

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Belleville, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Belleville Township School District

Belleville, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-v
Organizational Chart	vi
Roster of Officials	vii
Consultants and Advisors	viii

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-14
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	15
A-2 Statement of Activities	16-17

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	18-19
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	20
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21

Proprietary Funds

B-4 Statement of Net Position	22
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	23
B-6 Statement of Cash Flows	24

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position – Not Applicable	26

Notes to the Financial Statements	27-60
--	-------

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	61-68
C-2	Budgetary Comparison Schedule – Special Revenue Fund	69

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	70
-----	--	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	71
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	72
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	73
	Notes to Required Supplementary Information	74

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	75-76
E-2	Schedule of Preschool Aid Expenditures – Budgetary Basis – Not Applicable	77

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures – Budgetary Basis	78
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	79
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	80
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	81
F-2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	82

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

OTHER SUPPLEMENTARY INFORMATION (Continued)

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Position	83
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position	83
G-3	Combining Statement of Cash Flows	83

H. Fiduciary Funds

H-1	Combining Statement of Agency Fund Net Position	84
H-2	Combining Statement of Changes in Fiduciary Net Position – Not Applicable	85
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	85
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	86

I. Long-Term Debt

I-1	Schedule of Serial Bonds	87
I-2	Schedule of Capital Leases Payable and Lease-Purchase Agreements	88
I-3	Debt Service Fund Budgetary Comparison Schedule	89

J. STATISTICAL SECTION (Unaudited)

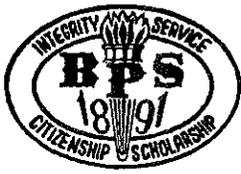
J-1	Net Position by Component	90
J-2	Changes in Net Position	91-92
J-3	Fund Balances – Governmental Funds	93
J-4	Changes in Fund Balances – Governmental Funds	94-95
J-5	General Fund Other Local Revenue by Source	96
J-6	Assessed Value and Actual Value of Taxable Property	97
J-7	Direct and Overlapping Property Tax Rates	98
J-8	Principal Property Taxpayers	99
J-9	Property Tax Levies and Collections	100
J-10	Ratios of Outstanding Debt by Type	101
J-11	Ratios of Net General Bonded Debt Outstanding	102
J-12	Direct and Overlapping Governmental Activities Debt	103
J-13	Legal Debt Margin Information	104
J-14	Demographic and Economic Statistics	105
J-15	Principal Employers	106
J-16	Full-Time Equivalent District Employees by Function/Program	107
J-17	Operating Statistics	108
J-18	School Building Information	109-110
J-19	Schedule of Required Maintenance for School Facilities	111
J-20	Insurance Schedule	112

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION		
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards – Independent Auditor’s Report	113-114
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08 Independent Auditor’s Report	115-117
K-3	Schedule of Expenditure of Federal Awards	118
K-4	Schedule of Expenditures of State Financial Assistance	119-120
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	121-122
K-6	Schedule of Findings and Questioned Costs	123-138
K-7	Summary Schedule of Prior Year Findings	139-147

INTRODUCTORY SECTION



BELLEVILLE PUBLIC SCHOOLS

102 Passaic Avenue
Belleville, New Jersey 07109
Web Site: www.bellevilleschools.org

Dr. Tomko
Superintendent of Schools

Phone: 973 450-3500 ext. 1022
Fax: 973 450-3504

January 15, 2016

Honorable President and
Members of the Board of Education
Belleville School District
Essex County, New Jersey

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes management discussion and analysis (MD&A), the basic financial statements and schedules, as well as the auditor's report thereon. The MD&A of the District's financial activities is added to this section under GASB 34 to introduce the basic financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the N.J. Treasury Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Belleville School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Belleville 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 Pre K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an enrollment of 4,662.0 students, which is 0.9% more than previous year's enrollment. The district's student enrollment over the last two years is 4,619 students in 2013-2014 and 4,662 students in 2014-2015.

2. ECONOMIC CONDITION AND OUTLOOK: The Township has little undeveloped land and, accordingly, any new industry will have to be a replacement to existing establishments.

3. MAJOR INITIATIVES: All Curriculums has been updated to reflect the requirements of Common Core and NJ state initiatives. This is supported by professional development activities with regard to software application; lesson planning; new textbook series; SGO development; and parent involvement. The district continues to expand opportunities for students by adding the Academy of Mathematics, Engineering, and Medical Sciences and the cooperative business education placements for students to experience and exhibit workplace readiness skills. All curriculums are currently up to date and aligned prior to the budget cycle. The district continues to look to enhance the common core curriculum by updating lectures with supplemental measures to help students achieve proficiency in the tenets of the common core. The district recognizes the budgetary needs to support action plans established after QSAC monitoring. Data and assessment tools, supplemental materials/technology, and up to date curriculum will help identify student needs that are pertinent to the focus of professional learning. Further, SAT preparatory classes will again be offered to assist students in exceling in the area of college acceptance. Naviance software and other ancillary programs will also assist counselors in placing students in the postsecondary institutions and programs. The district is proud to initiate a new educational tool, OnCourse Systems, which will be available to our teachers for purposes of reference to curriculum and communication with colleagues. The district has provided the Envision math series for K-5 students to meet GSAC concerns and is proud of the middle school program that prepares student with the opportunity to attend the high school academy.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data 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. The district was assigned a state monitor by the Department of Education based on a prior year general fund deficit. The Board of Education worked with the state monitor to ensure that the administration maintained appropriate internal controls. The process resulted in a positive fiscal year ending with a budgetary basis surplus balance at June 30, 2015.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROL: In addition to internal accounting controls, the District is obligated to maintain 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. Annual appropriated budgets are adopted for the general fund, and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

The Board of Education at its March 9, 2015 meeting recognized the prior year deficit by passing a resolution to accept a state aid advance loan payment from the Department of Education in the amount of \$4,162,426. The state aid advance loan is to be repaid over a term not to exceed a 10 year period. The loan repayments will be included in the general fund budgets for future years. The Board of Education and state monitor also recognized the need for facility maintenance and improvements. The District architect provided an evaluation of projects for all buildings. The District will consider the impact of facility improvements in all future budgets and will consider referendum financing to spread the tax levy obligation over the life of the improvement.

The district submitted a Corrective Action Plan to the Executive County Superintendent dated January 20, 2015 regarding findings from the 2013-14 audit. The plan included areas of administrative practices and procedures; school purchasing practices; student activities; athletic advisory council; application for State School Aid; student transportation; facilities and capital assets; and status of prior year audit findings and recommendations. The superintendent, state monitor, business administrator, board of education and administration addressed these issues which were identified in the correction plan. The plan was defined by Action required by the Board, Method of Implementation, position responsible for implementation, and target date for implementation.

