4,863	9,259,083	5,074		9,533,935
Local	<u>3,155,138</u>	<u>64,427</u>	<u>-</u>	<u>-</u>	<u>\$ 26,487</u>	<u>3,246,052</u>
Gross Receivables	3,433,046	1,845,607	9,268,057	225,991	26,487	14,799,188
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 3,433,046</u>	<u>\$ 1,845,607</u>	<u>\$ 9,268,057</u>	<u>\$ 225,991</u>	<u>\$ 26,487</u>	<u>\$ 14,799,188</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Economic Development Authority School Facilities Grants	\$ 75,059
Special Revenue Fund	
Unencumbered Grant Draw Downs	2,252,853
Grant Draw Downs Reserved for Encumbrances	15,339
Capital Projects Fund	
Unrealized School Facilities Grant	<u>4,963,886</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 7,307,137</u>

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,688,797			\$ 2,688,797
Construction in Progress	<u>2,419,237</u>	\$ 230,676	\$ (36,354)	<u>2,613,559</u>
Total Capital Assets, Not Being Depreciated	<u>5,108,034</u>	<u>230,676</u>	<u>(36,354)</u>	<u>5,302,356</u>
Capital Assets, Being Depreciated:				
Buildings	71,149,633	115,965		71,265,598
Site Improvements	135,054			135,054
Machinery and Equipment	<u>2,693,202</u>	<u>67,758</u>	<u>(27,042)</u>	<u>2,733,918</u>
Total Capital Assets Being Depreciated	<u>73,977,889</u>	<u>183,723</u>	<u>(27,042)</u>	<u>74,134,570</u>
Less Accumulated Depreciation for:				
Buildings	(20,967,063)	(3,069,030)		(24,036,093)
Site Improvements	(52,585)	(1,953)		(54,538)
Machinery and Equipment	<u>(2,270,460)</u>	<u>(99,811)</u>	<u>27,042</u>	<u>(2,343,229)</u>
Total Accumulated Depreciation	<u>(23,290,108)</u>	<u>(3,170,794)</u>	<u>27,042</u>	<u>(26,433,860)</u>
Total Capital Assets, Being Depreciated, net	<u>50,687,781</u>	<u>(2,987,071)</u>	-	<u>47,700,710</u>
Governmental Activities Capital Assets, net	<u>\$ 55,795,815</u>	<u>\$ (2,756,395)</u>	<u>\$ (36,354)</u>	<u>\$ 53,003,066</u>

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2014</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 116,661	15,575	-	\$ 132,236
Total Capital Assets Being Depreciated	<u>116,661</u>	<u>15,575</u>	<u>-</u>	<u>132,236</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(95,199)	\$ (2,762)	-	(97,961)
Total Accumulated Depreciation	<u>(95,199)</u>	<u>(2,762)</u>	<u>-</u>	<u>(97,961)</u>
Total Capital Assets, Being Depreciated, net	<u>21,462</u>	<u>12,813</u>	<u>-</u>	<u>34,275</u>
Business-Type Activities Capital Assets, net	<u>\$ 21,462</u>	<u>\$ 12,813</u>	<u>\$ -</u>	<u>\$ 34,275</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction		
Regular		\$ 8,465
Total Instruction		<u>8,465</u>
Support Services		
Support Services-Students and Instruction Related		39,139
School Administration		42,913
Operations and Maintenance of Plant		3,079,825
Business Services		<u>452</u>
Total Support Services		<u>3,162,329</u>
Total Governmental Funds		<u>\$ 3,170,794</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 2,762</u>

**NORTH BERGEN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments (Modify)

The District has the following active construction projects as of June 30, 2014:

<u>Project</u>	<u>Remaining Commitment</u>
Window Replacement and Exterior Doors	
Robert Fulton	\$ 2,353,544
Horace Mann	<u>154,279</u>
Total	<u>\$ 2,507,823</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,887,871
General Fund	Payroll Agency Fund	11,789
Food Service Enterprise Fund	General Fund	557,639
Unemployment Compensation Trust Fund	General Fund	254,700
Unemployment Compensation Trust Fund	Payroll Agency Fund	181,364
Student Activity Agency Fund	General Fund	<u>90,283</u>
Total		<u>\$ 2,983,646</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year except

**NORTH BERGEN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>
	<u>Capital Projects</u>
General Fund	<u>\$ 1,500,000</u>

The above transfers are the result of capital reserve monies in the General Fund appropriated to finance projects in the Capital Projects Fund.

F. Leases

Sale/Leaseback

The District has entered into a contract for the sale/leaseback of textbooks totaling \$2,535,000. The contract is for a term of 5 years. The sale/leaseback contract is being issued to finance the acquisition and improvement of real property for school purposes.

The future minimum sale/leaseback obligations and the net present value of these minimum sale/leaseback payments as of June 30, 2014 were as follows.

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 500,896
2016	528,447
2017	545,535
2018	547,277
2019	<u>135,520</u>
Total Minimum Lease Payments	2,257,675
Less: Amount Representing Interest	<u>(77,675)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,180,000</u>

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

The District has entered into lease purchase agreements and issued certificates of participation (“COPS”) as follows:

<u>Series</u>	<u>Date of Issuance</u>	<u>Certificates Issued</u>	<u>Lessor</u>	<u>Agent</u>
Improvements to Various Schools	8/1/98	\$9,000,000	FFL Savings Corp	Trust Company of NJ
Improvements to Various Schools	1/5/00	10,000,000	FFL Savings Corp	Trust Company of NJ

On February 1, 2005 and July 1, 2011 the District refunded a portion of the original certificates issued.

The unexpended proceeds from the sale of the certificates, including interest earned on balances which remain on deposit are held with the respective agents. The following is a summary of balances by account type as of June 30, 2014:

Debt Service Reserve	\$11,808
Cash and Cash Equivalents	
Capital Projects Fund	<u>821,041</u>
	<u>\$832,849</u>

The maturity schedule of the remaining lease payments for principal and interest is as follows:

Governmental Activities:

<u>Fiscal Year Ended June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 950,000	\$ 450,963	\$ 1,400,963
2016	990,000	420,037	1,410,037
2017	1,030,000	387,360	1,417,360
2018	1,075,000	351,241	1,426,241
2019	1,520,000	303,156	1,823,156
2020-2024	<u>6,810,000</u>	<u>563,500</u>	<u>7,373,500</u>
	<u>\$ 12,375,000</u>	<u>\$ 2,476,257</u>	<u>\$ 14,851,257</u>

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2014 are comprised of the following issues:

\$3,125,000, 2009 Refunding Bonds, due in annual installments of \$345,000 to \$365,000 through March, 2018, interest at 3.0% to 4.0%	\$1,415,000
\$3,225,000, Pension Obligation Refunding Bonds, due in annual installments of \$220,000 to \$300,000 through April, 2026, interest at 1.159% to 5.054%	<u>3,020,000</u>
	<u>\$4,435,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 565,000	\$ 165,917	\$ 730,917
2016	570,000	153,017	723,017
2017	580,000	135,107	715,107
2018	595,000	115,325	710,325
2019	235,000	93,984	328,984
2020-2024	1,315,000	329,881	1,644,881
2025-2028	<u>575,000</u>	<u>42,959</u>	<u>617,959</u>
	<u>\$ 4,435,000</u>	<u>\$ 1,036,190</u>	<u>\$ 5,471,190</u>

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2014 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 189,869,132
Less: Net Debt	<u>1,415,000</u>
Remaining Borrowing Power	<u>\$ 188,454,132</u>

Current Refundings of Debt

On November 21, 2013 the District issued \$3,225,000 in School District Refunding Bonds having an interest rate of 0.809% to 5.054%. These Bonds were issued in order to currently refund certain principal maturities of the 2003 Pension Obligation bonds. The total principal currently refunded was \$3,120,000. The reacquisition price exceeded the net carrying amount of the old debt by \$29,873. This amount has been reported as Deferred Outflows of Resources on the financial statements and will be amortized over the new debt's life. This current refunding was undertaken to reduce total debt service payments over the next 13 years by \$180,984 and resulted in an economic gain of \$145,997.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2014</u>	Due Within <u>One Year</u>
Governmental Activities:					
Obligations Under Lease- Purchase Agreement	\$ 13,290,000		\$ 915,000	\$ 12,375,000	\$ 950,000
Less: Unamortized Discount	<u>(97,697)</u>	<u>-</u>	<u>(14,379)</u>	<u>(83,318)</u>	<u>-</u>
	<u>13,192,303</u>	<u>-</u>	<u>900,621</u>	<u>12,291,682</u>	<u>950,000</u>
Bonds Payable	4,880,000	\$ 3,225,000	3,670,000	4,435,000	565,000
Add: Unamortized Premium	<u>7,874</u>	<u>-</u>	<u>3,765</u>	<u>4,109</u>	<u>-</u>
	<u>4,887,874</u>	<u>3,225,000</u>	<u>3,673,765</u>	<u>4,439,109</u>	<u>565,000</u>
Obligations Under Sales/Leaseback		2,535,000	355,000	2,180,000	470,000
Compensated Absences Payable	<u>7,257,118</u>	<u>-</u>	<u>798,418</u>	<u>6,458,700</u>	<u>700,000</u>
	<u>\$ 25,337,295</u>	<u>\$ 5,760,000</u>	<u>\$ 5,727,804</u>	<u>\$ 25,369,491</u>	<u>\$ 2,685,000</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**NORTH BERGEN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board is a member of the New Jersey Educational Insurance Fund (the "Fund") administered by the New Jersey School Boards Association Insurance Group. The Fund insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The relationship between the Board and the Fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Fund, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Fund. Members have a contractual obligation to fund any deficit of the Fund attributable to a membership year during which they were a member.

The Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the Fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Board</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2014	\$ 254,700	\$ 97,709	\$ 164,303	\$ 1,061,877
2013		94,640	53,241	873,062
2012	487,700	94,666	240,195	830,852

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2014, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 76.1 percent and \$12.8 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems from 7.95 percent to 7.90 percent and (b) projected salary increases of 4.22 percent for the PERS and 3.51 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.6% for PERS, 6.6% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2014 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**NORTH BERGEN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2014, 2013 and 2012 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2014	\$ 1,051,611	\$ 2,281,041	\$ 3,257
2013	1,042,411	3,403,239	1,134
2012	1,019,459	1,630,387	

During fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$2,281,041 for normal cost pension and NCGI premium. For fiscal years 2012/2013 and 2011/2012, the state contributed \$3,403,239 and \$1,630,387, respectively for normal cost pension, accrued liability and the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,941,948 during the fiscal year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134, retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits 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 paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2014, 2013 and 2012 were \$3,740,050, \$3,848,203 and \$3,277,502, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 42,141,260		\$ 42,141,260	\$ 42,141,260	
Tuition - Other LEA's	3,928,000		3,928,000	4,322,913	\$ 394,913
Tuition - Summer School	60,000		60,000	66,941	6,941
Interest	-		-	18,341	18,341
Miscellaneous	350,000		350,000	306,307	(43,693)
State Sources					
Special Education Aid	4,568,078		4,568,078	4,568,078	-
Equalization Aid	50,413,223		50,413,223	50,413,223	-
Under Adequacy Aid	500,000		500,000	500,000	-
Security Aid	835,101		835,101	835,101	-
Transportation Aid	138,421		138,421	138,421	-
Extraordinary Aid	450,000		450,000	410,255	(39,745)
Non-Public Transportation Aid				57,469	57,469
Other State Aid				6,350	6,350
TPAF On Behalf					
NCGI Premium				185,010	185,010
Pension Contribution				2,096,031	2,096,031
Post Retirement				3,740,050	3,740,050
Social Security Contribution				3,941,948	3,941,948
Federal Sources					
FEMA				13,343	13,343
Medicaid Reimbursement Program	184,010	-	184,010	248,549	64,539
Total Revenues	103,568,093	-	103,568,093	114,009,590	10,441,497
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Preschool/Kindergarten	1,845,750	\$ (114,000)	1,731,750	1,716,000	15,750
Grades 1-5	10,332,500	(266,515)	10,065,985	10,049,447	16,538
Grades 6-8	5,956,706	19,000	5,975,706	5,923,573	52,133
Grades 9-12	12,662,300	(588,226)	12,074,074	11,757,327	316,747
Regular Programs - Home Instruction					
Salaries of Teachers	164,500	31,000	195,500	195,387	113
Purchased Professional Educational Services	48,500	(10,790)	37,710	28,034	9,676
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	666,500	72,338	738,838	737,415	1,423
Purchased Professional Educational Services	167,500	32,200	199,700	198,866	834
Other Purchased Services	244,000	351,769	595,769	594,325	1,444
General Supplies	725,000	266,664	991,664	977,348	14,316
Textbooks	325,500	(57,075)	268,425	264,133	4,292
Total Regular Programs	33,138,756	(263,635)	32,875,121	32,441,855	433,266
Special Education					
Cognitive - Moderate					
Salaries of Teachers	146,200	109,550	255,750	254,875	875
Total Cognitive - Moderate	146,200	109,550	255,750	254,875	875
Learning and Learning Disabilities					
Salaries of Teachers	1,889,650	(44,300)	1,845,350	1,835,145	10,205
Other Salaries for Instruction	1,342,650	94,200	1,436,850	1,431,451	5,399
Purchased Professional-Educational Services	6,000	21,893	27,893	27,142	751
General Supplies	8,000	(5,700)	2,300	1,873	427
Textbooks	10,000	(4,393)	5,607	5,607	-
Total Learning and Learning Disabilities	3,256,300	61,700	3,318,000	3,301,218	16,782

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Resource Room / Resource Center					
Salaries of Teachers	\$ 3,499,170	\$ 70,600	\$ 3,569,770	\$ 3,569,726	\$ 44
Total Resource Room / Resource Center	3,499,170	70,600	3,569,770	3,569,726	44
Preschool Disabilities - Part-Time					
Salaries of Teachers	171,350	54,800	226,150	224,615	1,535
Other Salaries for Instruction	288,000	8,200	296,200	296,143	57
General Supplies	13,000	(12,000)	1,000	211	789
Total Preschool Disabilities - Part-Time	472,350	51,000	523,350	520,969	2,381
Home Instruction					
Salaries of Teachers	184,050	104,900	288,950	288,950	-
Purchased Professional Educational Services	34,100	18,200	52,300	44,433	7,867
Total Home Instruction	218,150	123,100	341,250	333,383	7,867
Total Special Education	7,592,170	415,950	8,008,120	7,980,171	27,949
Basic Skills/Remedial - Instruction					
Salaries of Teachers	2,135,750	(163,300)	1,972,450	1,608,586	363,864
Other Salaries for Instruction	28,400	1,000	29,400	28,557	843
Purchased Professional Educational Services	20,000	-	20,000	-	20,000
Other Purchased Services	26,000	-	26,000	1,860	24,140
General Supplies	51,000	(10,200)	40,800	10,565	30,235
Other Objects	2,000	-	2,000	-	2,000
Total Basic Skills/Remedial - Instruction	2,263,150	(172,500)	2,090,650	1,649,568	441,082
Bilingual Education					
Salaries of Teachers	3,159,750	55,920	3,215,670	3,215,633	37
Other Salaries for Instruction	90,000	10,280	100,280	99,805	475
Other Purchased Services	3,000	-	3,000	2,334	666
General Supplies	36,000	(20,200)	15,800	15,766	34
Textbooks	11,300	(5,000)	6,300	5,607	693
Total Bilingual Education	3,300,050	41,000	3,341,050	3,339,145	1,905
School Sponsored Co-Curricular Activities					
Salaries	284,550	5,175	289,725	268,032	21,693
Purchased Services	101,200	(2,650)	98,550	95,879	2,671
Supplies and Materials	1,000	400	1,400	1,376	24
Other Objects	1,000	(740)	260	-	260
Total School Sponsored Co-Curricular Activities	387,750	2,185	389,935	365,287	24,648
School Sponsored Athletics - Instruction					
Salaries	645,300	12,600	657,900	652,434	5,466
Purchased Services	488,300	15,815	504,115	492,274	11,841
Supplies and Materials	159,000	5,450	164,450	161,838	2,612
Other Objects	-	350	350	350	-
Total School Sponsored Athletics - Instruction	1,292,600	34,215	1,326,815	1,306,896	19,919
Total - Instruction	47,974,476	57,215	48,031,691	47,082,922	948,769