The district recognized the need for technology improvements after systems failed in September 2014. The district did address these issues during the school year by installing a new systems that insures proper cabling, network upgrade, computers for staff and students and system backup. The new system supports student testing mandated by the NJDOE, attendance, business office and fiscal management, and plant operations. The district accomplish the task by a lease purchase to spread the cost over five years.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1. The district filed appropriate monthly financial reports for the 2014-15 school year which were available to the public. District staffing was monitored closely to reflect the educational needs at all schools. Monthly student enrollment and staffing were compared for adequacy. The district reorganized the registration and residency process to validate home addresses and insure that incoming students would attend the proper school. The Board approved administrative changes and budgetary transfers to insure the fiscal year would not end in a deficit. The State Monitor attended public meetings and with the Superintendent reported the financial condition and board action to the Essex County Executive Superintendent of school.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District did meet its responsibility for sound financial management. The following schedule presents a summary of the general fund revenues from local and state sources, and federal revenue grant funds for the fiscal year ended June 30, 2015:

<u>Revenues</u>	<u>Amount</u>	<u>% of Total</u>
Local	\$36,514,999	52.3%
State Sources	33,234,255	47.5%
Federal Sources	<u>160,436</u>	<u>0.2%</u>
Total	<u>\$69,909,690</u>	<u>100.0%</u>

The following schedule presents a summary of the general fund expenditures based on instruction, support service, capital expenditure and lease payments (debt service) to fund building projects, technology upgrades, and transportation. The schedule represents expenditures for the fiscal year ending June 30, 2015:

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>
Current Expenditures:		
Instruction	\$43,191,074	62.5%
Support Services	24,228,743	35.1%
Capital Outlay	68,850	0.1%
Debt Service	<u>1,572,975</u>	<u>2.3%</u>
Total Expenditures	<u>\$ 69,061,742</u>	<u>100.0%</u>

8. DEBT ADMINISTRATION: The District had no outstanding bonded debt issues (serial bonds) since September 1996. The district does have outstanding capital leases and lease-purchase agreements totaling \$4,846,316 at June 30, 2015.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in the "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.

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

11. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board of Education. 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 and the related U.S. OMB Circular A-133 and N.J. Treasury Circular Letter OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

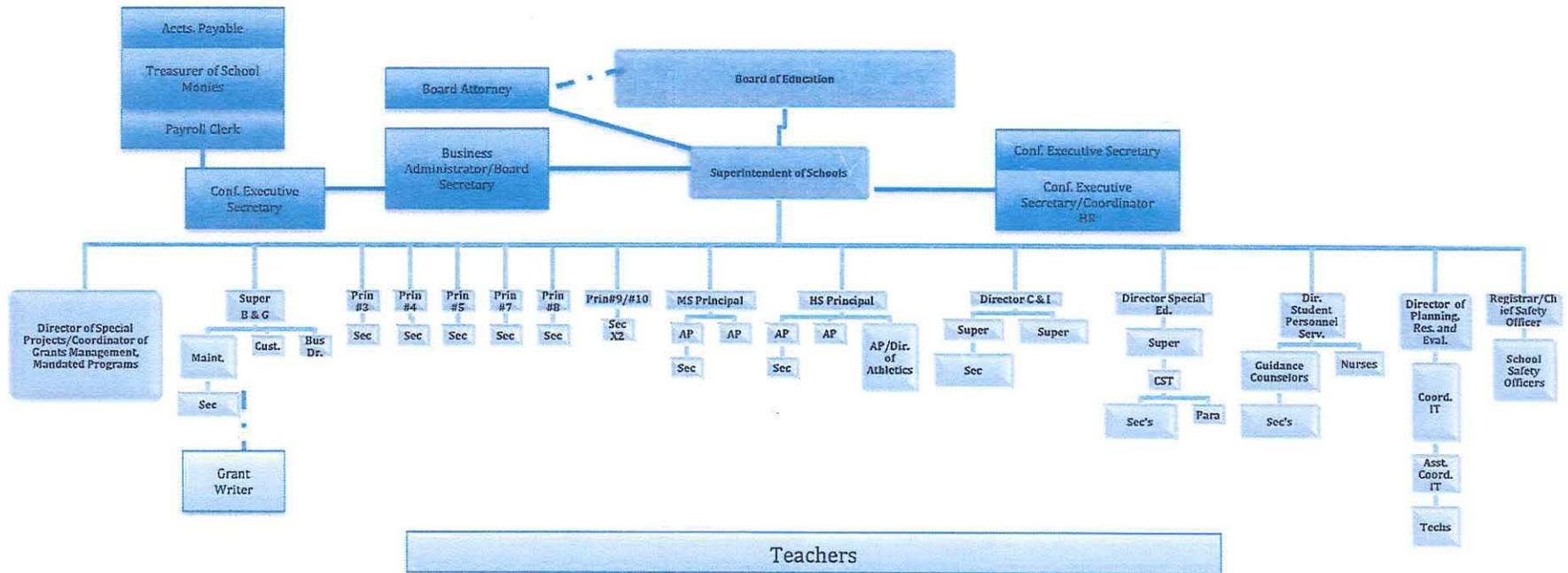
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'RTK', written over a horizontal line.

Dr. Tomko
Superintendent of Schools

POLICY 1110 Organizational Chart

T.A.



Teachers

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2015

Members of the Board of Education

Term Expires December 31

Raymond Kuebler, President	2016
Jeannie Lombardi, Vice President	2015
Peter Zangari, Jr	2015
John Rivera	2016
Lillian Torres	2016
Patricia Dolan	2017
Ralph Vellon	2017

Other Officials

Helene Feldman, Superintendent (7/1/14-8/31/14)

Ricardo Acosta, Acting Superintendent (9/1/14-2/14/15)

Richard D. Tomko, Ph.D., Superintendent (2/15/15-6/30/15)

Paula Cummis, Assistant Superintendent

Raymond R. Jacobus, Interim Board Secretary/Business Administrator (7/1/14-11/30/14)

Robert Clark, Interim Board Secretary/Business Administrator (12/1/14-5/31/15)

Wayne Demikoff, Interim Board Secretary/Business Administrator (6/1/15-6/30/15)

Schwartz Simon Edelstein Celso, Esqs., Board Attorney

Thomas Egan, State Monitor

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

CONSULTANTS & ADVISORS

JUNE 30, 2015

AUDIT FIRM

Lerch, Vinci & Higgins LLP
17-17 Route 208
Fair Lawn, NJ 07410

ATTORNEY

Schwartz Simon Edelstein Celso
100 South Jefferson Road
Whippany, New Jersey 07981

OFFICIAL DEPOSITORY

Valley National Bank
237 Washington Avenue
Belleville, New Jersey 07407

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
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, 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
Belleville Township School District
Belleville, 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 Belleville Township School District as of and for the fiscal year ended June 30, 2015 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belleville Township School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Belleville Township School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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 Belleville Township School District'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 15-08, 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 Belleville Township School District.

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

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 January 15, 2016 on our consideration of the Belleville Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Belleville Township School District's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 15, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

This section of Belleville Township School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes to the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The liabilities and deferred inflows of resources of the Belleville Township School District exceeded its assets and deferred outflows of resources at the close of the fiscal year resulting in a deficit of \$16,950,275. (Net Position)
- The District's total net position increased by \$1,638,872 or 9%.
- Overall District revenues were \$80,965,730. General revenues accounted for \$59,346,329 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,619,401 or 27% of total revenues.
- The school district had \$77,212,666 in expenses for governmental activities; only \$19,607,678 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted state and federal aid) of \$59,346,153 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 deficit of \$4,284,898. Of this amount, \$1,308,242 is restricted for capital projects, \$551,059 is assigned for year end encumbrances and the remaining amount is the unassigned fund deficit of \$6,144,199.
- The General Fund fund deficit at June 30, 2015 was \$5,593,140, a decrease in the deficit of \$742,948 compared to the ending fund deficit at June 30, 2014 of \$6,336,088.
- The General Fund budgetary fund balance at June 30, 2015 was \$1,181,219, which represents an increase in fund balance of \$4,309,579 compared to the ending budgetary fund deficit at June 30, 2014 of \$3,128,360. The increase in fund balance was due to an advance state aid payment received in 2014-2015 in the amount of \$4,162,426 which will be repaid over ten years.
- The District's governmental activities capital assets, net increased by \$1,244,153 during the current fiscal year.
- The District's governmental activities long-term liabilities increased by \$1,696,814 during the current fiscal year.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

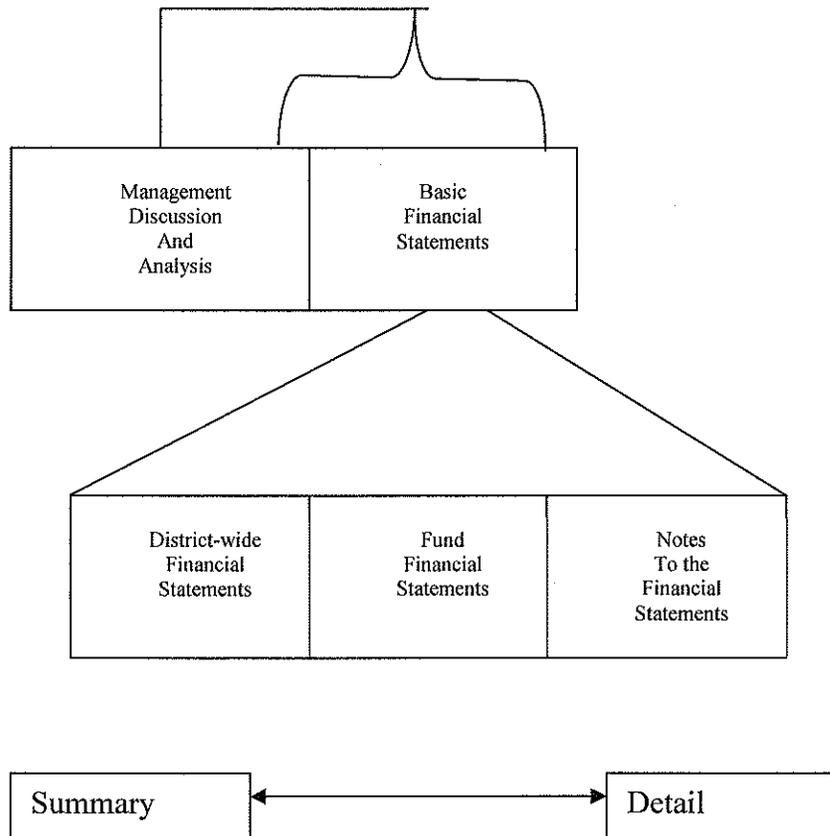
Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' 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 basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

The table below summarizes 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. 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 of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	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 compensation, student activities and payroll activities
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position. Statement of Change 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 and deferred inflows/outflows information	All assets, deferred outflows, liabilities, and 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 there after; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and 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.

District-Wide Statements

The district-wide statements report information about the District 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 is an indicator of whether its financial condition 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.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

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 and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's food services (cafeteria) program is included under this category.

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).

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 resources* 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 one enterprise fund for its food service (cafeteria) program.
 - *Internal Service Funds* – This fund is established to account for activities that provide services primarily for the District's other programs and activities. The District currently uses an internal service fund to account for its worker's compensation self-insurance program. Because these services benefit governmental rather than business-type functions, they have been included in *governmental activities* in the district-wide financial statements.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets and other resources that belong to others. The District is responsible for ensuring that the assets and other resources reported in these funds are used only for their intended purposes and by those to whom they 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 resources to finance its operations.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the 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 the general and special revenue funds as required supplementary information. Information regarding the District's employee retirement systems and pension plans has also been provided 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 and pension information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position deficit was \$16,950,275 on June 30, 2015 and \$18,589,147 on June 30, 2014 as follows:

Net Position As of June 30, 2015 and 2014

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets						
Current and Other Assets	\$ 3,214,092	\$ 1,174,484	\$ 300,921	\$ 370,088	\$ 3,515,013	\$ 1,544,572
Capital Assets	9,424,628	8,180,475	49,535	79,214	9,474,163	8,259,689
Total Assets	<u>12,638,720</u>	<u>9,354,959</u>	<u>350,456</u>	<u>449,302</u>	<u>12,989,176</u>	<u>9,804,261</u>
Deferred Outflows of Resources	<u>1,087,457</u>	-	-	-	<u>1,087,457</u>	-
Liabilities						
Long-Term Liabilities	22,503,142	20,806,328	-	-	22,503,142	20,806,328
Other Liabilities	7,530,023	7,387,021	91,494	198,648	7,621,517	7,585,669
Total Liabilities	<u>30,033,165</u>	<u>28,193,349</u>	<u>91,494</u>	<u>198,648</u>	<u>30,124,659</u>	<u>28,391,997</u>
Deferred Inflows of Resources	<u>895,237</u>	-	<u>7,012</u>	<u>1,411</u>	<u>902,249</u>	<u>1,411</u>
Net Position						
Net Investment in Capital Assets	6,001,219	5,513,725	49,535	79,214	6,050,754	5,592,939
Unrestricted	<u>(23,203,444)</u>	<u>(24,352,115)</u>	<u>202,415</u>	<u>170,029</u>	<u>(23,001,029)</u>	<u>(24,182,086)</u>
Total Net Position	<u>\$ (17,202,225)</u>	<u>\$ (18,838,390)</u>	<u>\$ 251,950</u>	<u>\$ 249,243</u>	<u>\$ (16,950,275)</u>	<u>\$ (18,589,147)</u>

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. Restricted net position represents amounts reserved for specific purposes by outside parties or statutory requirements. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

The District's deficit in total net position of \$16,950,275 at June 30, 2015 represents a \$1,638,872 or a 9% increase in net position from the prior year deficit of \$18,589,147. The following presents the changes in net position for the fiscal years ended June 30, 2015 and 2014.