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Regular	-	\$ 13,412	\$ 13,412	\$ 12,071	\$ 1,341
Tuition - Other LEA's Within State - Special	\$ 523,200	28,518	551,718	394,119	157,599
Tuition to County Vocational School/Dist.-Reg.	14,900	(14,900)	-	-	-
Tuition to CSSD & Reg. Day Schools	1,859,000	736,280	2,595,280	2,584,663	10,617
Tuition to Private Schools Disabled W/I State	1,589,766	(1,114,407)	475,359	340,622	134,737
Tuition - State Facilities	56,000	11,230	67,230	67,230	-
Tuition - Other	174,700	(40,314)	134,386	6,360	128,026
Total Undistributed Expenditures - Instruction	4,217,566	(380,181)	3,837,385	3,405,065	432,320
Attendance and Social Work Services					
Salaries	695,550	39,700	735,250	617,984	117,266
Other Purchased Services	1,700	-	1,700	820	880
Supplies and Materials	400	-	400	-	400
Total Attendance and Social Work Services	697,650	39,700	737,350	618,804	118,546
Health Services					
Salaries	1,004,070	(10,200)	993,870	975,176	18,694
Purchased Professional Technical Services	17,600	-	17,600	15,698	1,902
Other Purchased Services	7,300	-	7,300	4,337	2,963
Supplies and Materials	30,000	-	30,000	18,844	11,156
Total Health Services	1,058,970	(10,200)	1,048,770	1,014,055	34,715
Other Support Services-Speech, OT, PT and Related					
Salaries	125,850	9,800	135,650	130,261	5,389
Purchased Professional Educational Services	468,200	(15,400)	452,800	313,945	138,855
Supplies and Materials	6,000	-	6,000	-	6,000
Total Other Support Services	600,050	(5,600)	594,450	444,206	150,244
Other Support Services - Students - Extra Serv.					
Salaries	730,000	(5,400)	724,600	597,009	127,591
Purchased Professional Educational Services	300,000	28,555	328,555	269,061	59,494
Total Other Support Services - Students - Extra Serv. -	1,030,000	23,155	1,053,155	866,070	187,085
Guidance					
Salaries of Other Professional Staff	1,314,000	37,800	1,351,800	1,338,054	13,746
Salaries of Secretarial and Clerical Assistants	149,950	-	149,950	147,516	2,434
Purchased Professional-Educational Services	10,000	(10,000)	-	-	-
Other Purchased Prof. and Tech. Services	-	25,000	25,000	24,812	188
Other Purchased Services	25,000	-	25,000	16,401	8,599
Supplies and Materials	15,000	-	15,000	5,012	9,988
Total Guidance	1,513,950	52,800	1,566,750	1,531,795	34,955

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Support Services - Child Study Team					
Salaries of Other Professional Staff	\$ 1,919,650	\$ 80,075	\$ 1,999,725	\$ 1,987,470	\$ 12,255
Salaries of Secretarial and Clerical Assistants	268,350	17,000	285,350	264,684	20,666
Other Purchased Professional/Technical Services	108,800	-	108,800	92,950	15,850
Residential Costs	11,300	(10,775)	525	-	525
Misc. Purchased Services	18,000	24,700	42,700	42,276	424
Supplies and Materials	9,500	-	9,500	7,912	1,588
Total Other Support Services - Child Study Team	2,335,600	111,000	2,446,600	2,395,292	51,308
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	386,200	(179,560)	206,640	170,046	36,594
Salaries of Other Professional Staff	777,050	90,560	867,610	787,803	79,807
Purchased Prof. Educational Services	600	-	600	-	600
Other Purchased Professional/Technical Services	900	-	900	-	900
Other Purchased Services	2,000	-	2,000	61	1,939
Supplies and Materials	1,000	-	1,000	-	1,000
Total Improvement of Instruction Services	1,167,750	(89,000)	1,078,750	957,910	120,840
Educational Media Services/School Library					
Salaries	166,400	68,615	235,015	223,865	11,150
Other Purchased Services	18,400	(15,000)	3,400	12	3,388
Supplies and Materials	54,200	(15,000)	39,200	36,832	2,368
Total Educational Media Services/School Library	239,000	38,615	277,615	260,709	16,906
Instructional Staff Training Services					
Salaries of Other Professional Staff	541,300	11,200	552,500	542,413	10,087
Salaries of Secretarial and Clerical Assist.	3,200	-	3,200	2,500	700
Purchased Professional-Educational Serv.	85,400	23,000	108,400	80,639	27,761
Other Purchased Professional and Tech Svcs	4,000	(3,000)	1,000	250	750
Other Purchased Services	19,000	(15,000)	4,000	-	4,000
Supplies and Materials	11,000	(10,000)	1,000	-	1,000
Other Objects	10,000	(6,200)	3,800	-	3,800
Total Instructional Staff Training Services	673,900	-	673,900	625,802	48,098
Support Services General Administration					
Salaries	1,025,850	(59,250)	966,600	754,281	212,319
Legal Services	630,100	82,862	712,962	622,998	89,964
Audit Fees	100,000	1,500	101,500	101,311	189
Expenditure and Internal Control Audit Fees	5,000	-	5,000	-	5,000
Architectural/Engineering Services	200,000	42,231	242,231	200,875	41,356
Other Purchased Professional Services	211,000	4,088	215,088	175,736	39,352
Communications/Telephone	266,000	(20,910)	245,090	111,842	133,248
BOE Other Purchased Services	12,000	-	12,000	3,511	8,489
Other Purchased Services	97,400	(656)	96,744	47,000	49,744
Supplies and Materials	56,000	1,600	57,600	57,531	69
BOE In-House Training/Meeting Supplies	1,500	-	1,500	-	1,500
Judgments Against The School District	30,300	-	30,300	-	30,300
Miscellaneous Expenditures	7,600	-	7,600	2,446	5,154
BOE Membership Dues and Fees	60,000	-	60,000	35,573	24,427
Total Support Services General Administration	2,702,750	51,465	2,754,215	2,113,104	641,111

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 2,860,500	\$ (134,782)	\$ 2,725,718	\$ 2,712,552	\$ 13,166
Salaries of Other Professional Staff	1,034,100	408,654	1,442,754	1,442,687	67
Salaries of Secretarial and Clerical Assistants	1,537,550	(98,784)	1,438,766	1,409,268	29,498
Purchased Prof. and Tech. Services	33,500	1,000	34,500	34,026	474
Other Purchased Services	163,200	(3,000)	160,200	114,517	45,683
Supplies and Materials	59,700	2,775	62,475	57,418	5,057
Other Objects	1,000	-	1,000	-	1,000
Total Support Services School Administration	5,689,550	175,863	5,865,413	5,770,468	94,945
Central Services					
Salaries	1,395,300	30,883	1,426,183	1,141,449	284,734
Purchased Professional Services	56,200	12,320	68,520	41,812	26,708
Purchased Technical Services	51,000	(411)	50,589	4,119	46,470
Misc. Purchased Services	43,200	(50)	43,150	26,310	16,840
Supplies and Materials	27,800	308	28,108	26,126	1,982
Interest on Current Loans	25,000	-	25,000	-	25,000
Other Objects	2,000	1,050	3,050	3,040	10
Total Central Services	1,600,500	44,100	1,644,600	1,242,856	401,744
Admin. Info. Technology					
Salaries	664,100	42,400	706,500	696,524	9,976
Purchased Professional Services	90,000	13,023	103,023	99,787	3,236
Purchased Technical Services	78,000	1,476	79,476	47,320	32,156
Other Purchased Services	5,500	(1,000)	4,500	819	3,681
Supplies and Materials	3,000	1,000	4,000	2,610	1,390
Total Admin. Info. Technology	840,600	56,899	897,499	847,060	50,439
Required Maintenance for School Facilities					
Salaries	1,379,650	(169,850)	1,209,800	1,095,141	114,659
Cleaning, Repair and Maintenance Services	877,000	65,944	942,944	882,951	59,993
General Supplies	186,400	(7,187)	179,213	151,738	27,475
Total Required Maintenance for School Facilities	2,443,050	(111,093)	2,331,957	2,129,830	202,127
Custodial Services					
Salaries	3,733,386	130,600	3,863,986	3,630,380	233,606
Purchased Professional and Technical Services	200,000	(2,015)	197,985	183,310	14,675
Cleaning, Repair and Maintenance	173,292	24,800	198,092	194,615	3,477
Rental Land and Buildings	328,100	72,400	400,500	398,424	2,076
Other Purchased Property Services	94,740	21,900	116,640	107,552	9,088
Insurance	531,300	71,130	602,430	602,429	1
Miscellaneous Purchased Services	51,000	(5,580)	45,420	23,399	22,021
General Supplies	219,000	(208)	218,792	214,169	4,623
Energy (Natural Gas)	536,000	(39,240)	496,760	484,166	12,594
Energy (Electricity)	680,000	(69,260)	610,740	560,686	50,054
Energy (Gasoline)	27,000	523	27,523	26,895	628
Other Objects	7,000	-	7,000	4,855	2,145
Total Other Operational and Maintenance of Plant	6,580,818	205,050	6,785,868	6,430,880	354,988

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 115,900	-	\$ 115,900	\$ 103,379	\$ 105,521
Purchased Professional and Technical Services	45,000	\$ 221	45,221	40,613	4,608
Cleaning, Repair and Maintenance	6,206	(221)	5,985	2,795	3,190
General Supplies	1,500	-	1,500	1,202	298
Total Care and Upkeep of Grounds	<u>168,606</u>	<u>-</u>	<u>168,606</u>	<u>54,989</u>	<u>113,617</u>
Security					
Salaries	1,014,800	-	1,014,800	988,156	26,644
Purchased Professional and Technical Services	16,750	(3,240)	13,510	9,009	4,501
Cleaning, Repair and Maintenance	7,850	(5,750)	2,100	2,020	80
General Supplies	23,300	17,740	41,040	35,927	5,113
Total Security	<u>1,062,700</u>	<u>8,750</u>	<u>1,071,450</u>	<u>1,035,112</u>	<u>36,338</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	97,700	-	97,700	72,540	25,160
Salaries for Pupil Transportation (Between Home and School) - Special	65,750	-	65,750	57,808	7,942
Other Purchased Prof. and Tech. Serv.	13,000	-	13,000	-	13,000
Cleaning, Repair and Maintenance	23,700	1,719	25,419	10,911	14,508
Contracted Services (Between Home and School) - Vendors	1,108,000	26,002	1,134,002	1,105,351	28,651
Contracted Services (Between Home and School) - Joint Agreements	103,350	(11,702)	91,648	76,447	15,201
Contracted Services (Other Than Between Home and School) - Vendors	155,600	22,198	177,798	88,424	89,374
Contracted Services (Spec Ed)-Vendors	736,900	228,020	964,920	945,063	19,857
Contracted Services (Spec Ed)-Joint Agreements	1,246,700	(36,800)	1,209,900	987,875	222,025
Misc. Purchased Services - Transportation	1,000	-	1,000	353	647
General Supplies	8,000	(1,600)	6,400	-	6,400
Transportation Supplies	9,500	1,601	11,101	10,357	744
Aid in Lieu of Payments - Nonpublic School	462,861	(10,000)	452,861	341,067	111,794
Aid in Lieu of Payments - Charter Schools	30,789	(10,000)	20,789	10,166	10,623
Total Student Transportation Services	<u>4,062,850</u>	<u>209,438</u>	<u>4,272,288</u>	<u>3,706,362</u>	<u>565,926</u>
Unallocated Benefits					
Group Insurance	3,100	17,400	20,500	19,533	967
Social Security Contributions	1,219,000	35,300	1,254,300	1,254,258	42
Other Retirement Contributions-PERS	1,229,938	(1,225,253)	4,685	3,257	1,428
Other Retirement Contributions-ERIP	53,000	-	53,000	41,152	11,848
Other Retirement Contributions - Regular	-	1,175,315	1,175,315	1,034,026	141,289
Unemployment Compensation	254,700	-	254,700	254,700	-
Workmen's Compensation	520,000	(23,062)	496,938	493,891	3,047
Health Benefits	15,087,649	(195,700)	14,891,949	14,447,024	444,925
Other Employee Benefits	776,600	17,000	793,600	793,286	314
Total Unallocated Benefits	<u>19,143,987</u>	<u>(199,000)</u>	<u>18,944,987</u>	<u>18,341,127</u>	<u>603,860</u>
TPAF On Behalf					
NCGI Premium	-	-	-	185,010	(185,010)
Pension Contribution	-	-	-	2,096,031	(2,096,031)
Post Retirement	-	-	-	3,740,050	(3,740,050)
Social Security Contribution	-	-	-	3,941,948	(3,941,948)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,963,039</u>	<u>(9,963,039)</u>
Total Undistributed Expenditures	<u>57,829,847</u>	<u>221,761</u>	<u>58,051,608</u>	<u>63,754,535</u>	<u>(5,702,927)</u>
Total Current Expenditures	<u>105,804,323</u>	<u>278,976</u>	<u>106,083,299</u>	<u>110,837,457</u>	<u>(4,754,158)</u>

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Equipment					
Grades 1-5	\$ 15,000	-	\$ 15,000	\$ 10,080	\$ 4,920
Grades 6-8	15,000	\$ (15,000)	-	-	-
Grades 9-12	20,000	-	20,000	11,045	8,955
Basic Skills/Remedial - Instruction	-	-	-	-	-
Undistributed Expenditures					
General Administration	15,000	-	15,000	-	15,000
School Administration	-	-	-	-	-
Central Services	10,000	-	10,000	-	10,000
Admin. Info. Tech.	10,000	-	10,000	-	10,000
Required Maintenance	45,185	5,000	50,185	49,712	473
Custodial	-	-	-	-	-
Care and Upkeep	8,500	-	8,500	-	8,500
Security	15,000	27,611	42,611	32,611	10,000
School Buses	12,600	-	12,600	-	12,600
Total Equipment	<u>166,285</u>	<u>17,611</u>	<u>183,896</u>	<u>103,448</u>	<u>80,448</u>
Facilities Acquisition and Construction Services					
Legal Services	5,000	-	5,000	-	5,000
Architectural/Engineering	37,000	55,942	92,942	1,200	91,742
Construction Services	1,400,000	413	1,400,413	47,000	1,353,413
Land and Improvements	600,000	-	600,000	-	600,000
Assessment for Debt Service on SDA Funding	92,716	-	92,716	92,716	-
Total Facilities Acquis. and Const. Services	<u>2,134,716</u>	<u>56,355</u>	<u>2,191,071</u>	<u>140,916</u>	<u>2,050,155</u>
Total Capital Outlay	<u>2,301,001</u>	<u>73,966</u>	<u>2,374,967</u>	<u>244,364</u>	<u>2,130,603</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	350,650	38,053	388,703	388,703	-
Other Salaries for Instruction	63,900	33,583	97,483	97,483	-
Total Summer School - Instruction	<u>414,550</u>	<u>71,636</u>	<u>486,186</u>	<u>486,186</u>	<u>-</u>
Summer School - Support Services					
Salaries of Teachers	29,900	(13,700)	16,200	16,200	-
Total Summer School - Support Services	<u>29,900</u>	<u>(13,700)</u>	<u>16,200</u>	<u>16,200</u>	<u>-</u>
Total Special Schools	<u>444,450</u>	<u>57,936</u>	<u>502,386</u>	<u>502,386</u>	<u>-</u>
Transfer of Funds To Charter Schools	<u>183,681</u>	<u>11,700</u>	<u>195,381</u>	<u>187,780</u>	<u>7,601</u>