Changes in Net Position For the Fiscal Years Ended June 30, 2015 and 2014

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 151,999	\$ 35,448	\$ 673,996	\$ 706,289	\$ 825,995	\$ 741,737
Operating Grants and Contributions	19,446,982	11,453,747	1,337,727	1,301,807	20,784,709	12,755,554
Capital Grants and Contributions	8,697	5,657			8,697	
General Revenues						
Property Taxes	36,249,715	34,177,243			36,249,715	34,177,243
State and Federal Aid - Unrestricted	22,982,748	22,253,116			22,982,748	22,253,116
Miscellaneous Income	113,690	91,045	176	174	113,866	91,219
Total Revenues	<u>78,953,831</u>	<u>68,016,256</u>	<u>2,011,899</u>	<u>2,008,270</u>	<u>80,965,730</u>	<u>70,024,526</u>
Expenses						
Instruction						
Regular	31,848,519	29,359,361			31,848,519	29,359,361
Special Education	14,795,513	14,259,892			14,795,513	14,259,892
Other Instruction	2,992,762	2,696,274			2,992,762	2,696,274
School Sponsored Activities and Athletics	939,711	901,700			939,711	901,700
Support Services						
Student and Instruction Related Services	9,153,952	8,242,412			9,153,952	8,242,412
General Administrative Services	2,142,876	1,739,238			2,142,876	1,739,238
School Administrative Services	4,435,456	5,404,032			4,435,456	5,404,032
Central Administrative Services	1,652,492	1,314,961			1,652,492	1,314,961
Plant Operations and Maintenance	5,635,419	7,725,157			5,635,419	7,725,157
Pupil Transportation	3,527,897	3,364,058			3,527,897	3,364,058
Interest on Long-Term Debt	88,069	79,305			88,069	79,305
Food Services	-	-	2,114,192	2,128,248	2,114,192	2,128,248
Total Expenses	<u>77,212,666</u>	<u>75,086,390</u>	<u>2,114,192</u>	<u>2,128,248</u>	<u>79,326,858</u>	<u>77,214,638</u>
Increase (Decrease) in Net Position Before Transfers	1,741,165	(7,070,134)	(102,293)	(119,978)	1,638,872	(7,190,112)
Transfers	(105,000)	-	105,000	-	-	-
Change in Net Position	1,636,165	(7,070,134)	2,707	(119,978)	1,638,872	(7,190,112)
Net Position, Beginning of Year	(18,838,390)	2,838,035	249,243	369,221	(18,589,147)	3,207,256
Proir Period Adjustment	-	(14,606,291)	-	-	-	(14,606,291)
Net Position, End of Year	<u>\$ (17,202,225)</u>	<u>\$ (18,838,390)</u>	<u>\$ 251,950</u>	<u>\$ 249,243</u>	<u>\$ (16,950,275)</u>	<u>\$ (18,589,147)</u>

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

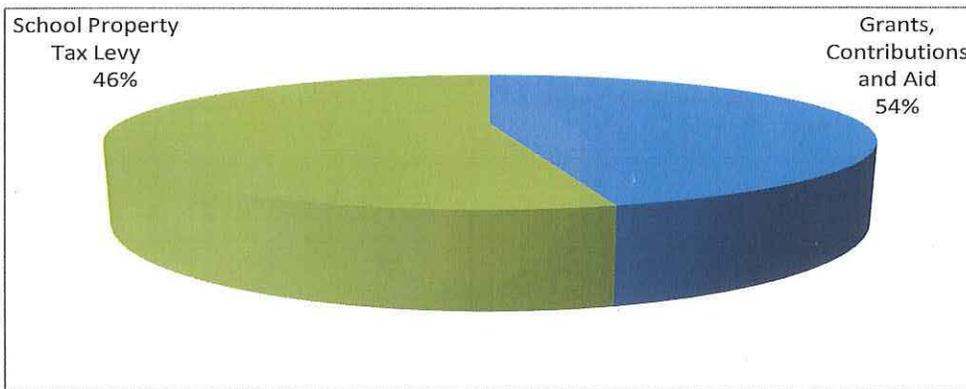
Management's Discussion and Analysis
 Fiscal Year Ended June 30, 2015

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$78,953,831 for the fiscal year ended June 30, 2015, property taxes of \$36,249,715 represented 46% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state and federal aid which totaled \$42,438,427 or 54% of revenues. In addition, charges for services from tuition and transportation fees as well as general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

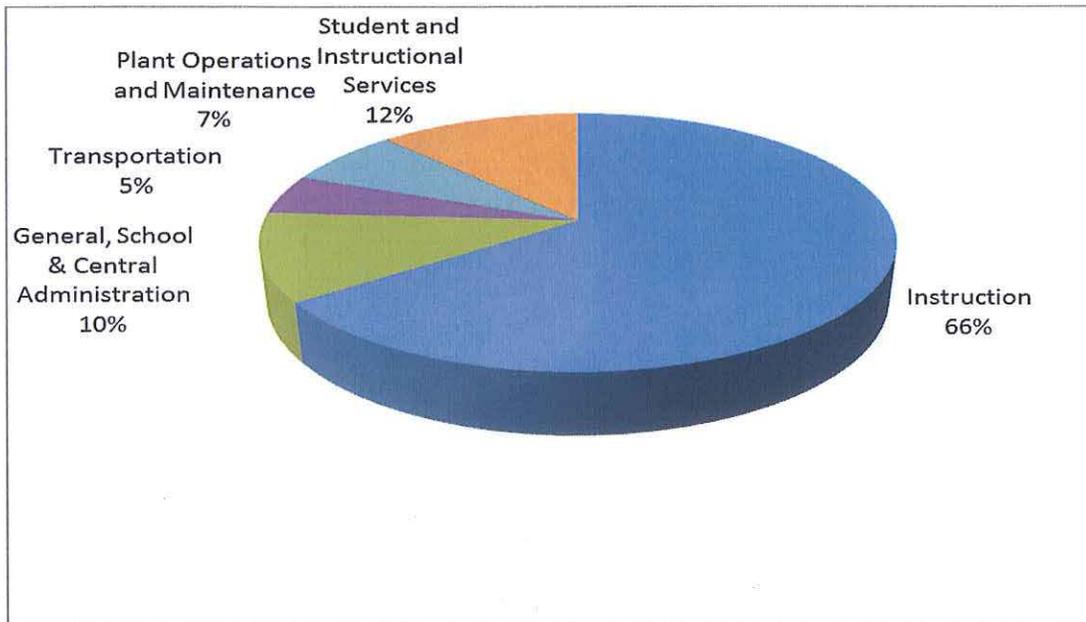
The total cost of all governmental activities programs and services was \$77,212,666 for the fiscal year ended June 30, 2015. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$50,576,505 (66%) of total expenses. Support services costs were \$26,548,092 (34%) of total expenses and interest on debt totaled \$88,069, (less than 1%) of total expenses.

For fiscal year 2015, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$1,636,165 from the previous year's balance.

Revenues by Sources – Governmental Activities
 For Fiscal Year 2015



Expenses by Type-Governmental Activities
 For Fiscal Year 2015



BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Net Cost of Governmental Activities. The District's total cost of services was \$77,212,666. After applying program revenues, derived from operating and capital grants and contributions of \$19,455,679, and charges for services of \$151,999, the net cost of services of the District was \$57,604,988 for the fiscal year ended June 30, 2015.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction:				
Regular	\$ 31,848,519	\$ 29,359,361	\$ 23,091,843	\$ 25,280,525
Special Education	14,795,513	14,259,892	8,465,948	9,505,664
Other Instruction	2,992,762	2,696,274	2,165,715	2,323,884
School Sponsored Activities and Athletics	939,711	901,700	939,711	901,700
Support Services:				
Student & Instruction Related Services	9,153,952	8,242,412	6,972,138	7,029,546
General Administrative Services	2,142,876	1,739,238	2,070,178	1,710,793
School Administrative Services	4,435,456	5,404,032	3,592,997	4,928,412
Central Administrative Services	1,652,492	1,314,961	1,631,291	1,301,024
Plant Operations and Maintenance	5,635,419	7,725,157	5,341,278	7,443,894
Pupil Transportation	3,527,897	3,364,058	3,245,820	3,086,791
Interest on Long Term Debt	88,069	79,305	88,069	79,305
Total	\$ 77,212,666	\$ 75,086,390	\$ 57,604,988	\$ 63,591,538

For the fiscal year ended June 30, 2015, the total cost of governmental activities reflects the implementation of the new accounting standard GASB Statement No. 68, "Accounting and Financial Reporting for Pensions". The effect of implementing GASB 68 was to recognize additional pension expenses of \$6,954,025 for both the PERS and TPAF pension systems and additional state aid revenues for on-behalf TPAF pension contributions of \$6,730,412 for fiscal year 2015.