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
Total Expenditures	108,733,455	422,578	109,156,033	111,771,987	(2,615,954)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,165,362)	(422,578)	(5,587,940)	2,237,603	7,825,543
Other Financing Sources (Uses)					
Transfer Out - Capital Projects Fund	-	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)	-
Lease Purchase Proceeds	-	-	-	2,535,000	2,535,000
Total Other Financing Sources (Uses)	-	(1,500,000)	(1,500,000)	1,035,000	2,535,000
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (5,165,362)	(1,922,578)	(7,087,940)	3,272,603	\$ 10,360,543
Fund Balances, Beginning of Year	17,431,986	-	17,431,986	17,431,986	-
Fund Balances, End of Year	\$ 12,266,624	\$ (1,922,578)	\$ 10,344,046	\$ 20,704,589	\$ 10,360,543
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 6,431,840	
Capital Reserve Designated for Subsequent Year's Budget				4,500,000	
Maintenance Reserve				1,000,000	
Maintenance Reserve Designated for Subsequent Year's Budget				300,000	
Emergency Reserve				1,000,000	
Excess Surplus Designated for Subsequent Years Budget				280,118	
Legally Restricted - Sale/Leaseback Reserve				2,534,103	
Committed					
Encumbrances				26,686	
Assigned					
Designated for Subsequent Year's Budget				3,178,869	
Encumbrances				324,536	
Unassigned				1,128,437	
Fund Balance (Budgetary Basis)				20,704,589	
Less State Aid Revenue Not Recognized on GAAP Basis				(5,854,564)	
Fund Balance (GAAP Basis)				\$ 14,850,025	

NORTH BERGEN BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Intergovernmental					
State	\$ 3,633,955		\$ 3,633,955	\$ 2,779,398	\$ (854,557)
Federal	3,816,086	\$ 1,381,762	5,197,848	4,649,501	(548,347)
Local Sources					
Miscellaneous	-	81,065	81,065	60,091	(20,974)
Total Revenues	<u>7,450,041</u>	<u>1,462,827</u>	<u>8,912,868</u>	<u>7,488,990</u>	<u>(1,423,878)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	3,254,438	(55,493)	3,198,945	2,894,107	304,838
Other Salaries for Instruction	235,500	-	235,500	192,051	43,449
Purchased Prof. and Tech. Svcs.	5,000	83,441	88,441	87,377	1,064
Other Purchased Services	1,252,995	379,836	1,632,831	1,602,700	30,131
General Supplies	138,459	198,965	337,424	248,333	89,091
Total Instruction	<u>4,886,392</u>	<u>606,749</u>	<u>5,493,141</u>	<u>5,024,568</u>	<u>468,573</u>
Support Services					
Salaries of Supervisors	113,850	-	113,850	113,700	150
Salaries of Program Directors	157,300	24,213	181,513	166,763	14,750
Salaries of Other Professional Staff	86,800	6,500	93,300	89,740	3,560
Salaries of Secretaries and Clerical Assistants	103,155	(10,604)	92,551	63,473	29,078
Other Salaries	180,500	26,192	206,692	195,931	10,761
Salaries of Master Teachers	90,300	-	90,300	75,968	14,332
Personal Services-Employee Benefits	882,863	474,979	1,357,842	1,117,936	239,906
Purchased Professional/Educational Serv.	-	228,980	228,980	111,412	117,568
Other Purchased Professional and Educational Services	66,100	-	66,100	10,969	55,131
Other Purchased Professional Services	250,000	(22,120)	227,880	46,132	181,748
Cleaning, Repair and Maintenance Services	86,425	-	86,425	20,279	66,146
Rentals	311,806	(3,564)	308,242	236,353	71,889
Other Purchased Services	-	16,950	16,950	12,612	4,338
Contracted Services - Transportation (Between Home and School)	60,000	(3,000)	57,000	37,519	19,481
Contracted Services - Transportation (Field Trips)	5,000	3,000	8,000	5,930	2,070
Travel	2,500	-	2,500	-	2,500
Miscellaneous Purchased Services	5,000	5,679	10,679	10,679	-
Supplies and Materials	142,050	87,873	229,923	146,611	83,312
Miscellaneous Expenditures	-	-	-	8,781	(8,781)
Total Support Services	<u>2,543,649</u>	<u>835,078</u>	<u>3,378,727</u>	<u>2,470,788</u>	<u>907,939</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	10,000	21,000	31,000	2,325	28,675
Non-Instructional Equipment	10,000	-	10,000	90	9,910
Total Facilities Acquisition and Construction Services	<u>20,000</u>	<u>21,000</u>	<u>41,000</u>	<u>2,415</u>	<u>38,585</u>
Total Expenditures	<u>7,450,041</u>	<u>1,462,827</u>	<u>8,912,868</u>	<u>7,497,771</u>	<u>1,415,097</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	(8,781)	(8,781)
Fund Balance, Beginning of Year	-	-	-	8,781	8,781
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTH BERGEN BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General <u>Fund</u>	Special Revenue <u>Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule (Exhibits C-1,C-2)	\$ 114,009,590	\$ 7,488,990
Difference - budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2013-2014)	(5,854,564)	
State Aid payment recognized for GAAP statements, not recognized for budgetary purposes (2012-2013)	5,775,412	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2014		(25,347)
Encumbrances, June 30, 2013 (net of cancellations)	<u>-</u>	<u>83,448</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 113,930,438</u>	<u>\$ 7,547,091</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1, C-2)	\$ 111,771,987	\$ 7,497,771
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.		
Encumbrances, June 30, 2014		(25,347)
Encumbrances, June 30, 2013 (net of cancellations)	<u>-</u>	<u>83,448</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 111,771,987</u>	<u>\$ 7,555,872</u>

SPECIAL REVENUE FUND

NORTH BERGEN BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Preschool Education	Juvenile Comm. Serv.	Subtotal Page 2	Subtotal Page 3	Grand Total
REVENUES					
Intergovernmental					
State	\$ 2,779,398				\$ 2,779,398
Federal			\$ 2,919,768	\$ 1,729,733	4,649,501
Other	-	\$ 60,091	-	-	60,091
Total Revenues	2,779,398	60,091	2,919,768	1,729,733	7,488,990
EXPENDITURES					
Instruction					
Salaries of Teachers	1,067,838		1,826,269		2,894,107
Other Salaries for Instruction	192,051				192,051
Purchased Prof. and Tech. Svcs.			87,377		87,377
Other Purchased Services	1,287		480	1,600,933	1,602,700
General Supplies	94,741	-	91,537	62,035	248,333
Total Instruction	1,355,917	-	2,005,663	1,662,988	5,024,568
Support Services					
Salaries of Supervisors of Instruction	113,700				113,700
Salaries of Program Directors	111,300		55,463		166,763
Salaries of Other Professional Staff	85,915		3,825		89,740
Salaries of Secretaries and Clerical Assistants	38,853		24,620		63,473
Other Salaries	181,301	14,630			195,931
Salaries of Master Teachers	75,968				75,968
Personal Services-Employee Benefits	344,532		772,285	-	1,117,936
Purchased Professional/Educational Serv.	-	33,323	38,651	39,438	111,412
Other Purchased Professional/Educational Serv.	10,969				10,969
Other Purchased Professional Serv.	46,132				46,132
Cleaning, Repairs and Maintenance	20,279				20,279
Rentals	236,353				236,353
Other Purchased Services		7,837	4,775		12,612
Contracted Services - Transportation (Betw Home and Sch)	37,519				37,519
Contracted Transportation Services (Field Trips)	5,930				5,930
Travel	-				-
Miscellaneous Purchased Services	10,679				10,679
Supplies and Materials	103,961	3,182	14,486	24,982	146,611
Miscellaneous Expenditures	8,781	-	-	-	8,781
Total Support Services	1,432,172	60,091	914,105	64,420	2,470,788
Facilities Acquisition and Construction Services					
Instructional Equipment				2,325	2,325
Non Instructional Equipment	90	-	-	-	90
Total Facilities Acquisition and Construction Services	90	-	-	2,325	2,415
Total Expenditures	2,788,179	60,091	2,919,768	1,729,733	7,497,771
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(8,781)	-	-	-	(8,781)
Fund Balance, Beginning of Year	8,781	-	-	-	8,781
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH BERGEN BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

N.C.L.B. Consolidated

REVENUES	Title I	Title II A	Title III	Title III Immig	Page Total
Intergovernmental					
Federal	\$ 2,459,776	\$ 276,389	\$ 135,909	\$ 47,694	\$ 2,919,768
Total Revenues	<u>2,459,776</u>	<u>276,389</u>	<u>135,909</u>	<u>47,694</u>	<u>2,919,768</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,572,661	171,357	38,855	43,396	1,826,269
Purchased Prof. and Tech. Serv.	87,377		-		87,377
Other Purchased Services			480	-	480
General Supplies	-	-	91,537	-	91,537
Total Instruction	<u>1,660,038</u>	<u>171,357</u>	<u>130,872</u>	<u>43,396</u>	<u>2,005,663</u>
Support Services					
Salaries of Program Directors	55,463				55,463
Salaries of Other Professional Staff	3,825				3,825
Salaries of Secretaries and Clerical Assistants	21,354		2,280	986	24,620
Personal Services-Employee Benefits	695,485	70,731	2,757	3,312	772,285
Purchased Professional/Educational Serv.	4,350	34,301			38,651
Other Purchased Services	4,775				4,775
Supplies and Materials	14,486	-	-	-	14,486
Total Support Services	<u>799,738</u>	<u>105,032</u>	<u>5,037</u>	<u>4,298</u>	<u>914,105</u>
Total Expenditures	<u>2,459,776</u>	<u>276,389</u>	<u>135,909</u>	<u>47,694</u>	<u>2,919,768</u>
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH BERGEN BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	IDEA		Page Total
	Basic	Preschool	
REVENUES			
Intergovernmental			
Federal	\$ 1,681,886	\$ 47,847	\$ 1,729,733
Total Revenues	<u>1,681,886</u>	<u>47,847</u>	<u>1,729,733</u>
EXPENDITURES			
Instruction			
Other Purchased Services	1,553,086	47,847	1,600,933
General Supplies	<u>62,055</u>	<u>-</u>	<u>62,055</u>
Total Instruction	<u>1,615,141</u>	<u>47,847</u>	<u>1,662,988</u>
Support Services			
Purchased Professional/Educational Serv.	39,438		39,438
Supplies and Materials	<u>24,982</u>	<u>-</u>	<u>24,982</u>
Total Support Services	<u>64,420</u>	<u>-</u>	<u>64,420</u>
Facilities Acquisition and Construction Svcs			
Instructional Equipment	<u>2,325</u>	<u>-</u>	<u>2,325</u>
Total Facilities Acquisition and Construction Svcs.	<u>2,325</u>	<u>-</u>	<u>2,325</u>
Total Expenditures	<u>1,681,886</u>	<u>47,847</u>	<u>1,729,733</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH BERGEN BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction			
Salaries of Teachers	\$ 1,267,200	\$ 1,067,838	\$ 199,362
Other Salaries of Instruction	235,500	192,051	43,449
Other Purchased Services	11,900	1,287	10,613
General Supplies	95,220	94,741	479
	<u>1,609,820</u>	<u>1,355,917</u>	<u>253,903</u>
Total Instruction			
Support Services			
Salaries of Supervisors	113,850	113,700	150
Salaries of Program Directors	126,050	111,300	14,750
Salaries of Other Professional Staff	86,800	85,915	885
Salaries of Secretaries and Clerical Assistants	67,050	38,853	28,197
Other Salaries	181,500	181,301	199
Salaries of Master Teachers	90,300	75,968	14,332
Personal Services - Employee Benefit	450,324	344,532	105,792
Other Purchased Professional Educational Services	66,100	10,969	55,131
Other Purchased Professional Services	227,880	46,132	181,748
Cleaning, Repairs and Maintenance	86,425	20,279	66,146
Rentals	308,242	236,353	71,889
Contracted Transportation Services (Between Home and School)	57,000	37,519	19,481
Contracted Transportation Services (Field Trips)	8,000	5,930	2,070
Travel	2,500		2,500
Miscellaneous Purchased Services	10,679	10,679	-
Supplies and Materials	121,435	103,961	17,474
Miscellaneous Expenditures	-	8,781	(8,781)
	<u>2,004,135</u>	<u>1,432,172</u>	<u>571,963</u>
Total Support Services			
Facilities Acquisition and Construction Services			
Instructional Equipment	10,000		10,000
Non Instructional Equipment	10,000	90	9,910
	<u>20,000</u>	<u>90</u>	<u>19,910</u>
Total Facilities Acquisition and Construction Services			
	<u>\$ 3,633,955</u>	<u>\$ 2,788,179</u>	<u>\$ 845,776</u>
Total Expenditures			
Total Revised 2013-2014 Preschool Education Aid Allocation			
			\$ 3,181,245
Actual Preschool Education Aid Carryover (June 30, 2013)			
			1,758,668
Add: Prior Year Adjustment			
			<u>8,781</u>
Total Preschool Education Aid Funds Available for 2013-2014 Budget			
			4,948,694
Less: 2013-2014 Budgeted Preschool Education Aid			
(including Prior Year Budgeted Carryover)			
			<u>3,633,955</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2014			
			1,314,739
Add: 2013-2014 Unexpended Preschool Education Aid			
			<u>845,776</u>
2013-2014 Carryover - Preschool Education Aid/Preschool			
			<u>\$ 2,160,515</u>
2013-2014 Preschool Education Aid Carryover Budgeted for Preschool			
Programs 2014-15			
			<u>\$ 1,758,668</u>

CAPITAL PROJECTS FUND

**NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2014</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Lease Purchase 1998- Various Impvts.	\$ 9,000,000	\$ 8,313,951		\$ 686,049
Lease Purchase 1999- Various Impvts.	10,120,852	9,985,860		134,992
SDA Projects:				
Franklin Elementary School Rehabilitation - Window Replacement	1,184,585	1,184,401		184
Lincoln Elementary School Rehabilitation - Window Replacement	1,032,766	1,032,583		183
North Bergen High School Addition and Rehabilitation - Guidance and Health Suites	1,646,557	1,473,724	\$ 2,690	170,143
North Bergen High School Rehabilitation - Brick Façade Repair and Restoration	820,513	735,994	33,664	50,855
Horace Mann Elementary School Rehabilitation - Window Replacement and Exterior Doors	2,504,644	2,264,313	86,585	153,746
Robert Fulton Elementary School Rehabilitation - Window Replacement and Exterior Doors	2,474,430	110,424	10,462	2,353,544
McKinley Elementary School Rehabilitation - Window Replacement	1,110,046		78,357	1,031,689
McKinley Elementary School Rehabilitation - Exterior Masonry, Façade, and Sealants	280,810		6,318	274,492
Robert Fulton Elementary School Rehabilitation - Roof Replacement and Masonry Repairs	776,450		2,295	774,155
Robert Fulton Elementary School Rehabilitation - Basement Foundation and Exterior Walls	131,971			131,971
North Bergen High School Rehabilitation	159,540			159,540
North Bergen High School Rehabilitation - Fire Alarm System Upgrades	1,890,785			1,890,785
Lincoln Elementary School Rehabilitation - Exterior Masonry, Façade, and Sealants	507,539		7,875	499,664
Horace Mann Elementary School Rehabilitation - Roof Replacement and Masonry Repairs	738,650		2,430	736,220
McKinley Elementary School Rehabilitation - Security Camera Installation	148,107			148,107
Lincoln Elementary School Rehabilitation - Security Camera Installation	221,656			221,656
John F. Kennedy Elementary School - Security Camera Installation	153,322			153,322
Horace Mann Elementary School Rehabilitation - Security Camera Installation	171,904			171,904
Franklin Elementary School Rehabilitation - Security Camera Installation	151,603			151,603
Robert Fulton Elementary School Rehabilitation - Security Camera Installation	205,485	-	-	205,485
	<u>\$ 35,432,215</u>	<u>\$ 25,101,250</u>	<u>\$ 230,676</u>	<u>\$ 10,100,289</u>