Business-Type Activities – The District's total business-type activities revenues were \$2,011,899 for the fiscal year ended June 30, 2015. Charges for services of \$673,996 accounted for 34% of total revenues and operating grants and contributions of \$1,337,727 accounted for 66% of total revenues.

Total cost of all business-type activities programs and services was \$2,114,192 for the fiscal year ended June 30, 2015.

For fiscal year 2015, total business-type activities revenues and transfers in exceeded expenses, increasing net position by \$2,707 or 1% compared to the previous year.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 deficit of \$4,284,898 at June 30, 2015, a decrease in the deficit of \$1,902,647 from last year's fund deficit of \$6,187,545. This change was mainly attributable to unspent capital lease proceeds at year end for the IP integration services and network cabling refresh project as well as general fund revenue that exceed expenditures and transfers out for the 2014/2015 school year.

Revenues for the District's governmental funds were \$72,220,071, while total expenditures were \$73,535,936 for the fiscal year ended June 30, 2015. Total financing sources of the District's governmental funds were \$3,323,512 (capital lease proceeds) and total financing uses totaled \$105,000 (transfers to enterprise fund) for the fiscal year ended June 30, 2015.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from K through 12 including pupil transportation, extra-curricular activities and plant operation and maintenance costs.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Change
Local Sources:				
Property Tax Levy	\$ 36,249,715	\$ 34,177,243	\$ 2,072,472	6%
Tuition and Transportation Fees	151,999	35,448	116,551	329%
Miscellaneous	113,285	90,930	22,355	25%
State Sources	33,234,255	31,093,966	2,140,289	7%
Federal Sources	160,436	143,334	17,102	12%
Total General Fund Revenues	\$ 69,909,690	\$ 65,540,921	\$ 4,368,769	7%

For fiscal year 2015, total General Fund revenues increased \$4,368,769 or 7% from the previous year. Property taxes increased \$2,072,472 or 6% to support increases in operating costs. As indicated, State aid increased \$2,140,289 or 7% mainly due to increases in on-behalf pension and post-retirement medical benefit contributions paid by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 43,191,074	\$ 43,640,706	\$ (449,632)	-1%
Support Services	24,228,743	26,408,284	(2,179,541)	-8%
Debt Service	1,572,975	789,132	783,843	110%
Capital Outlay	68,950	45,941	23,009	50%
Total Expenditures	\$ 69,061,742	\$ 70,884,063	\$ (1,822,321)	-3%

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015**

GENERAL FUND (Continued)

For fiscal year 2015, total General Fund expenditures decreased \$1,822,321 or 3% over the previous year. Decreases in regular instruction costs and administrative support service costs were offset by increases in debt service expenditures related to capital lease and lease purchase agreement payments for the current year.

In fiscal year 2015 General Fund revenues exceeded expenditures and other financing uses by \$742,948. Therefore, the total fund deficit decreased from \$6,336,088 at June 30, 2014 to \$5,593,140 at June 30, 2015. After deducting assigned fund balances, the unassigned fund deficit decreased from \$6,920,154 at June 30, 2014 to \$6,144,199 at June 30, 2015.

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the budgetary basis of accounting for revenues, expenditures and encumbrances. The most significant difference between the budgetary basis of accounting and generally accepted accounting principles is the legally mandated revenue recognition of certain delayed or deferred state aid payments and advanced state aid payments for budgetary purposes only. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made through the reappropriation of prior year encumbrances and budget transfers to prevent over expenditures in specific line item accounts.

For fiscal year 2015 General Fund budgetary revenues exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$4,309,579 from the previous year. After deducting fund balances assigned, the unassigned budgetary fund balance increased \$4,342,586, from a fund balance deficit of \$3,712,426 at June 30, 2014 to a fund balance of \$630,160 at June 30, 2015. The increase in budgetary fund balance was the result of budgetary revenue recognized from an advanced state aid payment in the amount of \$4,162,426 received in the current fiscal year. This advance will be repaid over the next ten fiscal years.

CAPITAL ASSET

At the end of fiscal year 2015, the District had \$9,424,628 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$49,535 for business type activities. The following is a comparison of the June 30, 2015 and 2014 balances:

**Capital Assets
(Net of Accumulated Depreciation)
at June 30, 2014 and 2015**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 225,057	\$ 225,057			\$ 225,057	\$ 225,057
Construction in Progress	2,163,555	-			2,163,555	-
Land Improvements	12,304	12,987			12,304	12,987
Buildings and Improvements	5,796,421	6,500,070			5,796,421	6,500,070
Furniture, Equipment and Vehicles	<u>1,227,291</u>	<u>1,442,361</u>	\$ 49,535	\$ 79,214	<u>1,276,826</u>	<u>1,521,575</u>
Total Capital Assets, Net	<u>\$ 9,424,628</u>	<u>\$ 8,180,475</u>	<u>\$ 49,535</u>	<u>\$ 79,214</u>	<u>\$ 9,474,163</u>	<u>\$ 8,259,689</u>

Additional information on the District's capital assets is presented in Note 3 of this report.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

LONG TERM LIABILITIES

At June 30, 2015 the District had \$22,503,142 of total outstanding long-term liabilities for governmental activities. Of this amount, \$4,731,651 is for capital leases, \$114,665 is for lease purchase agreements, \$2,634,702 is for compensated absences and \$15,022,124 is for the District's net pension liability. The following is a comparison of the June 30, 2015 and 2014 balances:

Outstanding Long-Term Liabilities as of June 30, 2015 and 2014

	Governmental Activities	
	2015	2014
Capital Leases	\$ 4,731,651	\$ 2,815,293
Lease Purchase Agreements	114,665	198,458
Compensated Absences	2,634,702	3,186,286
Net Pension Liability	<u>15,022,124</u>	<u>14,606,291</u>
Total	<u>\$ 22,503,142</u>	<u>\$ 20,806,328</u>

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the District's future, the availability of funding for increased enrollment, staffing needs, facility improvements, the District's financial condition and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-2016 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 considered when adopting the budget for fiscal year 2015-2016. Budgeted expenditures in the General Fund increased approximately 2.7% to \$64,335,645 for fiscal year 2015-2016.

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, Belleville Township School District, 102 Passaic Ave., Belleville, NJ 07109.

FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,335,874	\$ 3,642	\$ 1,339,516
Receivables, Net	698,464	95,453	793,917
Internal Balances	(176,202)	176,202	-
Inventory		25,624	25,624
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	1,355,956		1,355,956
Capital Assets, Not Being Depreciated	2,388,612		2,388,612
Capital Assets, Being Depreciated, Net	<u>7,036,016</u>	<u>49,535</u>	<u>7,085,551</u>
Total Assets	<u>12,638,720</u>	<u>350,456</u>	<u>12,989,176</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,087,457</u>	-	<u>1,087,457</u>
Total Deferred Outflows of Resources	<u>1,087,457</u>	-	<u>1,087,457</u>
Total Assets and Deferred Outflows of Resources	<u>13,726,177</u>	<u>350,456</u>	<u>14,076,633</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,180,947	83,609	1,264,556
Payable to Other Governments	109,957		109,957
Accrued Interest Payable	31,033		31,033
Loans Payable	2,021,748		2,021,748
State Aid Advance Payment	4,162,426		4,162,426
Unearned Revenue	23,912	7,885	31,797
Noncurrent Liabilities			
Due Within One Year	2,441,425		2,441,425
Due Beyond One Year	<u>20,061,717</u>	-	<u>20,061,717</u>
Total Liabilities	<u>30,033,165</u>	<u>91,494</u>	<u>30,124,659</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	895,237		895,237
Deferred Commodities Revenue	<u>-</u>	<u>7,012</u>	<u>7,012</u>
Total Deferred Inflows of Resources	<u>895,237</u>	<u>7,012</u>	<u>902,249</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,928,402</u>	<u>98,506</u>	<u>31,026,908</u>
NET POSITION			
Net Investment in Capital Assets	6,001,219	49,535	6,050,754
Unrestricted	<u>(23,203,444)</u>	<u>202,415</u>	<u>(23,001,029)</u>
	<u>\$ (17,202,225)</u>	<u>\$ 251,950</u>	<u>\$ (16,950,275)</u>

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:							
Instruction:							
Regular	\$ 31,848,519	\$ 72,656	\$ 8,678,508	\$ 5,512	\$ (23,091,843)		\$ (23,091,843)
Special Education	14,795,513	78,993	6,250,572		(8,465,948)		(8,465,948)
Other Instruction	2,992,762		827,047		(2,165,715)		(2,165,715)
School Sponsored Activities and Athletics	939,711				(939,711)		(939,711)
Support Services:							
Student & Instruction Related Services	9,153,952		2,181,814		(6,972,138)		(6,972,138)
General Administrative Services	2,142,876		72,698		(2,070,178)		(2,070,178)
School Administrative Services	4,435,456		842,459		(3,592,997)		(3,592,997)
Central Administrative Services	1,652,492		21,201		(1,631,291)		(1,631,291)
Plant Operations and Maintenance	5,635,419		290,956	3,185	(5,341,278)		(5,341,278)
Pupil Transportation	3,527,897	350	281,727		(3,245,820)		(3,245,820)
Interest on Long Term Debt	88,069	-	-	-	(88,069)	-	(88,069)
Total Governmental Activities	<u>77,212,666</u>	<u>151,999</u>	<u>19,446,982</u>	<u>8,697</u>	<u>(57,604,988)</u>	<u>-</u>	<u>(57,604,988)</u>
Business-Type Activities:							
Food Service	<u>2,114,192</u>	<u>673,996</u>	<u>1,337,727</u>	<u>-</u>	<u>-</u>	<u>\$ (102,469)</u>	<u>(102,469)</u>
Total Business-Type Activities	<u>2,114,192</u>	<u>673,996</u>	<u>1,337,727</u>	<u>-</u>	<u>-</u>	<u>(102,469)</u>	<u>(102,469)</u>
Total Primary Government	<u>\$ 79,326,858</u>	<u>\$ 825,995</u>	<u>\$ 20,784,709</u>	<u>\$ 8,697</u>	<u>(57,604,988)</u>	<u>(102,469)</u>	<u>(57,707,457)</u>

91

Continued

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 36,249,715	-	\$ 36,249,715
Unrestricted State & Federal Aid	22,982,748	-	22,982,748
Miscellaneous Income	113,690	\$ 176	113,866
Transfers	(105,000)	105,000	-
	<u>59,241,153</u>	<u>105,176</u>	<u>59,346,329</u>
 Total General Revenues			
	1,636,165	2,707	1,638,872
Change in Net Position			
Net Position, Beginning of Year, (Restated)	<u>(18,838,390)</u>	<u>249,243</u>	<u>(18,589,147)</u>
Net Position, End of Year	<u>\$ (17,202,225)</u>	<u>\$ 251,950</u>	<u>\$ (16,950,275)</u>

FUND FINANCIAL STATEMENTS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,004,758			\$ 1,004,758
Receivables From Other Governments	153,599	\$ 544,865		698,464
Due from Other Funds	234,445			234,445
Restricted Assets				
Cash and Cash Equivalents with Fiscal Agent	-	-	\$ 1,355,956	1,355,956
Total Assets	<u>\$ 1,392,802</u>	<u>\$ 544,865</u>	<u>\$ 1,355,956</u>	<u>\$ 3,293,623</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 302,510	\$ 128,167	\$ 47,714	478,391
Accrued Salaries and Wages	46,999			46,999
Compensated Absences Payable	186,678			186,678
Due to Other Funds	265,581	234,445		500,026
Payable to State Government		65,587		65,587
Payable to Federal Government		44,370		44,370
Delayed State Aid Loan Payable	2,021,748			2,021,748
State Aid Advance Payment	4,162,426			4,162,426
Other Liabilities	-	48,384		48,384
Unearned Revenue	-	23,912	-	23,912
Total Liabilities	<u>6,985,942</u>	<u>544,865</u>	<u>47,714</u>	<u>7,578,521</u>
Fund Balances (Deficits):				
Restricted				
Capital Projects			1,308,242	1,308,242
Assigned				
Year End Encumbrances	551,059			551,059
Unassigned	(6,144,199)	-	-	(6,144,199)
Total Fund Balances (Deficits)	<u>(5,593,140)</u>	<u>-</u>	<u>1,308,242</u>	<u>(4,284,898)</u>
Total Liabilities and Fund Balances	<u>\$ 1,392,802</u>	<u>\$ 544,865</u>	<u>\$ 1,355,956</u>	<u>\$ 3,293,623</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ (4,284,898)

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 \$24,781,064 and the accumulated depreciation is \$15,356,436.

9,424,628

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources in the statement of the net position and deferred over future years.

Deferred Outflows of Resources	1,087,457	
Deferred Inflows of Resources	(895,237)	
	192,220	192,220

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

(31,033)

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

Capital Leases	4,731,651	
Lease Purchase Agreements	114,665	
Compensated Absences	2,634,702	
Net Pension Liability	15,022,124	
	(22,503,142)	(22,503,142)

Net Position of Governmental Activities (Exhibit A-1) \$ (17,202,225)

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Property Tax Levy	\$ 36,249,715			\$ 36,249,715
Tuition	151,649			151,649
Transportation Fees	350			350
Miscellaneous	113,285	\$ 30,812	\$ 242	144,339
Total - Local Sources	36,514,999	30,812	242	36,546,053
State Sources	33,234,255	135,411		33,369,666
Federal Sources	160,436	2,143,916	-	2,304,352
Total Revenues	69,909,690	2,310,139	242	72,220,071
EXPENDITURES				
Instruction				
Regular	26,951,559	784,835		27,736,394
Special Education	12,782,619	1,076,898		13,859,517
Other Instruction	2,534,869	58,738		2,593,607
School Sponsored Activities and Athletics	922,027			922,027
Support Services				
Student and Instruction Related Services	7,819,763	364,218		8,183,981
General Administrative Services	2,085,184		500	2,085,684
School Administrative Services	3,973,916			3,973,916
Central Administrative Services	1,523,341			1,523,341
Plant Operations and Maintenance	5,368,915			5,368,915
Pupil Transportation	3,457,624	19,938		3,477,562
Debt Service				
Principal	1,490,947			1,490,947
Interest	82,028			82,028
Capital Outlay	68,950	5,512	2,163,555	2,238,017
Total Expenditures	69,061,742	2,310,139	2,164,055	73,535,936
Excess (Deficiencies) of Revenues				
Over/(Under) Expenditures	847,948	-	(2,163,813)	(1,315,865)
OTHER FINANCING SOURCES				
Capital Lease Proceeds (Non-Budgeted)		-	3,323,512	3,323,512
Transfers Out	(105,000)	-	-	(105,000)
Total Other Financing Sources	(105,000)	-	3,323,512	3,218,512
Net Change in Fund Balances	742,948	-	1,159,699	1,902,647
Fund Balance (Deficit), Beginning of Year,	(6,336,088)	-	148,543	(6,187,545)
Fund Balance (Deficit), End of Year	\$ (5,593,140)	\$ -	\$ 1,308,242	\$ (4,284,898)