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Reconciliation of Project Balances to Fund Balance

Project Balances at June 30, 2014	\$ 10,100,289
Less: Unrealized Transfer from Capital Reserve Budgeted in 2014/2015	<u>(1,455,777)</u>
Fund Balance, Budgetary Basis	\$ 8,644,512
Less: Unrealized Revenue SDA Grants	<u>(4,963,886)</u>
Fund Balance (GAAP)	<u>\$ 3,680,626</u>

Recapitulation of Fund Balance

Restricted for Capital Projects	
Year-End Encumbrances	\$ 2,726,142
Available for Capital Projects	<u>954,484</u>
Total Fund Balance- Restricted for Capital Projects	<u>\$ 3,680,626</u>

NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

REVENUES AND OTHER FINANCING SOURCES

State Sources	
SDA Grants (net of cancellations)	\$ 3,692,091
Local Sources	
Transfer from Capital Outlay	<u>1,500,000</u>
 Total Revenues	 <u>5,192,091</u>

EXPENDITURES AND OTHER FINANCING USES

Architectural/Engineering Services	115,354
Construction Services	<u>115,322</u>
 Total Expenditures	 <u>230,676</u>
 Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	 4,961,415
 Fund Balance, Beginning of Year	 <u>3,683,097</u>
 Fund Balance, End of Year	 <u>\$ 8,644,512</u>

Reconciliation to GAAP Fund Balance, June 30, 2014

Fund Balance, Budgetary Basis	\$ 8,644,512
Less: School Development Authority (SDA) Unearned Revenue	<u>(4,963,886)</u>
Fund Balance, GAAP Basis	<u>\$ 3,680,626</u>

**NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
FRANKLIN ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 687,461	\$ -	\$ 687,461	\$ 687,461
Local Sources	<u>497,124</u>	<u>-</u>	<u>497,124</u>	<u>497,124</u>
Total Revenues	<u>1,184,585</u>	<u>-</u>	<u>1,184,585</u>	<u>1,184,585</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	168,627	-	168,627	142,150
Construction Services	<u>1,015,774</u>	<u>-</u>	<u>1,015,774</u>	<u>1,042,435</u>
Total Expenditures and Other Financing Uses	<u>1,184,401</u>	<u>-</u>	<u>1,184,401</u>	<u>1,184,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 184</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-060-09-1008
Grant Date	May 1, 2009
Original Authorized Cost	1,751,403
Adjustment	(566,818)
Revised Authorized Cost	1,184,585
Percentage Increase over Original Authorized	
Cost	-32%
Percentage Completion	100%
Original Target Completion Date	February 1, 2011
Revised Target Completion Date	February 1, 2013

**NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
LINCOLN ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 599,354	\$ -	\$ 599,354	\$ 599,354
Local Sources	433,412	-	433,412	433,412
	<u>1,032,766</u>	<u>-</u>	<u>1,032,766</u>	<u>1,032,766</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	160,630	-	160,630	123,932
Construction Services	871,953	-	871,953	908,834
	<u>1,032,583</u>	<u>-</u>	<u>1,032,583</u>	<u>1,032,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-090-09-1009
Grant Date	May 1, 2009
Original Authorized Cost	1,533,656
Adjustment	(500,890)
Revised Authorized Cost	1,032,766
Percentage Increase over Original Authorized Cost	-33%
Percentage Completion	100%
Original Target Completion Date	February 1, 2011
Revised Target Completion Date	February 1, 2013

**NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
NORTH BERGEN HIGH SCHOOL ADDITION AND REHABILITATION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 827,591		\$ 827,591	\$ 827,591
Local Sources	818,966	\$ -	818,966	818,966
	<u>1,646,557</u>	<u>-</u>	<u>1,646,557</u>	<u>1,646,557</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	236,820	2,690	239,510	197,587
Construction Services	1,236,904	-	1,236,904	1,448,970
	<u>1,473,724</u>	<u>2,690</u>	<u>1,476,414</u>	<u>1,646,557</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 172,833</u>	<u>\$ (2,690)</u>	<u>\$ 170,143</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-050-09-1010
Grant Date	July 29, 2009
Original Authorized Cost	1,499,212
Additional Authorized Cost	147,345
Revised Authorized Cost	1,646,557
Percentage Increase over Original Authorized Cost	10%
Percentage Completion	89%
Original Target Completion Date	December 15, 2010
Revised Target Completion Date	December 31, 2013

**NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
NORTH BERGEN HIGH SCHOOL REHABILITATION - BRICK FAÇADE REPAIR AND RESTORATION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 476,176	\$ -	\$ 476,176	\$ 476,176
Local Sources	<u>344,337</u>	<u>-</u>	<u>344,337</u>	<u>344,337</u>
 Total Revenues	 <u>820,513</u>	 <u>-</u>	 <u>820,513</u>	 <u>820,513</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	149,926	-	149,926	98,462
Construction Services	<u>586,068</u>	<u>33,664</u>	<u>619,732</u>	<u>722,051</u>
 Total Expenditures and Other Financing Uses	 <u>735,994</u>	 <u>33,664</u>	 <u>769,658</u>	 <u>820,513</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 84,519</u>	 <u>\$ (33,664)</u>	 <u>\$ 50,855</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3610-050-09-1007
Grant Date	May 1, 2009
Original Authorized Cost	1,079,111
Adjustment	(258,598)
Revised Authorized Cost	820,513
 Percentage Increase over Original Authorized Cost	 -24%
Percentage Completion	90%
Original Target Completion Date	December 15, 2010
Revised Target Completion Date	February 1, 2013

**NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND**

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
HORACE MANN ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT AND EXTERIOR DOORS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,254,556		\$ 1,254,556	\$ 1,254,556
Local Sources	1,250,088	\$ -	1,250,088	1,250,088
	<u>2,504,644</u>	<u>-</u>	<u>2,504,644</u>	<u>2,504,644</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	274,298	10,880	285,178	300,557
Construction Services	1,990,015	75,705	2,065,720	2,204,087
	<u>2,264,313</u>	<u>86,585</u>	<u>2,350,898</u>	<u>2,504,644</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 240,331</u>	<u>\$ (86,585)</u>	<u>\$ 153,746</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-070-10-1003
Grant Date	August 31, 2010
Original Authorized Cost	2,269,313
Additional Authorized Cost	235,331
Revised Authorized Cost	2,504,644

Percentage Increase over Original Authorized

Cost	10%
Percentage Completion	90%
Original Target Completion Date	June 30, 2012
Revised Target Completion Date	June 30, 2013

NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
ROBERT FULTON ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT AND EXTERIOR DOORS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,367,952	\$ -	\$ 1,367,952	\$ 1,367,952
Local Sources	<u>1,106,478</u>	<u>-</u>	<u>1,106,478</u>	<u>1,106,478</u>
Total Revenues	<u>2,474,430</u>	<u>-</u>	<u>2,474,430</u>	<u>2,474,430</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	36,667	4,509	41,176	296,932
Construction Services	<u>73,757</u>	<u>5,953</u>	<u>79,710</u>	<u>2,177,498</u>
Total Expenditures and Other Financing Uses	<u>110,424</u>	<u>10,462</u>	<u>120,886</u>	<u>2,474,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,364,006</u>	<u>\$ (10,462)</u>	<u>\$ 2,353,544</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-110-10-1006
Grant Date	August 30, 2010
Original Authorized Cost	2,510,379
Adjustment	(35,949)
Revised Authorized Cost	2,474,430
Percentage Decrease over Original Authorized	
Cost	-1%
Percentage Completion	5%
Original Target Completion Date	June 30, 2014
Revised Target Completion Date	June 30, 2014

**NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
McKINLEY ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 673,885	\$ 673,885	\$ 673,885
Local Sources	-	-	-	436,161
	<u>-</u>	<u>673,885</u>	<u>673,885</u>	<u>1,110,046</u>
Total Revenues				
	<u>-</u>	<u>673,885</u>	<u>673,885</u>	<u>1,110,046</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services		78,357	78,357	133,206
Construction Services	-	-	-	976,840
	<u>-</u>	<u>-</u>	<u>-</u>	<u>976,840</u>
Total Expenditures and Other Financing Uses				
	<u>-</u>	<u>78,357</u>	<u>78,357</u>	<u>1,110,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 595,528</u>	<u>\$ 595,528</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-100-14-1014
Grant Date	January 6, 2014
Original Authorized Cost	1,110,046
Additional Authorized Cost	
Revised Authorized Cost	1,110,046
Percentage Increase over Original Authorized	
Cost	0%
Percentage Completion	90%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
McKINLEY ELEMENTARY SCHOOL REHABILITATION - EXTERIOR MASONRY, FAÇADE,
AND SEALANTS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 170,474	\$ 170,474	\$ 170,474
Local Sources	-	-	-	110,336
Total Revenues	-	170,474	170,474	280,810
Expenditures and Other Financing Uses				
Architectural/Engineering Services		6,318	6,318	33,697
Construction Services	-	-	-	247,113
Total Expenditures and Other Financing Uses	-	6,318	6,318	280,810
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 164,156	\$ 164,156	\$ -

Additional Project Information:

Project Number	3610-100-14-1025
Grant Date	January 6, 2014
Original Authorized Cost	280,810
Additional Authorized Cost	
Revised Authorized Cost	280,810
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	2%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 ROBERT FULTON ELEMENTARY SCHOOL REHABILITATION
 ROOF REPLACEMENT AND MASONRY REPAIRS
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 471,366	\$ 471,366	\$ 471,366
Local Sources	-	-	-	305,084
Total Revenues	-	471,366	471,366	776,450
Expenditures and Other Financing Uses				
Architectural/Engineering Services		2,295	2,295	93,174
Construction Services	-	-	-	683,276
Total Expenditures and Other Financing Uses	-	2,295	2,295	776,450
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 469,071</u>	<u>\$ 469,071</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-110-14-1021
Grant Date	January 6, 2014
Original Authorized Cost	776,450
Additional Authorized Cost	
Revised Authorized Cost	776,450

Percentage Increase over Original Authorized

Cost	0%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 ROBERT FULTON ELEMENTARY SCHOOL REHABILITATION
 BASEMENT FOUNDATION AND EXTERIOR WALLS
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 80,117	\$ 80,117	\$ 80,117
Local Sources	-	-	-	51,854
	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,854</u>
Total Revenues	<u>-</u>	<u>80,117</u>	<u>80,117</u>	<u>131,971</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services		-	-	15,837
Construction Services	-	-	-	116,134
	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,134</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 80,117</u>	<u>\$ 80,117</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-110-14-1022
Grant Date	January 6, 2014
Original Authorized Cost	131,971
Additional Authorized Cost	
Revised Authorized Cost	131,971
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 NORTH BERGEN HIGH SCHOOL REHABILITATION
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 96,853	\$ 96,853	\$ 96,853
Local Sources	-	-	-	62,687
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	96,853	96,853	159,540
Expenditures and Other Financing Uses				
Architectural/Engineering Services		-	-	19,145
Construction Services	-	-	-	140,395
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	-	-	-	159,540
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 96,853</u>	<u>\$ 96,853</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-050-14-1001
Grant Date	January 6, 2014
Original Authorized Cost	159,540
Additional Authorized Cost	
Revised Authorized Cost	159,540

Percentage Increase over Original Authorized

Cost	0%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 NORTH BERGEN HIGH SCHOOL REHABILITATION
 FIRE ALARM SYSTEM UPGRADES
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 1,028,815	\$ 1,028,815	\$ 1,028,815
Local Sources	-	861,970	861,970	861,970
	<u>-</u>	<u>1,890,785</u>	<u>1,890,785</u>	<u>1,890,785</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	-	-	-	226,894
Construction Services	-	-	-	1,663,891
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,890,785</u>
Total Expenditures and Other Financing Uses	-	-	-	1,890,785
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,890,785</u>	<u>\$ 1,890,785</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-050-14-1002
Grant Date	January 6, 2014
Original Authorized Cost	1,694,700
Additional Authorized Cost	196,085
Revised Authorized Cost	1,890,785

Percentage Increase over Original Authorized

Cost	12%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 LINCOLN ELEMENTARY SCHOOL REHABILITATION
 EXTERIOR MASONRY, FAÇADE AND SEALANTS
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 308,116	\$ 308,116	\$ 308,116
Local Sources	-	-	-	199,423
	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,423</u>
Total Revenues	-	308,116	308,116	507,539
	<u>-</u>	<u>308,116</u>	<u>308,116</u>	<u>507,539</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	-	7,875	7,875	60,905
Construction Services	-	-	-	446,634
	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,634</u>
Total Expenditures and Other Financing Uses	-	7,875	7,875	507,539
	<u>-</u>	<u>7,875</u>	<u>7,875</u>	<u>507,539</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 300,241	\$ 300,241	\$ -
	<u>-</u>	<u>300,241</u>	<u>300,241</u>	<u>-</u>

Additional Project Information:

Project Number	3610-090-14-1024
Grant Date	January 6, 2014
Original Authorized Cost	507,539
Additional Authorized Cost	
Revised Authorized Cost	507,539

Percentage Decrease over Original Authorized

Cost	0%
Percentage Completion	2%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 HORACE MANN ELEMENTARY SCHOOL REHABILITATION
 ROOF REPLACEMENT AND MASONRY REPAIRS
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 448,418	\$ 448,418	\$ 448,418
Local Sources	-	-	-	290,232
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	448,418	448,418	738,650
Expenditures and Other Financing Uses				
Architectural/Engineering Services		2,430	2,430	88,638
Construction Services	-	-	-	650,012
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	-	2,430	2,430	738,650
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 445,988</u>	<u>\$ 445,988</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-070-14-1020
Grant Date	January 6, 2014
Original Authorized Cost	738,650
Additional Authorized Cost	
Revised Authorized Cost	738,650
Percentage Decrease over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
McKINLEY ELEMENTARY SCHOOL REHABILITATION
SECURITY CAMERA INSTALLATION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 78,102	\$ 78,102	\$ 78,102
Local Sources	-	70,005	70,005	70,005
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	148,107	148,107	148,107
Expenditures and Other Financing Uses				
Architectural/Engineering Services		-	-	17,773
Construction Services	-	-	-	130,334
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	-	-	-	148,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 148,107</u>	<u>\$ 148,107</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-100-14-1015
Grant Date	January 6, 2014
Original Authorized Cost	128,652
Additional Authorized Cost	19,455
Revised Authorized Cost	148,107
Percentage Increase over Original Authorized Cost	15%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 LINCOLN ELEMENTARY SCHOOL REHABILITATION
 SECURITY CAMERA INSTALLATION
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 87,213	\$ 87,213	\$ 87,213
Local Sources	-	134,443	134,443	134,443
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	221,656	221,656	221,656
Expenditures and Other Financing Uses				
Architectural/Engineering Services		-	-	26,599
Construction Services	-	-	-	195,057
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	-	-	-	221,656
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 221,656</u>	<u>\$ 221,656</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-090-14-1012
Grant Date	Janaury 6, 2014
Original Authorized Cost	143,661
Additional Authorized Cost	77,995
Revised Authorized Cost	221,656

Percentage Increase over Original Authorized

Cost	54%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 JOHN F. KENNEDY ELEMENTARY SCHOOL REHABILITATION
 SECURITY CAMERA INSTALLATION
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 59,007	\$ 59,007	\$ 59,007
Local Sources	-	94,315	94,315	94,315
Total Revenues	-	153,322	153,322	153,322
Expenditures and Other Financing Uses				
Architectural/Engineering Services		-	-	18,399
Construction Services	-	-	-	134,923
Total Expenditures and Other Financing Uses	-	-	-	153,322
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 153,322	\$ 153,322	\$ -

Additional Project Information:

Project Number	3610-080-14-1011
Grant Date	January 6, 2014
Original Authorized Cost	97,199
Additional Authorized Cost	56,123
Revised Authorized Cost	153,322
Percentage Increase over Original Authorized Cost	58%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
HORACE MANN ELEMENTARY SCHOOL REHABILITATION
SECURITY CAMERA INSTALLATION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 65,614	\$ 65,614	\$ 65,614
Local Sources	-	106,290	106,290	106,290
	<u>-</u>	<u>171,904</u>	<u>171,904</u>	<u>171,904</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services		-	-	20,628
Construction Services	-	-	-	151,276
	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,904</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 171,904</u>	<u>\$ 171,904</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-070-14-1099
Grant Date	January 6, 2014
Original Authorized Cost	108,082
Additional Authorized Cost	63,822
Revised Authorized Cost	171,904

Percentage Increase over Original Authorized

Cost	59%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 FRANKLIN ELEMENTARY SCHOOL REHABILITATION
 SECURITY CAMERA INSTALLATION
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 63,672	\$ 63,672	\$ 63,672
Local Sources	-	87,931	87,931	87,931
	<u>-</u>	<u>151,603</u>	<u>151,603</u>	<u>151,603</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Services	-	-	-	18,192
Construction Services	-	-	-	133,411
	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,603</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 151,603</u>	<u>\$ 151,603</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3610-060-14-1008
Grant Date	January 6, 2014
Original Authorized Cost	104,883
Additional Authorized Cost	46,720
Revised Authorized Cost	151,603
Percentage Increase over Original Authorized Cost	45%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

NORTH BERGEN BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 ROBERT FULTON ELEMENTARY SCHOOL REHABILITATION
 SECURITY CAMERA INSTALLATION
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ 60,439	\$ 60,439	\$ 60,439
Local Sources	-	145,046	145,046	145,046
Total Revenues	-	205,485	205,485	205,485
Expenditures and Other Financing Uses				
Architectural/Engineering Services		-	-	24,658
Construction Services	-	-	-	180,827
Total Expenditures and Other Financing Uses	-	-	-	205,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 205,485	\$ 205,485	\$ -

Additional Project Information:

Project Number	3610-110-14-1016
Grant Date	January 6, 2014
Original Authorized Cost	99,558
Reduced Authorized Cost	105,927
Revised Authorized Cost	205,485
Percentage Decrease over Original Authorized Cost	106%
Percentage Completion	0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

PROPRIETARY FUNDS

**NORTH BERGEN BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NORTH BERGEN BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
 AS OF JUNE 30, 2014

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 196,108	\$ 2,756,359	\$ 2,952,467
Due from Other Funds	<u>90,283</u>	<u>-</u>	<u>90,283</u>
Total Assets	<u>\$ 286,391</u>	<u>\$ 2,756,359</u>	<u>\$ 3,042,750</u>
LIABILITIES			
Payroll and Payroll Deductions and Withholdings		\$ 28,502	\$ 28,502
Accrued Salaries and Wages		2,534,704	2,534,704
Due to Other Funds		193,153	193,153
Due to Student Groups	<u>\$ 286,391</u>	<u>-</u>	<u>286,391</u>
Total Liabilities	<u>\$ 286,391</u>	<u>\$ 2,756,359</u>	<u>\$ 3,042,750</u>

NORTH BERGEN BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOT APPLICABLE

EXHIBIT H-3

STUDENT ACTIVITY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance, July 1, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2014</u>
ELEMENTARY SCHOOLS	\$ 92,644	\$ 192,010	\$ 182,100	\$ 102,554
HIGH SCHOOL				
Athletic	5,628	44,044	42,366	7,306
General	<u>178,661</u>	<u>277,542</u>	<u>279,672</u>	<u>176,531</u>
Total	<u>\$ 276,933</u>	<u>\$ 513,596</u>	<u>\$ 504,138</u>	<u>\$ 286,391</u>

EXHIBIT H-4

PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance, July 1, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2014</u>
ASSETS				
Cash	<u>\$ 3,682,103</u>	<u>\$ 89,005,709</u>	<u>\$ 89,931,453</u>	<u>\$ 2,756,359</u>
Total Assets	<u>\$ 3,682,103</u>	<u>\$ 89,005,709</u>	<u>\$ 89,931,453</u>	<u>\$ 2,756,359</u>
LIABILITIES				
Payroll and Payroll Deductions and Withholdings	\$ 564,641	\$ 86,384,142	\$ 86,920,281	\$ 28,502
Accrued Salaries and Wages	3,021,294	2,524,582	3,011,172	2,534,704
Due to Other Funds	<u>96,168</u>	<u>96,985</u>	<u>-</u>	<u>193,153</u>
Total Liabilities	<u>\$ 3,682,103</u>	<u>\$ 89,005,709</u>	<u>\$ 89,931,453</u>	<u>\$ 2,756,359</u>

LONG-TERM DEBT

**NORTH BERGEN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>					
Pension Obligation Refunding Bonds	5/15/2003	\$ 4,250,000				\$ 3,120,000		\$ 3,120,000	
Refunding Bonds	5/21/2009	3,125,000	3/1/2015	\$ 345,000	\$ 3.000 %				
			3/1/2016	350,000	4.000				
			3/1/2017	355,000	4.000				
			3/1/2018	365,000	4.000	1,760,000		345,000	1,415,000
Pension Obligation Refunding Bonds	10/31/2013	\$ 3,225,000	4/1/2015	220,000	1.159				
			4/1/2016	220,000	1.777				
			4/1/2017	225,000	2.481				
			4/1/2018	230,000	2.931				
			4/1/2019	235,000	3.319				
			4/1/2020	240,000	3.719				
			4/1/2021	250,000	4.054				
			4/1/2022	265,000	4.254				
			4/1/2023	275,000	4.504				
			4/1/2024	285,000	5.054				
			4/1/2025	300,000	5.054				
			4/1/2026	275,000	5.054				
						-	\$ 3,225,000	205,000	\$ 3,020,000
						\$ 4,880,000	\$ 3,225,000	\$ 3,670,000	\$ 4,435,000

**NORTH BERGEN BOARD OF EDUCATION
LONG-TERM DEBT
OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Certificates of Participation	7/1/2010	\$ 5,590,000	12/15/2014	\$ 555,000	3.000	\$ 4,025,000		\$ 540,000	\$ 3,485,000
			12/15/2015	575,000	2.750				
			12/15/2016	590,000	3.000				
			12/15/2017	610,000	3.375				
			12/15/2018	1,155,000	3.750				
Certificates of Participation	2/1/2005	10,285,000	12/15/2014	395,000	3.50	9,265,000	-	375,000	8,890,000
			12/15/2015	415,000	3.75				
			12/15/2016	440,000	3.70				
			12/15/2017	465,000	3.80				
			12/15/2018	365,000	4.00				
			12-15/2019	1,615,000	4.00				
			12/15/2020	1,665,000	4.00				
			15/15/2021	1,730,000	4.00				
			12/15/2022	1,800,000	4.10				
					<u>\$ 13,290,000</u>	<u>\$ -</u>	<u>\$ 915,000</u>	<u>\$ 12,375,000</u>	

**NORTH BERGEN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SALES/LEASEBACK OBLIGATIONS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30, 2014</u>
Acquisition and Improvement of Real Property for School Purposes	1/31/2014	\$ 2,535,000	1.54%	<u>\$ 2,535,000</u>	<u>\$ 355,000</u>	<u>\$ 2,180,000</u>

NORTH BERGEN BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 1,593,869	-	\$ 1,593,869	\$ 1,593,869	
State Sources					
Debt Service Aid	<u>550,827</u>	<u>-</u>	<u>550,827</u>	<u>550,827</u>	<u>-</u>
Total Revenues	<u>2,144,696</u>	<u>-</u>	<u>2,144,696</u>	<u>2,144,696</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service:					
Lease Purchase					
Principal	915,000		915,000	915,000	
Interest	478,163		478,163	478,163	
Pension Obligation Bonds					
Principal	345,000	\$ 30,000	375,000	375,000	
Interest	168,033	(30,000)	138,033	125,336	\$ 12,697
Bonds and Loans					
Principal	175,000		175,000	175,000	
Interest	63,500	-	63,500	63,500	-
Cost of Issuance	-	-	-	69,349	(69,349)
Total Expenditures	<u>2,144,696</u>	<u>-</u>	<u>2,144,696</u>	<u>2,201,348</u>	<u>(56,652)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(56,652)	(56,652)
Other Financing Sources (Uses)					
Refunding Bond Proceeds				3,225,000	3,225,000
Payments to Refunding Escrow Agent	-	-	-	(3,149,873)	(3,149,873)
Total Other Financing Sources (Uses)	-	-	-	<u>75,127</u>	<u>75,127</u>
Net Change in Fund Balance	-	-	-	18,475	18,475
Fund Balance (Deficit), Beginning of Year	(5,000)	-	(5,000)	(5,000)	-
Fund Balance (Deficit), End of Year	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ 13,475</u>	<u>\$ 18,475</u>
Recapitulation of Fund Balance:					
Designated for Subsequent Year's Budget				\$ 5,000	
Available for Future Debt Service				<u>8,475</u>	
				<u>\$ 13,475</u>	

STATISTICAL SECTION

This part of the North Bergen Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**NORTH BERGEN BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 24,359,604	\$ 28,299,362	\$ 29,212,551	\$ 30,824,293	\$ 33,055,459	\$ 36,835,059	\$ 40,233,862	\$ 41,423,409	\$ 42,221,991	\$ 40,601,409
Restricted	3,139,443	476,746	620,269	66,386	1,058,327	2,108,738	6,114,077	8,314,077	10,814,307	14,765,943
Unrestricted	(9,332,831)	(10,557,630)	(10,180,017)	(11,478,408)	(8,475,251)	(6,979,201)	(7,932,653)	(6,036,044)	(8,108,779)	(8,737,018)
Total Governmental Activities Net Position	\$ 18,166,216	\$ 18,218,478	\$ 19,652,803	\$ 19,412,271	\$ 25,638,535	\$ 31,964,596	\$ 38,415,286	\$ 43,701,442	\$ 44,927,519	\$ 46,630,334
Business-Type Activities										
Net Investment in Capital Assets	\$ 6,529	\$ 4,526	\$ 2,523	\$ 520		\$ 12,800	\$ 24,908	\$ 23,185	\$ 21,462	\$ 34,275
Unrestricted	32,154	3,612	(3,941)	(40,270)	(52,945)	129,864	204,372	387,268	549,791	691,390
Total Business-Type Activities Net Position	\$ 38,683	\$ 8,138	\$ (1,418)	\$ (39,750)	\$ (52,945)	\$ 142,664	\$ 229,280	\$ 410,453	\$ 571,253	\$ 725,665
District-Wide										
Net Investment in Capital Assets	\$ 24,366,133	\$ 28,303,888	\$ 29,215,074	\$ 30,824,813	\$ 33,055,459	\$ 36,847,859	\$ 40,258,770	\$ 41,446,594	\$ 42,243,453	\$ 40,635,684
Restricted	3,139,443	476,746	620,269	66,386	1,058,327	2,108,738	6,114,077	8,314,077	10,814,307	14,765,943
Unrestricted	(9,300,677)	(10,554,018)	(10,183,958)	(11,518,678)	(8,528,196)	(6,849,337)	(7,728,281)	(5,648,776)	(7,558,988)	(8,045,628)
Total District Net Position	\$ 18,204,899	\$ 18,226,616	\$ 19,651,385	\$ 19,372,521	\$ 25,585,590	\$ 32,107,260	\$ 38,644,566	\$ 44,111,895	\$ 45,498,772	\$ 47,355,999

(1) Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65 "Items Previously Reported in Assets and Liabilities".

NORTH BERGEN BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 39,164,130	\$ 41,032,520	\$ 44,464,574	\$ 46,582,265	\$ 42,407,760	\$ 45,774,580	\$ 44,937,810	\$ 46,698,490	\$ 49,890,427	\$ 48,062,992
Special Education	10,412,111	10,572,640	11,154,966	12,315,857	13,557,808	14,858,496	13,750,989	14,935,338	15,393,829	16,364,077
Other Instruction	3,791,202	3,629,162	3,998,005	4,518,641	8,549,947	8,330,203	8,184,243	9,141,683	10,598,844	9,400,836
School Sponsored Activities And Athletics	1,244,426	1,331,252	1,446,145	1,617,356	1,616,241	1,711,124	1,688,966	1,899,603	2,101,085	2,087,712
Community Services Programs					125,000					
Support Services:										
Student & Instruction Related Services	9,078,249	11,973,523	13,042,658	12,767,171	11,797,283	13,785,679	13,829,858	14,025,679	13,655,646	13,433,274
General Administration	2,278,151	2,182,817	2,301,630	2,783,970	2,685,869	2,637,217	2,712,890	2,489,391	2,849,487	2,446,297
School Administrative Services	5,826,069	5,884,545	6,024,017	6,037,313	6,375,518	6,378,395	7,012,372	6,818,014	7,659,657	8,005,807
Plant Operations And Maintenance	9,400,957	10,562,205	10,707,442	10,867,307	11,834,784	12,375,525	12,543,652	12,807,210	13,724,829	14,789,426
Pupil Transportation	2,983,988	3,021,985	3,004,714	3,367,082	3,626,295	3,528,580	3,727,566	4,059,359	3,825,607	3,796,694
Business and Other Support Services	1,467,930	1,645,514	1,997,109	2,244,450	2,330,808	2,422,790	2,605,588	2,650,591	2,802,117	2,716,209
Interest On Long-Term Debt	1,281,600	1,361,778	1,348,705	1,261,737	1,155,510	1,081,169	964,942	925,499	900,966	910,459
Total Governmental Activities Expenses	86,928,813	93,197,941	99,489,965	104,363,149	106,062,823	112,883,758	111,938,876	116,450,857	123,402,494	122,013,783
Business-Type Activities:										
Food Service										
	2,038,123	2,212,708	2,284,558	2,552,147	2,642,969	2,667,679	2,778,034	2,911,970	2,947,175	2,903,222
Total Business-Type Activities Expense	2,038,123	2,212,708	2,284,558	2,552,147	2,642,969	2,667,679	2,778,034	2,911,970	2,947,175	2,903,222
Total District Expenses	\$ 88,966,936	\$ 95,410,649	\$ 101,774,523	\$ 106,915,296	\$ 108,705,792	\$ 115,551,437	\$ 114,736,910	\$ 119,362,827	\$ 126,349,669	\$ 124,917,005
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Instruction	\$ 2,990,401	\$ 2,834,398	\$ 2,757,906	\$ 2,638,545	\$ 2,793,292	\$ 3,955,375	\$ 4,509,007	\$ 4,022,183	\$ 3,385,154	\$ 4,389,854
Operating Grants And Contributions	23,364,258	23,572,333	28,644,682	29,697,505	19,893,303	33,902,773	23,564,868	25,015,529	26,589,456	23,763,862
Capital Grants And Contributions	3,471,910	310,013	65,501	31,181	-	1,415,573	1,201,613	896,328	697,311	84,373
Total Governmental Activities Program Revenues	29,826,569	26,716,744	31,468,089	32,367,231	22,686,595	39,273,721	29,275,488	29,934,040	30,671,921	28,238,089
Business-Type Activities:										
Charges For Services										
Food Service	\$ 601,335	\$ 655,914	\$ 676,731	\$ 768,623	\$ 750,148	\$ 741,010	\$ 734,672	\$ 723,677	\$ 637,575	\$ 596,612
Operating Grants And Contributions	1,357,341	1,526,249	1,598,271	1,745,192	1,879,626	2,109,478	2,116,924	2,369,269	2,470,315	2,460,891
Total Business Type Activities Program Revenues	1,958,676	2,182,163	2,275,002	2,513,815	2,629,774	2,850,488	2,851,596	3,092,946	3,107,890	3,057,503
Total District Program Revenues	\$ 31,785,245	\$ 28,898,907	\$ 33,743,091	\$ 34,881,046	\$ 25,316,369	\$ 42,124,209	\$ 32,127,084	\$ 33,026,986	\$ 33,779,811	\$ 31,295,592
Net (Expense)/Revenue										
Governmental Activities										
	\$ (57,102,244)	\$ (66,481,197)	\$ (68,021,876)	\$ (71,995,918)	\$ (83,376,228)	\$ (73,610,037)	\$ (82,683,388)	\$ (86,516,817)	\$ (92,730,573)	\$ (93,775,694)
Business-Type Activities										
	(79,447)	(30,545)	(9,556)	(38,332)	(13,195)	182,809	73,562	180,976	160,715	154,281
Total District-Wide Net Expense	\$ (57,181,691)	\$ (66,511,742)	\$ (68,031,432)	\$ (72,034,250)	\$ (83,389,423)	\$ (73,427,228)	\$ (82,609,826)	\$ (86,335,841)	\$ (92,569,858)	\$ (93,621,413)