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		\$ 1,902,647
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the period.</p>		
Capital Outlays	\$ 2,238,017	
Depreciation Expense	<u>(997,049)</u>	1,240,968
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales disposals donations) is to increase net position. These transactions are not reported in the governmental fund financial statements.</p>		
Donations of Capital Assets		3,185
<p>The issuance of long term debt provides current financial resources to governmental funds, however these transactions have no effect in the statement activities.</p>		
Lease Proceeds		(3,323,512)
<p>Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
Capital Lease Principal	1,407,154	
Lease Purchase Principal	<u>83,793</u>	1,490,947
<p>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 paid. The accrued interest is a decrease to the reconciliation. (-)</p>		
		(6,041)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) and pension expense are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned or incurred amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned or incurred amount the difference is an addition to the reconciliation (+).</p>		
Net Decrease in Compensated Absences	551,584	
Net Increase in Pension Expense	<u>(223,613)</u>	<u>327,971</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 1,636,165</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	Business-Type Activities Enterprise Fund	Internal Service Fund Worker's Compensation Self-Insurance Fund
	Food Service	
ASSETS		
Cash and Cash Equivalents	\$ 3,642	\$ 331,116
Intergovernmental Receivable	87,344	
Other Accounts Receivable	8,109	
Due From Other Funds	176,202	\$ 85,715
Inventories	25,624	-
	300,921	416,831
Capital Assets		
Equipment	575,419	
Accumulated Depreciation	(525,884)	-
	49,535	-
Total Capital Assets, Net	49,535	-
Total Assets	350,456	416,831
LIABILITIES		
Current Liabilities		
Accounts Payable	83,609	
Claims and Judgements Payable		316,302
Accrued Liability for Insurance Claims		100,529
Unearned Revenue	7,885	-
	91,494	416,831
Total Current Liabilities	91,494	416,831
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue	7,012	-
	98,506	416,831
Total Liabilities and Deferred Inflows of Resources	98,506	416,831
NET POSITION		
Investment in Capital Assets	49,535	
Unrestricted	202,415	-
	251,950	-
Total Net Position	\$ 251,950	\$ -

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund	Internal Service Fund Worker's Compensation Self-Insurance Fund
	Food Service	
OPERATING REVENUES		
Local Sources		
Daily Sales	\$ 673,996	
Board Contributions	-	\$ 244,988
Total Operating Revenues	673,996	244,988
OPERATING EXPENSES		
Salaries and Benefits	703,296	-
Employee Benefits	218,232	
Cost of Sales	871,268	
Repairs & Maintenance	9,271	
Supplies and Materials	104,956	-
Other Purchased Services	18,720	-
Management Fee	84,697	
Miscellaneous Expense	69,655	
Worker's Compensation Claims		245,151
Depreciation	34,097	-
Total Operating Expenses	2,114,192	245,151
Operating Loss	(1,440,196)	(163)
Nonoperating Revenues		
State Sources		
State School Lunch Program	26,340	
Federal Sources		
School Breakfast Program	67,744	
National School Lunch Program	1,243,643	
Interest Earnings	176	163
Total Nonoperating Revenues	1,337,903	163
Loss Before Transfers	(102,293)	-
Transfers In	105,000	-
Changes in Net Position	2,707	-
Total Net Position, Beginning of Year	249,243	-
Total Net Position, End of Year	\$ 251,950	\$ -

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund	Internal Service Fund Worker's Compensation Self-Insurance Fund
	Food Service	
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 671,381	
Cash Received From District Contribution		\$ 860,304
Cash Payments for Employees Salaries and Benefits	(921,528)	
Cash Payments to Suppliers for Goods and Services	(1,124,230)	(521,341)
Net Cash Provided by (Used for) Operating Activities	(1,374,377)	338,963
Cash Flows from Noncapital Financing Activities		
Cash Received from Other Funds	105,000	
Cash Payments to Other Funds	(548,835)	-
Cash Received from State and Federal Subsidy Reimbursements	1,374,715	-
Net Cash Provided by Noncapital Financing Activities	930,880	-
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(4,418)	-
Net Cash (Used for) Capital and Related Financing Activities	(4,418)	-
Cash Flows from Investing Activities		
Interest Earnings Received	176	163
Net Cash Provided by Investing Activities	176	163
Net Increase (Decrease) in Cash and Cash Equivalents	(447,739)	339,126
Cash and Cash Equivalents (Overdraft), Beginning of Year	451,381	(8,010)
Cash and Cash Equivalents, End of Year	\$ 3,642	\$ 331,116
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Operating Loss	\$ (1,440,196)	\$ (163)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Depreciation	34,097	
Non-Cash Federal Assistance-Food Distribution Program	141,859	
Change in Assets, Liabilities and Deferred Inflows of Resources		
(Increase)/Decrease in Accounts Receivable	(3,829)	
(Increase)/Decrease Due From Other Funds		615,316
(Increase)/Decrease in Inventory	(4,755)	
Increase/(Decrease) in Accounts Payable	(108,368)	
Increase/(Decrease) in Claims and Judgements Payable		(86,594)
Increase/(Decrease) in Accrued Liability for Insurance Claims	-	(189,596)
Increase/(Decrease) in Unearned Revenue	1,214	
Increase/(Decrease) in Deferred Commodities Revenue	5,601	-
Total Adjustments	65,819	339,126
Net Cash Provided by (Used For) Operating Activities	\$ (1,374,377)	\$ 338,963
Non-Cash Invest, Capital and Financing Activities:		
Value Received - Food Distribution Program	\$ 147,460	

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Unemployment Compensation <u>Trust</u>	Athletic Advisory Council <u>Trust Fund</u>	Agency <u>Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 83,506		\$ 173,037
Due from Other Funds	<u>3,956</u>	<u>-</u>	<u>3,664</u>
 Total Assets	 <u>\$ 87,462</u>	 <u>\$ -</u>	 <u>\$ 176,701</u>
LIABILITIES			
Due to Student Groups		-	\$ 170,370
Intergovernmental Payable - State	\$ 3,057		
Payroll Deductions and Withholdings		-	2,375
Due to Other Funds	<u>-</u>	<u>-</u>	<u>3,956</u>
 Total Liabilities	 <u>\$ 3,057</u>	 <u>\$ -</u>	 <u>\$ 176,701</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	 <u>\$ 84,405</u>	 <u>\$ -</u>	

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust Fund</u>	<u>Athletic Advisory Council Trust Fund</u>
ADDITIONS		
Contributions		
District	\$ 422,729	
Employee	55,956	
Investment Earnings		
Interest	<u>69</u>	<u>-</u>
Total Additions	<u>478,754</u>	<u>-</u>
DEDUCTIONS		
Unemployment Claims and Contributions	480,001	
Transfer to Outside Organization	<u>-</u>	<u>\$ 3,516</u>
Total Deductions	<u>480,001</u>	<u>3,516</u>
Change in Net Position	(1,247)	(3,516)
Net Position, Beginning of Year	<u>85,652</u>	<u>3,516</u>
Net Position, End of Year	<u>\$ 84,405</u>	<u>\$ -</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Belleville Township School District (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 seven elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. 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 Belleville Township School District 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 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. 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.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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 and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 and federal 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.