NORTH BERGEN BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Revenues										
Property Taxes - General Purposes	\$ 33,549,318	\$ 35,459,285	\$ 36,770,533	\$ 37,591,021	\$ 37,591,021	\$ 38,342,841	\$ 39,301,311	\$ 40,037,337	\$ 41,061,340	\$ 42,141,260
Property Taxes - Debt Service	1,432,672	1,344,959	1,587,116	1,495,965	1,548,488	1,551,343	1,676,751	1,673,267	1,482,582	1,593,869
State Aid - Unrestricted	21,579,509	28,541,273	29,016,534	31,845,214	48,375,682	38,755,559	47,233,353	48,377,423	50,230,702	50,857,905
State Aid - Restricted for Debt Service	664,526	663,476	532,391	619,497	646,355	666,069	550,958	544,966	551,162	550,827
Investment Earnings	154,301	375,155	545,217	263,800	46,337	23,024	15,034	12,744	15,591	18,341
Miscellaneous Income	423,826	166,410	541,466	439,563	1,394,609	610,062	717,003	1,157,236	615,273	306,307
Gain (Loss) on Disposal of Assets	-	(17,099)	(525)	(36,205)	-	-	-	-	-	10,000
Transfers	-	-	-	-	-	(12,800)	(13,054)	-	-	-
Total Governmental Activities	57,804,152	66,533,459	68,992,732	72,218,855	89,602,492	79,936,098	89,481,356	91,802,973	93,956,650	95,478,509
Business-Type Activities:										
General Revenues										
Investment Earnings	-	-	-	-	-	12,800	13,054	197	85	131
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities	-	-	-	-	-	12,800	13,054	197	85	131
Total District-Wide	\$ 57,804,152	\$ 66,533,459	\$ 68,992,732	\$ 72,218,855	\$ 89,602,492	\$ 79,948,898	\$ 89,494,410	\$ 91,803,170	\$ 93,956,735	\$ 95,478,640
Change in Net Position										
Governmental Activities	\$ 701,908	\$ 52,262	\$ 970,856	\$ 222,937	\$ 6,226,264	\$ 6,326,061	\$ 6,797,968	\$ 5,286,156	\$ 1,226,077	\$ 1,702,815
Business-Type Activities	(79,447)	(30,545)	(9,556)	(38,332)	(13,195)	195,609	86,616	181,173	160,800	154,412
Total District	\$ 622,461	\$ 21,717	\$ 961,300	\$ 184,605	\$ 6,213,069	\$ 6,521,670	\$ 6,884,584	\$ 5,467,329	\$ 1,386,877	\$ 1,857,227

NORTH BERGEN BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 128,211	\$ 427,161	\$ 1,598,446	\$ 275,554	\$ 6,127,537	\$ 5,766,175				
Unreserved	1,026,227	2,930,849	411,402	(199,833)	(2,354,090)	(2,716,512)				
Restricted							\$ 7,194,281	\$ 7,605,189	\$ 10,231,727	\$ 16,046,061
Committed							104,291	422,972	88,967	26,686
Assigned							1,219,248	4,259,700	4,652,890	3,503,405
Unassigned	-	-	-	-	-	-	(2,813,482)	(2,984,615)	(3,317,010)	(4,726,127)
Total General Fund	\$ 1,154,438	\$ 3,358,010	\$ 2,009,848	\$ 75,721	\$ 3,773,447	\$ 3,049,663	\$ 5,704,338	\$ 9,303,246	\$ 11,656,574	\$ 14,850,025
All Other Governmental Funds										
Reserved	\$ 3,617,301	\$ 782,966	\$ 911,162	\$ 31,037	\$ 31,037	\$ 2,246,942				
Unreserved	15,588	(288,783)	187,138	(272,039)	1,160,124	1,659,195				
Restricted							\$ 4,388,642	\$ 3,489,567	\$ 2,335,710	\$ 3,694,101
Unassigned	-	-	-	-	-	-	-	-	(5,000)	-
Total All Other Governmental Funds	\$ 3,632,889	\$ 494,183	\$ 1,098,300	\$ (241,002)	\$ 1,191,161	\$ 3,906,137	\$ 4,388,642	\$ 3,489,567	\$ 2,330,710	\$ 3,694,101

Beginning with 2010/2011 Fiscal Year, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

NORTH BERGEN BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property Taxes	\$ 34,981,990	\$ 36,804,244	\$ 38,357,649	\$ 39,086,986	\$ 39,139,509	\$ 39,894,184	\$ 40,978,062	\$ 41,710,604	\$ 42,543,922	\$ 43,735,129
Tuition Charges	2,990,401	2,834,398	2,757,906	2,638,545	2,793,292	3,955,375	4,509,007	4,022,183	3,385,154	4,389,854
Interest Earnings	154,301	375,155	545,217	263,800	46,337	23,024	15,034	12,744	15,591	18,341
Miscellaneous	502,346	221,717	601,835	509,106	1,459,365	669,843	773,567	1,206,933	665,266	356,390
State Sources	44,794,731	49,031,713	54,116,380	58,201,385	63,742,787	57,817,037	65,041,850	66,726,453	71,745,246	70,212,122
Federal Sources	4,206,953	4,000,075	4,082,359	3,922,469	5,107,797	16,863,156	7,452,378	8,058,096	6,273,392	4,994,762
Total Revenue	87,630,722	93,267,302	100,461,346	104,622,291	112,289,087	119,222,619	118,769,898	121,737,013	124,628,571	123,706,598
Expenditures										
Instruction										
Regular Instruction	38,656,838	41,429,197	44,612,254	46,539,669	42,113,169	45,887,189	44,714,151	47,479,499	49,203,631	48,751,266
Special Education Instruction	10,412,111	10,572,640	11,154,966	12,315,857	13,557,808	14,858,496	13,750,989	14,935,338	15,393,829	16,364,077
Other Instruction	3,791,202	3,629,162	3,998,005	4,518,641	8,549,947	8,330,203	8,184,243	9,141,683	10,598,844	9,400,836
School Sponsored Activities and Athletics	1,244,426	1,331,252	1,446,145	1,617,356	1,616,241	1,711,124	1,688,966	1,899,603	2,101,085	2,087,712
Community Service Programs					125,000					
Support Services:										
Student and Inst. Related Services	9,067,452	11,963,778	13,031,554	12,762,958	11,793,070	13,754,588	13,795,578	13,985,726	13,615,693	13,394,135
General Administration	2,230,477	2,219,397	2,306,920	2,744,069	2,607,565	2,583,442	2,577,112	2,464,796	2,779,257	2,460,755
School Administrative Services	5,629,911	5,962,291	6,011,522	5,976,087	6,242,289	6,376,634	6,924,399	6,935,770	7,505,592	8,014,886
Plant Operations And Maintenance	9,122,406	9,407,978	9,470,372	9,498,010	10,340,302	10,898,201	10,982,784	11,142,404	11,828,538	11,709,601
Pupil Transportation	2,983,988	3,021,985	2,981,954	3,344,322	3,603,535	3,505,820	3,704,806	4,059,359	3,825,607	3,796,694
Business and Other Support Services	1,421,999	1,683,969	2,007,503	2,240,646	2,309,149	2,431,902	2,493,716	2,737,382	2,709,954	2,750,986
Capital Outlay	5,217,966	2,807,802	2,094,181	3,373,635	1,490,525	4,041,211	4,267,596	2,001,746	1,667,902	368,045
Debt Service:										
Principal	775,850	1,147,863	1,434,226	1,559,945	1,687,723	1,864,761	1,654,541	1,420,850	1,390,000	1,820,000
Interest and Other Charges	1,249,378	1,245,882	1,233,058	1,179,106	1,122,875	975,056	892,591	833,024	814,168	840,890
Debt Issuance Cost	286,122				84,911		189,516			
Advance Refunding Escrow	1,165,469				45,823		45,983			
Total Expenditures	93,255,595	96,423,196	101,782,660	107,670,301	107,289,932	117,218,627	115,866,971	119,037,180	123,434,100	121,759,883
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(5,624,873)	(3,155,894)	(1,321,314)	(3,048,010)	4,999,155	2,003,992	2,902,927	2,699,833	1,194,471	1,946,715
Other Financing Sources (Uses)										
Proceeds From Borrowing	10,285,000	2,265,000			3,125,000		5,590,000			5,760,000
Capital Leases (Non-Budgeted)	42,398		113,800	238,050						
Payment of Unfunded Pension Liability										
Premium on Issuance of Bonds					65,734					
Payments to Refunding Escrow Agent	(8,655,000)				(3,060,000)		(5,310,000)			(3,149,873)
Original Issue Discount	(178,409)						(32,693)			
Debt Issuance Costs		(44,240)								
Transfers In	1,198,592	312,448	62,329	46,917	5,941	4,251,497	1,767,818			1,500,000
Transfers Out	(1,198,592)	(312,448)	(62,329)	(46,917)	(5,941)	(4,264,297)	(1,780,872)			(1,500,000)
Total Other Financing Sources (Uses)	1,493,989	2,220,760	113,800	238,050	130,734	(12,800)	234,253	-	-	2,610,127
Net Change in Fund Balances	\$ (4,130,884)	\$ (935,134)	\$ (1,207,514)	\$ (2,809,960)	\$ 5,129,889	\$ 1,991,192	\$ 3,137,180	\$ 2,699,833	\$ 1,194,471	\$ 4,556,842
Debt Service as a Percentage of										
Noncapital Expenditures	2.30%	2.56%	2.68%	2.63%	2.66%	2.51%	2.28%	1.93%	1.81%	2.19%

* Noncapital expenditures are total expenditures less capital outlay.

NORTH BERGEN BOARD OF EDUCATION
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Refunds</u>	<u>E-Rate</u>	<u>Solar Energy</u>	<u>Gate Receipts</u>	<u>Miscellaneous</u>	<u>Total</u>
2005	\$ 2,990,401	\$ 143,058	\$ 20,116	\$ 171,443		\$ 19,148	\$ 213,119	\$ 3,557,285
2006	2,834,398	352,718	88,774			15,252	62,384	3,353,526
2007	2,757,906	531,767	74,103	322,630		18,407	126,326	3,831,139
2008	2,638,545	245,982	4,678	165,697		9,663	259,525	3,324,090
2009	2,793,292	40,396	20,351	205,965		12,928	175,372	3,248,304
2010	3,955,375	22,998	104,983	102,000	\$ 179,475	6,302	145,019	4,516,152
2011	4,509,007	15,023	22,706	224,648	220,467	11,179	237,450	5,240,480
2012	4,022,183	12,744	98,551	239,348	360,500	2,684	456,153	5,192,163
2013	3,385,154	15,591	121,308	251,647	61,617	4,440	176,261	4,016,018
2014	4,389,854	18,341	43,878	-	116,532	11,357	134,540	4,714,502

Source: District records

NORTH BERGEN BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^a
2005	\$ 54,858,600	\$ 1,280,782,800	\$ 626,467,600	\$ 308,396,300	\$ 182,655,900	\$ 2,453,161,200	\$ 5,888,575	\$ 2,459,049,775	\$ 4,008,193,910	\$ 1.460
2006	67,293,200	1,304,485,000	620,419,500	317,322,700	177,936,700	2,487,457,100	4,263,763	2,491,720,863	4,849,789,628	1.509
2007	92,345,000	1,346,687,400	583,305,400	278,985,500	173,882,800	2,475,206,100	4,173,014	2,479,379,114	5,487,571,552	1.562
2008	95,489,400	1,369,305,100	572,756,800	276,837,100	171,743,600	2,486,132,000	3,831,745	2,489,963,745	5,567,540,959	1.571
2009	78,959,500	1,442,221,300	534,670,400	294,346,900	169,662,300	2,519,860,400	3,688,259	2,523,548,659	5,782,914,219	1.564
2010	73,579,800	1,474,196,700	545,996,000	274,952,200	153,855,300	2,522,580,000	3,955,900	2,526,535,900	5,863,106,762	1.602
2011	69,433,900	1,486,450,500	539,785,000	274,017,700	158,468,600	2,528,155,700	3,938,089	2,532,093,789	5,537,379,395	1.633
2012	58,051,700	1,482,388,500	519,215,300	295,515,200	161,338,100	2,516,508,800	4,574,415	2,521,083,215	4,993,454,517	1.671
2013	52,378,200	1,479,713,100	428,606,000	366,192,700	158,416,800	2,485,306,800	3,915,047	2,489,221,847	4,718,625,502	1.734
2014	54,338,500	1,477,819,100	422,492,700	361,379,400	164,902,300	2,480,932,000	4,092,557	2,485,024,557	4,593,353,727	1.787

Source: County Abstract of Ratables

^a Tax rates are per \$100

NORTH BERGEN BOARD OF EDUCATION
PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)

Year Ended <u>June 30,</u>	<u>Total</u>	Local School <u>District</u>	<u>Municipality</u>	<u>County</u>
2005	\$ 4.071	\$ 1.460	\$ 1.732	\$ 0.879
2006	4.159	1.509	1.748	0.902
2007	4.230	1.562	1.843	0.825
2008	4.362	1.571	1.950	0.841
2009	4.511	1.564	2.020	0.927
2010	4.686	1.602	2.135	0.949
2011	4.843	1.633	2.203	1.007
2012	4.953	1.671	2.260	1.022
2013	5.147	1.734	2.399	1.014
2014	5.240	1.787	2.460	0.993

Source: Abstract of Ratables, County Board of Taxation

**NORTH BERGEN BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hartz Mountain Development	\$ 71,458,300	2.88%		
M-Industries LLC	34,857,600	1.40%		
FC/Treeco Col. Pk. LLC	24,962,200	1.00%	\$ 58,000,000	2.36%
7912 River Road Apts., LLC	19,710,600	0.79%	24,960,000	1.02%
Woodcliff Gardens	24,007,800	0.97%	23,956,000	0.97%
5851 West Side Associates, LLC	22,230,400	0.89%		
Westview Tower Realty Co.	18,000,000	0.72%	18,000,000	0.73%
Stone Henge Apartments LLC	15,281,000	0.61%		
Target	14,763,000	0.59%	18,212,000	0.74%
2101 91st St LLC	14,400,000	0.58%		
Hartz Mountain Associates			123,163,300	5.01%
LCI Holding, Inc.			60,652,600	2.47%
Mack Associates			30,048,500	1.22%
APA Transport Corporation			30,861,900	1.26%
N.B. Plaza - Lowe's Prop Mgt			19,959,000	0.81%
	\$ 259,670,900	10.45%	\$ 407,813,300	16.59%

Source: Municipal Tax Assessor

**NORTH BERGEN BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$ 34,981,990	\$ 34,981,990	100.00%	N/A
2006	36,804,244	36,804,244	100.00%	N/A
2007	38,357,649	38,357,649	100.00%	N/A
2008	39,086,986	39,086,986	100.00%	N/A
2009	39,139,509	39,139,509	100.00%	N/A
2010	39,894,184	39,894,184	100.00%	N/A
2011	40,978,062	40,978,062	100.00%	N/A
2012	41,710,604	41,710,604	100.00%	N/A
2013	42,543,922	42,543,922	100.00%	N/A
2014	43,735,129	43,735,129	100.00%	N/A

**NORTH BERGEN BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Sales Leaseback	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Inter- governmental Loan				
2005	\$ 8,370,000	\$ 18,475,000	\$ 27,111	\$ 495,950		\$ 27,368,061	57,000	\$ 480
2006	8,000,000	17,990,000	14,102	425,100	\$ 2,055,996	28,485,198	56,365	505
2007	7,615,000	17,480,000	88,720	354,250	1,626,802	27,164,772	55,326	491
2008	7,215,000	16,940,000	222,230	283,400	1,182,247	25,842,877	54,986	470
2009	6,865,000	16,295,000	125,823	212,550	721,781	24,220,154	54,912	441
2010	6,365,000	15,580,000	23,855	141,700	244,836	22,355,391	60,843	367
2011	5,880,000	15,030,000		70,850		20,980,850	61,444	341
2012	5,385,000	14,175,000				19,560,000	61,960	316
2013	4,880,000	13,290,000				18,170,000	62,341	291
2014	4,435,000	12,375,000			2,180,000	18,990,000	62,341	305

Source: District records

NORTH BERGEN BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2005	\$ 8,370,000		\$ 8,370,000	0.34%	\$ 147
2006	8,000,000		8,000,000	0.32%	142
2007	7,615,000		7,615,000	0.31%	138
2008	7,215,000		7,215,000	0.29%	131
2009	6,865,000		6,865,000	0.27%	125
2010	6,365,000		6,365,000	0.25%	105
2011	5,880,000		5,880,000	0.23%	96
2012	5,385,000		5,385,000	0.21%	87
2013	4,880,000		4,880,000	0.20%	78
2014	4,435,000		4,435,000	0.18%	71

Source: District records

**NORTH BERGEN BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2013
(Unaudited)**

Direct Debt:	
North Bergen Board of Education (as of June 30, 2014)	\$ 16,810,000
Township of North Bergen (1)	<u>59,342,013</u>
Total Direct Debt	<u>76,152,013</u>
Overlapping Debt Apportioned to the Municipality:	
Hudson County:	
County of Hudson (A)	43,993,621
North Bergen Municipal Utilities Authority	<u>61,925,129</u>
Total Overlapping Debt	<u>105,918,750</u>
Total Direct and Overlapping Debt	<u>\$ 182,070,763</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2013 equalized value by the total 2013 equalized value for Hudson County.

Sources:

(1) Township of North Bergen Annual Debt Statement

**NORTH BERGEN BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 136,401,493	\$ 160,325,086	\$ 183,006,899	\$ 203,791,882	\$ 219,818,388	\$ 230,112,398	\$ 229,849,454	\$ 216,172,145	\$ 201,993,550	\$ 189,869,132
Total Net Debt Applicable to Limit	<u>4,615,950</u>	<u>4,295,100</u>	<u>3,964,250</u>	<u>3,623,400</u>	<u>3,337,550</u>	<u>2,911,700</u>	<u>2,505,850</u>	<u>2,100,000</u>	<u>1,760,000</u>	<u>1,415,000</u>
Legal Debt Margin	<u>\$ 131,785,543</u>	<u>\$ 156,029,986</u>	<u>\$ 179,042,649</u>	<u>\$ 200,168,482</u>	<u>\$ 216,480,838</u>	<u>\$ 227,200,698</u>	<u>\$ 227,343,604</u>	<u>\$ 214,072,145</u>	<u>\$ 200,233,550</u>	<u>\$ 188,454,132</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.38%	2.68%	2.17%	1.78%	1.52%	1.27%	1.09%	0.97%	0.87%	0.75%

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis

2011	4,959,112,789
2012	4,726,725,770
2013	<u>4,554,346,344</u>
	<u>\$ 14,240,184,903</u>

Average Equalized Valuation of Taxable Property

\$ 4,746,728,301

Debt Limit (4 % of Average Equalization Value)

\$ 189,869,132

Total Net Debt Applicable to Limit

1,415,000

Legal Debt Margin

\$ 188,454,132

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**NORTH BERGEN BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income *</u>	<u>Population</u>
2004	5.10%	\$ 33,435	57,383
2005	5.40%	35,320	57,000
2006	5.50%	37,799	56,365
2007	5.00%	40,169	55,326
2008	6.70%	43,464	54,986
2009	11.60%	43,982	54,912
2010	11.50%	46,064	60,843
2011	10.70%	49,113	61,444
2012	10.70%	50,033	61,960
2013	9.70%	N/A	62,341

Source: Data provided by State Department of Education

N/A = Not Available

* = Hudson County

**NORTH BERGEN BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

INFORMATION NOT AVAILABLE

NORTH BERGEN BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST NINE FISCAL YEARS
 (Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction									
Regular	408	408	408	444	432	440	480	480	467
Special Education	45	60	62	75	75	75	75	75	84
Other Instruction	82	106	108	112	85	85	85	85	85
Support Services:									
Student and Instruction Related Services	17	17	17	19	19	19	18	18	18
General Administration	7	7	7	7	7	7	5	6	6
School Administrative Services	59	59	59	59	59	59	55	56	61
Other Administrative Services	22	22	22	30	30	30	30	30	30
Central Services	13	13	13	13	13	13	13	13	13
Plant Operations And Maintenance	6	6	6	6	6	6	6	6	6
Pupil Transportation	125	97	99	118	118	118	112	109	109
Other Support Services	45	45	45	72	72	72	72	72	73
Total	<u>829</u>	<u>840</u>	<u>846</u>	<u>955</u>	<u>916</u>	<u>924</u>	<u>951</u>	<u>950</u>	<u>952</u>

Source: District Personnel Records

**NORTH BERGEN BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	High School				
2005	7,562	\$ 88,629,903	\$ 11,720	6.60%	588	1:14	1:12	7,562	7,140	1.18%	94.42%
2006	7,518	91,221,649	12,134	3.53%	588	1:13	1:14	7,518	7,368	-0.58%	98.00%
2007	7,448	101,557,615	13,636	12.38%	588	1:14	1:14	7,448	6,998	-0.93%	93.96%
2008	7,424	101,557,615	13,680	0.32%	588	1:13	1:14	7,424	6,984	-0.32%	94.07%
2009	7,508	102,858,075	13,700	0.15%	588	1:12	1:14	7,508	7,060	1.13%	94.03%
2010	7,837	110,337,599	14,079	2.77%	592	1:12	1:14	7,837	7,360	4.38%	93.91%
2011	8,061	108,816,744	13,499	-4.12%	600	1:12	1:14	8,061	7,592	2.86%	94.18%
2012	8,201	114,781,560	13,996	3.68%	640	1:12	1:14	8,080	7,836	0.24%	96.98%
2013	8,068	119,562,030	14,819	5.88%	640	1:12	1:14	8,068	7,808	-0.15%	96.78%
2014	8,048	118,730,948	14,753	-0.45%	640	1:12	1:14	8,048	7,790	-0.25%	96.80%

Sources: District records

- Note: a Operating expenditures equal total expenditures less debt service and capital outlay.
 b Cost per pupil represents operating expenditures divided by enrollment.

NORTH BERGEN BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
District Building									
Elementary									
Robert Fulton/No. 2 (1926)									
Square Feet	97,409	97,409	97,409	97,409	97,409	97,409	97,409	97,409	97,409
Capacity (students)	784	784	784	784	784	784	784	784	784
Enrollment	995	955	955	995	995	995	995	995	995
Fulton Annex									
Square Feet	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800
Capacity (students)	155	155	155	155	155	155	155	155	155
Enrollment	144	175	175	144	144	144	144	144	144
Franklin School/No. 3 (1919)									
Square Feet	57,434	57,434	57,434	57,434	57,434	57,434	57,434	57,434	57,434
Capacity (students)	475	475	475	475	475	475	475	475	475
Enrollment	575	659	659	575	575	575	575	575	575
Franklin Annex (1999)									
Square Feet	6,225	6,225	6,225	6,225	6,225	6,225	6,225	6,225	6,225
Capacity (students)	80	80	80	80	80	80	80	80	80
Enrollment	85	N/A	N/A	85	85	85	85	85	85
Lincoln School/No. 5 (1915)									
Square Feet	58,246	58,246	58,246	58,246	58,246	58,246	58,246	58,246	58,246
Capacity (students)	550	550	550	550	550	550	550	550	550
Enrollment	659	682	682	659	659	659	659	659	659
Lincoln School/No. 5 Annex (2004)									
Square Feet	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300
Capacity (students)	352	352	352	352	352	352	352	352	352
Enrollment	436	401	401	436	436	436	436	436	436
J.F. Kennedy School/No. 7 (including Annex)									
Square Feet	94,125	94,125	94,125	94,125	94,125	94,125	94,125	94,125	94,125
Capacity (students)	662	662	662	662	662	662	662	662	662
Enrollment	538	540	540	538	538	538	538	538	538
Horace Mann School/No. 9 (1928)									
Square Feet	98,068	98,068	98,068	98,068	98,068	98,068	98,068	98,068	98,068
Capacity (students)	836	836	836	836	836	836	836	836	836
Enrollment	1,023	1,026	1,026	1,023	1,023	1,023	1,023	1,023	1,023
McKinnely School/No. 10 (1919)									
Square Feet	46,050	46,050	46,050	46,050	46,050	46,050	46,050	46,050	46,050
Capacity (students)	426	426	426	426	426	426	426	426	426
Enrollment	419	418	418	419	419	419	419	419	419
High School									
North Bergen High School (1961)									
Square Feet	197,973	197,973	197,973	197,973	197,973	197,973	197,973	197,973	197,973
Capacity (students)	1,377	1,377	1,377	1,377	1,377	1,377	1,377	1,377	1,377
Enrollment	2,416	2,421	2,421	2,416	2,416	2,416	2,416	2,416	2,416
Other									
Central Administration (1961)									
Square Feet	9,267	9,267	9,267	9,267	9,267	9,267	9,267	9,267	9,267
Number of Schools at June 30, 2014									
Elementary = 7									
Senior High School = 1									
Other = 1									

Source: District Records

NORTH BERGEN BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)

<u>School Facilities</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
North Bergen High School	\$ 557,009	\$ 700,837	\$ 544,339	\$ 638,136	\$ 595,942	\$ 464,805	\$ 663,015	\$ 676,438	\$ 658,851	\$ 637,900
Franklin School	161,508	173,631	207,128	216,426	182,854	354,624	202,033	195,036	198,994	183,520
Horace Mann	233,072	362,657	374,259	281,046	290,332	283,323	270,101	249,303	306,554	271,850
John F. Kennedy	377,503	251,523	259,681	237,094	307,894	298,033	319,207	296,193	295,791	282,963
Lincoln School	272,871	310,059	320,863	300,952	321,977	313,534	370,947	328,705	313,341	278,965
Mc Kinley	123,283	135,939	223,037	149,403	199,474	355,870	184,365	197,378	193,450	195,682
Robert Fulton	<u>262,007</u>	<u>283,741</u>	<u>343,730</u>	<u>273,421</u>	<u>354,955</u>	<u>353,645</u>	<u>367,238</u>	<u>316,534</u>	<u>304,485</u>	<u>278,950</u>
Total School Facilities	<u>\$ 1,987,253</u>	<u>\$ 2,218,387</u>	<u>\$ 2,273,037</u>	<u>\$ 2,096,478</u>	<u>\$ 2,253,428</u>	<u>\$ 2,423,834</u>	<u>\$ 2,376,906</u>	<u>\$ 2,259,587</u>	<u>\$ 2,271,466</u>	<u>\$ 2,129,830</u>

Source: School District Records

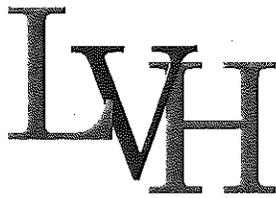
**NORTH BERGEN BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2014
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property	\$ 350,000,000	\$ 5,000
Environmental	1,000,000	10,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
EDP	2,500,000	1,000
Equipment Breakdown	100,000,000	5,000
Crime and Bonds		
Faithful Performance	100,000	500
Forgery and Alteration	100,000	500
Money and Securities	100,000	1,000
Money Orders/Counterfeit	100,000	500
Computer Fraud	100,000	500
Board Administrator	150,000	500
Board Secretary	650,000	1,000
General Liability	16,000,000	
Student Accident		
Basic/Sports/Football	5,000,000	25,000
Catastrophic	1,000,000	NA
Automobile Liability	16,000,000	
Auto Physical Damage	ACV Basis	1,000
Computers and Scheduled Equipment - Selective		
Data Processing Equipment	2,500,000	1,000
Public Employees' Faithful Performance Bonds (Western Surety)		
Treasurer of School Monies	465,000	

Note: Unless otherwise noted all Insurance Policies are with the New Jersey School Boards Assoc. Ins. Group

Source: School District's records

SINGLE AUDIT



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

Honorable President and Members
of the Board of Trustees
North Bergen Board of Education
North Bergen, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Bergen Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the North Bergen Board of Education's basic financial statements and have issued our report thereon dated December 3, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not 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 North Bergen Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the North Bergen Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 3, 2014.

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 North Bergen Board of Education'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 North Bergen Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 3, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**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
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
North Bergen Board of Education
North Bergen, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the North Bergen Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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 North Bergen Board of Education's major federal and state programs for the fiscal year ended June 30, 2014. The North Bergen 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 North Bergen 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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 or state program occurred. An audit includes examining, on a test basis, evidence about the North Bergen Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 North Bergen Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the North Bergen Board of Education complied, in all material respects, with the types of 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal and state program is not modified with respect to these matters.

The North Bergen Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The North Bergen Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the North Bergen Board of Education 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 of compliance, we considered the North Bergen Board of Education'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 U.S. OMB Circular A-133 and New Jersey OMB 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 North Bergen Board of Education's internal control over compliance.

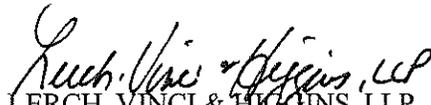
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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 U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Bergen Board of Education, as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 3, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 3, 2014

NORTH BERGEN BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Cancelled Encumbrances	Balance, June 30, 2014			Memo Cumulative Expenditures	
												(Accounts Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Agriculture																
Passed-Through State Department of Education																
Enterprise Fund																
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	\$ 480,379			\$ 429,809	\$ 480,379						\$ (50,570)		\$ 480,379
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	486,703	\$ (43,519)		43,519									
NSLP-Cash Assistance	10.555	N/A	7/1/13-6/30/14	1,799,811			1,634,330	1,799,811						(165,481)		1,799,811
NSLP-Cash Assistance	10.555	N/A	7/1/12-6/30/13	1,792,078	(149,711)		149,711	-								
After School Snack Program	10.558	N/A	7/1/12-6/30/13	12,295	(997)		997	-								
After School Snack Program	10.558	N/A	7/1/13-6/30/14	11,696			10,696	11,696						(1,000)		11,696
Special Milk Program for Children	10.556	N/A	7/1/13-6/30/14	5,835			5,264	5,835						(571)		5,835
Special Milk Program for Children	10.556	N/A	7/1/12-6/30/13	6,161	(488)		488	-								
NSLP-Non Cash Assistance	10.555	N/A	7/1/13-6/30/14	129,568			129,568	121,356						\$ 8,212		121,356
NSLP-Non Cash Assistance	10.555	N/A	7/1/12-6/30/13	135,750	5,729	-	-	5,729	-	-	-	-	-	-	-	5,729
Total U.S. Dept. of Agriculture					(188,986)	-	2,404,382	2,424,806	-	-	-	-	(217,622)	8,212	-	2,424,806
U.S. Dept. of Education Passed-Through																
State Dept. of Education																
Special Revenue Fund																
N.C.L.B. Consolidated Grant																
Title I, Part A	84.010A	NCLB361014	7/1/13-6/30/14	2,592,124		\$ 13,010	1,633,888	2,459,731	\$ (13,010)					(971,246)	145,403	2,459,731
Title I, Part A	84.010A	NCLB361013	9/1/12-6/30/13	2,917,154	(1,728,213)	(13,010)	1,830,132	45	13,010		2,222			-	104,096	45
Title I, Part A	84.010A	NCLB361012	9/1/11-6/30/12	3,267,925	2,193	-	-	-	-		\$				2,193	-
Title I, SIA	84.010A	NCLB361008	9/1/07-8/31/08	55,284	1,174										1,174	-
Title II, Part A	84.367A	NCLB361014	7/1/13-6/30/14	283,696		21,791	157,189	274,427	(21,791)					(148,298)	31,060	274,427
Title II, Part A	84.367A	NCLB361013	9/1/12-6/30/13	286,028	(197,603)	(21,791)	199,565	1,962	21,791					-	-	1,962
Title II, Part A	84.367A	NCLB361012	9/1/11-6/30/12	334,266	113,858										113,858	-
Title II, Part A	84.367A	NCLB361010	9/1/09-8/31/10	415,551	24,774										24,774	-
Title II, Part D	84.318X	NCLB361012	9/1/11-6/30/12		7,125										7,125	-
Title III	84.365	NCLB361014	7/1/13-6/30/14	137,252		55,081	17,014	74,742	(55,081)					(175,319)	117,591	74,742
Title III	84.365	NCLB361013	9/1/12-6/30/13	138,139	(35,524)	(55,081)	161,614	61,167	55,081		368			-	65,291	61,167
Title III	84.365	NCLB361012	9/1/11-6/30/12	141,896	6,692										6,692	-
Title III, Imigrant	84.365	NCLB361014	7/1/13-6/30/14	56,193				47,694						(56,193)	8,499	47,694
Title IV	84.186A	NCLB361011	9/1/10-8/31/11	30,747	3,159										3,159	-
Title V, Carryover	84.186A	NCLB361007	9/1/06-8/31/07	22,762	4										4	-
I.D.E.I.A. Part B																
Basic, Regular	84.027A	FT361014	7/1/12-6/30/14	1,717,122		147,749	1,043,639	1,681,886	(147,749)					(821,232)	182,985	1,681,886
Basic, Regular	84.027A	FT361013	9/1/12-6/30/13	1,695,820	(1,562,561)	(147,749)	1,562,561		147,749		97				97	-
Basic, Regular	84.027A	FT361012	9/1/11-6/30/12	1,763,388	193										193	-
Basic, Regular	84.027A	FT361010	9/1/09-8/31/10	1,657,789	15,705										15,705	-
Basic ARRA	84.391	FT361010	9/1/09-8/31/10		2,823										2,823	-
Preschool	84.173A	PS361014	7/1/12-6/30/14	47,847				47,847						(47,847)		47,847
Preschool	84.173A	PS361013	9/1/12-6/30/13	50,971	(50,971)		50,971									-
Preschool	84.173A	PS361009	9/1/08-8/31/09	48,272	3,805										3,805	-
Preschool ARRA	84.392	PS361010	9/1/09-8/31/10	70,189	612										612	-
Achievement Award		NA		100,000	(28,945)		28,945									-
Race To Top	84.413A	NA	9/1/12-11/30/15	260,257	(46,450)		28,260				1,790			(80,382)	63,982	-
Greenhouse Grant	26.359	NA	9/1/10-8/31/11		(25,320)									(25,320)		-
Total U.S. Dept. of Education					(3,493,470)	-	6,713,778	4,649,501	-	-	4,477		(2,325,837)	901,121	-	4,649,501
General Fund																
Education Jobs Fund	84.410A	NA	7/1/11-9/30/12	1,922,594	(4,787)		4,787									-
FEMA - Emergency Assistance	97.036	NA	NA	13,343			13,343	13,343								13,343
Spec.Ed. Medicaid Reimbursement	93.778	NA	7/1/13-6/30/14	248,549			248,549	248,549								248,549
Total General Fund					(4,787)	-	266,679	261,892	-	-	-	-	-	-	-	261,892
Capital Projects Fund																
U.S. Department of Justice																
Community Oriented Policing Services		2002CKWX0261	7/1/04-6/30/05	325,000	(8,974)									(8,974)		-
Total Federal Awards					\$ (3,696,217)	\$ -	\$ 9,384,839	\$ 7,336,199	\$ -	\$ -	\$ 4,477	\$ (2,552,433)	\$ 909,333	\$ -	\$ 7,336,199	

NORTH BERGEN BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2013		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	Balance, June 30, 2014			Memo		
				Unearned Revenue/ (Accts Rec)	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund																
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	\$ 50,413,223				\$ 45,551,545	\$ 50,413,223				\$ (4,861,678)		*	\$ 50,413,223	
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	50,470,938	\$ (4,854,578)			4,854,578							*		
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	138,421				125,072	138,421				(13,349)		*	138,421	
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	162,563	(15,636)			15,636	-						*		
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	4,568,078				4,127,548	4,568,078				(440,530)		*	4,568,078	
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	4,526,236	(435,359)			435,359	-						*		
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	835,101	-			754,567	835,101				(80,534)		*	835,101	
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	795,086	(76,476)			76,476	-						*		
Under Adequacy Aid		7/1/13-6/30/14	500,000				451,782	500,000				(48,218)		*	500,000	
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	410,255	-			-	410,255				(410,255)		*	410,255	
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	393,363	(393,363)			393,363	-						*		
Nonpublic Transportation Aid	N/A	7/1/13-6/30/14	57,469	-			-	57,469				(57,469)		*	57,469	
Nonpublic Transportation Aid	N/A	7/1/12-6/30/13	48,372	(48,372)			48,372	-						*		
Other State Aid	N/A	7/1/13-6/30/14	6,350	-			6,350	6,350						*	6,350	
Reimbursed TPAF Soc. Security Contr.	14-495-034-5095-002	7/1/13-6/30/14	3,941,948				3,747,976	3,941,948				(193,972)		*	3,941,948	
Reimbursed TPAF Soc. Security Contr.	13-495-034-5095-002	7/1/12-6/30/13	3,908,574	(392,847)			392,847	-						*		
Reimbursed TPAF Pension			-	-			-	-				-		*		
Non-Contributory Insurance	14-495-034-5095-007	7/1/13-6/30/14	185,010	-			185,010	185,010						*	185,010	
Pension Contribution	14-495-034-5095-006	7/1/13-6/30/14	2,096,031	-			2,096,031	2,096,031						*	2,096,031	
Post Retirement Contribution	14-495-034-5095-001	7/1/13-6/30/14	3,740,050	-			3,740,050	3,740,050						*	3,740,050	
Total General Fund				(6,216,631)	-	-	67,002,562	66,891,936	-	-	(6,106,005)	-	-	*	(251,441)	66,891,936
Special Revenue Fund																
Preschool Education Aid	14-495-034-5120-086	7/1/13-6/30/14	3,181,245			\$ 1,758,668	2,863,120	2,788,179	\$ 8,860			(318,125)	\$ 2,160,594	*	2,788,179	
Preschool Education Aid	13-495-034-5120-086	7/1/12-6/30/13	3,126,664	1,446,002	\$ 312,666	(1,758,668)	-	-						*		
Tobacco	N/A	7/1/04-6/30/05	-	223									223	*		
Positive Discipline	N/A	7/1/07-6/30/08	-	3,842									3,842	*		
NJ Clean Energy Program	N/A	5/11/06-5/11/08	-	1,714									1,714	*		
NJ Clean Energy Program	N/A	10/23/08-10/23/09	-	27,051									27,051	*		
Individualized Education Plan	N/A	7/1/10-6/30/11	-	769									769	*		
Individualized Education Plan	N/A	7/1/11-6/30/12	-	(4,863)								(4,863)		*		
Total Special Revenue Fund				1,474,738	312,666	-	2,863,120	2,788,179	8,860	-	(322,988)	2,194,193	-	*	(4,863)	2,788,179
Debt Service Fund																
Debt Service Aid	14-495-034-5120-075	7/1/13-6/30/14	550,827	-			550,827	550,827						*	550,827	
Total State Department of Education				(4,741,893)	312,666	-	70,416,509	70,230,942	8,860	-	(6,428,993)	2,194,193	-	*	(256,304)	70,230,942
State Department of Agriculture																
Food Service Enterprise Fund																
National School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	36,085				31,011	36,085				(5,074)		*	(5,074)	36,085
National School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	37,580	(5,172)			5,172	-						*		
Total State Department of Agriculture				(5,172)	-	-	36,183	36,085	-	-	(5,074)	-	-	*	(5,074)	36,085

NORTH BERGEN BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2013			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	Balance, June 30, 2014			Memo	
				Unearned Revenue/ (Accts Rec)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Economic Development Authority															
Capital Projects Fund															
Franklin School - Windows	3610-060-09-1008	N/A	\$ 1,016,408	\$ (687,354)							\$ (687,461)	\$ 107		\$ (687,461)	\$ 687,354
Lincoln School - Windows	3610-090-09-1009	N/A	890,041	(599,248)							(599,354)	106		(599,354)	599,248
North Bergen High School - Maintenance Room Conversion	3610-050-09-1013	N/A	210,845	(97,567)							(97,567)			(97,567)	97,567
North Bergen High School - Guidance and Health Suites	3610-050-09-1010	N/A	827,591	(827,591)							(827,591)			(827,591)	827,591
North Bergen High School - Brick Façade Repair and Restoration	3610-050-09-1007	N/A	626,251	(427,126)			\$ 19,537				(476,176)	29,513		(476,176)	446,663
North Bergen High School - Electrical	3610-050-09-1001	N/A	343,746	(256,336)							(256,336)			(256,336)	256,336
Horace Mann - Windows and Doors	3610-070-10-1003	N/A	1,254,556	(1,254,556)							(1,254,556)			(1,254,556)	1,254,556
Robert Fulton - Windows and Doors	3610-110-10-1006	N/A	1,387,825	(61,046)							(1,367,951)	1,301,122		(1,367,951)	66,829
McKinley School - Windows	3610-100-14-1014	N/A	673,885				47,569				(673,885)	626,316		(673,885)	47,569
McKinley School - Exterior	3610-100-14-1025	N/A	170,474				3,835				(170,474)	166,639		(170,474)	3,835
Robert Fulton - Roof	3610-110-14-1021	N/A	471,366				1,393				(471,366)	469,973		(471,366)	1,393
Robert Fulton - Foundation	3610-110-14-1022	N/A	80,117								(80,117)	80,117		(80,117)	
North Bergen High School - Rehabilitation	3610-050-14-1001	N/A	96,853								(96,853)	96,853		(96,853)	
North Bergen High School - Fire Alarm	3610-050-14-1002	N/A	1,028,815								(1,028,815)	1,028,815		(1,028,815)	
Lincoln School - Exterior	3610-090-14-1024	N/A	308,116								(308,116)	303,335		(308,116)	4,781
Horace Mann School - Roof	3610-070-14-1020	N/A	448,418								(448,418)	446,943		(448,418)	1,475
McKinley School - Security	3610-100-14-1015	N/A	78,102								(78,102)	78,102		(78,102)	
Lincoln School - Security	3610-090-14-1012	N/A	87,213								(87,213)	87,213		(87,213)	
Kennedy School - Security	3610-080-14-1011	N/A	59,007								(59,007)	59,007		(59,007)	
Horace Mann School - Security	3610-070-14-1099	N/A	65,614								(65,614)	65,614		(65,614)	
Franklin School - Security	3610-060-14-1008	N/A	63,672								(63,672)	63,672		(63,672)	
Robert Fulton School - Security	3610-110-14-1016	N/A	60,439								(60,439)	60,439		(60,439)	
Total Economic Development Authority				(4,210,824)				84,373						(9,259,083)	4,963,886
				\$ (8,957,889)	\$ 312,666	\$ -	\$ 70,452,692	\$ 70,351,400	\$ 8,860	\$ -	\$ (15,693,150)	\$ 7,158,079	\$ -	\$ (9,520,461)	\$ 74,562,224
Less: State Aid Not Subject to Single Audit and Major Program Determination															
Reimbursed TPAF Pension															
Non-Contributory Insurance	14-495-034-5095-007	7/1/13-6/30/14	185,010				(185,010)	(185,010)							
Pension Contribution	14-495-034-5095-006	7/1/13-6/30/14	2,096,031				(2,096,031)	(2,096,031)							
Post Retirement Contribution	14-495-034-5095-001	7/1/13-6/30/14	3,740,050				(3,740,050)	(3,740,050)							
				\$ (8,957,889)	\$ 312,666	\$ -	\$ 64,431,601	\$ 64,330,309	\$ 8,860	\$ -	\$ (15,693,150)	\$ 7,158,079	\$ -		

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the North Bergen Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal 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 are prepared and presented using 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 bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$79,152 for the general fund and an increase of \$58,101 for the special revenue fund. See 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 261,892	\$ 66,812,784	\$ 67,074,676
Special Revenue Fund	4,732,870	2,764,138	7,497,008
Capital Projects Fund		84,373	84,373
Debt Service Fund		550,827	550,827
Food Service Fund	<u>2,424,806</u>	<u>36,085</u>	<u>2,460,891</u>
Total Financial Assistance	<u>\$ 7,419,568</u>	<u>\$ 70,248,207</u>	<u>\$ 77,667,775</u>

**NORTH BERGEN BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$3,941,948 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2014. The amount reported as TPAF Pension System Contributions in the amount of \$2,281,041 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,740,050 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2014.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NORTH BERGEN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the basic financial statements noted? _____ yes X no

Federal Awards Section

Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? X yes _____ none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I</u>
<u>84.027</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>School Breakfast Program</u>
<u>10.556</u>	<u>Special Milk Program</u>
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

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

**NORTH BERGEN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE.

**NORTH BERGEN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Finding 2014-001:

The NCLB FY13 Title I final report was not in agreement with the financial accounting records of the District. The expenditures reported in the final grant report exceeded the expenditures reported in the District's budgetary accounting records by \$101,874.

Federal Program Information:

NCLB – Title I 84.010

Criteria or Specific Requirement:

OMB Circular A-133 Compliance Supplement – Reporting Requirements

Condition:

Expenditures reported on the District's financial records were not in agreement with amounts reported on the final NCLB grant expenditure reports.

Questioned Costs:

None.

Context:

The District's 2012-13 Title I final expenditure report reflected total expenditures of \$3,104,872. The District's financial records for the grant period reflected expenditures of \$3,002,998.

Cause:

Unknown.

Effect:

The District's financial reports are not in agreement with amounts reported to grantor agencies.

Recommendation:

The District reconcile the final NCLB grant reports to the budgetary accounting system prior to submission of the report.

View of Responsible Officials and Planned Corrective Action:

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

NORTH BERGEN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

There are none.

**NORTH BERGEN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

THERE WERE NONE.