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 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 *internal service fund* accounts for the activities of the District's self-insured workers compensation program coverages provided to other departments of the District on a cost reimbursement basis.

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for 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 may 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.

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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, transportation fees, 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.

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by capital lease agreements for capital projects.

5. *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 is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10
Buildings	50
Building Improvements	20-30
Vehicles	8
Office Equipment and Furniture	5-10
Machinery and Equipment	5-20

6. *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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Deferred Outflows/Inflows of Resources (Continued)*

In addition 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 District has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category 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.

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick and personal leave benefits. A long-term liability of accumulated sick and personal 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. 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.

8. *Pensions*

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

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.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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.

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 or assigned to specific purposes within the governmental funds.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 and federal 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 revenues are 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 2013-2014 and 2014-2015 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 and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 and special revenue 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. Prior to the 2014/2015 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 27, 2014, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$1,433,734. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Unallocated Benefits			
Workers' Compensation	\$255,341	\$341,056	\$(85,715)

The above variances were offset with other available resources.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$6,144,199 in the General Fund as of June 30, 2015 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 2014/2015 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.

In addition to the delayed State aid payments, N.J.S.A. 18A:7A-56 provides that a District which receives an advance State aid payment must record the payment as revenue for budget purposes in the school year in which the advance State aid payment is provided. During the 2014/2015 school year, the District was approved for and received an advance State aid payment in the amount of \$4,162,426 for the purpose of eliminating the unassigned budgetary fund deficit of the General Fund in the 2014/2015 school year. The District is obligated to repay the advanced State aid payment amount back to the State within ten (10) years through automatic reductions in state aid in subsequent years. It constitutes a liability under generally accepted accounting principles and, therefore, the District cannot recognize such payment as revenue on the GAAP (fund) financial statements.

Pursuant to N.J.S.A. 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 \$6,144,199 in the General Fund is less than the total of both the delayed state and payments of \$2,611,933 and the State aid advance loan balance outstanding at June 30, 2015 of \$4,162,426.

D. Transfers to Capital Outlay

During the 2014/2015 school year, the district transferred \$699,547 to the non-equipment capital outlay accounts. The transfer was made from available unencumbered balances of current expense budget appropriations line accounts and was approved by the State Monitor to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2015, the book value of the Board's deposits were \$2,952,015 and bank and brokerage firm balances of the Board's deposits amounted to \$7,837,526. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>7,837,526</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, 2015 none of the Board's bank balance was 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.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk.

As of June 30, 2015, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
State	\$ 153,599		\$ 1,755	\$ 155,354
Federal		\$ 544,865	85,589	630,454
Accounts	-	-	8,109	8,109
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	153,599	544,865	95,453	793,917
Less: Allowance for Uncollectibles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 153,599</u>	<u>\$ 544,865</u>	<u>\$ 95,453</u>	<u>\$ 793,917</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:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 19,477
Grant Draw Downs Reserved for Encumbrances	<hr/> 4,435
	<hr/>
Total Unearned Revenue for Governmental Funds	<u>\$ 23,912</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 225,057			\$ 225,057
Construction in Progress	<u>-</u>	<u>\$ 2,163,555</u>	<u>-</u>	<u>2,163,555</u>
Total Capital Assets, Not Being Depreciated	<u>225,057</u>	<u>2,163,555</u>	<u>-</u>	<u>2,388,612</u>
Capital Assets, Being Depreciated:				
Land Improvements	13,670			13,670
Building and Building Improvements	16,404,815			16,404,815
Machinery and Equipment	<u>5,896,320</u>	<u>77,647</u>	<u>-</u>	<u>5,973,967</u>
Total Capital Assets Being Depreciated	<u>22,314,805</u>	<u>77,647</u>	<u>-</u>	<u>22,392,452</u>
Less Accumulated Depreciation for:				
Land Improvements	(683)	(683)		(1,366)
Buildings and Improvements	(9,904,745)	(703,649)		(10,608,394)
Machinery and Equipment	<u>(4,453,959)</u>	<u>(292,717)</u>	<u>-</u>	<u>(4,746,676)</u>
Total Accumulated Depreciation	<u>(14,359,387)</u>	<u>(997,049)</u>	<u>-</u>	<u>(15,356,436)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,955,418</u>	<u>(919,402)</u>	<u>-</u>	<u>7,036,016</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,180,475</u>	<u>\$ 1,244,153</u>	<u>\$ -</u>	<u>\$ 9,424,628</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 571,001	\$ 4,418	-	\$ 575,419
Total Capital Assets Being Depreciated	<u>571,001</u>	<u>4,418</u>	<u>-</u>	<u>575,419</u>
Less Accumulated Depreciation for:				
Equipment	<u>(491,787)</u>	<u>(34,097)</u>	<u>-</u>	<u>(525,884)</u>
Total Accumulated Depreciation	<u>(491,787)</u>	<u>(34,097)</u>	<u>-</u>	<u>(525,884)</u>
Total Capital Assets, Being Depreciated, Net	<u>79,214</u>	<u>(29,679)</u>	<u>-</u>	<u>49,535</u>
Business-Type Activities Capital Assets, Net	<u>\$ 79,214</u>	<u>\$ (29,679)</u>	<u>\$ -</u>	<u>\$ 49,535</u>

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

Governmental Activities:

Instruction	
Regular	\$ 294,994
Special Education	145,068
Other Instruction	27,057
School Sponsored Activities and Athletics	<u>9,109</u>
Total Instruction	<u>476,228</u>
Support Services	
Student and Instruction Related Services	83,197
General Administrative Services	16,744
School Administrative Services	54,272
Central Administrative Services	111,710
Plant Operations and Maintenance	220,516
Pupil Transportation	<u>34,382</u>
Total Support Services	<u>520,821</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 997,049</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 34,097</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 34,097</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The composition of interfund balances as of June 30, 2015, is as follows:

<u>Project</u>	<u>Remaining Commitment</u>
IP Integration Services and Network Cabling	\$ 969,029

E. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 234,445
Food Service Fund	General Fund	176,202
Internal Service Fund	General Fund	85,715
Unemployment Compensation Trust Fund	Payroll Agency Fund	3,956
Payroll Agency Fund	General Fund	3,664
 Total		 <u>\$ 503,982</u>

The above balances are the result of revenues earned or receipts deposited in one fund which are due to another fund, expenditures paid by one fund on behalf of another fund or to cover cash balances which were in an overdraft position.

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

Interfund Transfers

	<u>Transfer In:</u>
	Food Service Fund
Transfer Out:	
General Fund	<u>\$ 105,000</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District leases copiers and postage equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2015 were \$72,360. There are no future minimum lease payments.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District is leasing school buses, a roof renovation project, trucks, mower, technology, security and network upgrades totaling \$7,211,385 under capital leases. The leases are for terms of 5 to 6 years. In addition, the District has entered into a lease purchase agreement for the acquisition of computers (supplies) totaling \$236,035. The lease is for a term of 3 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	\$ 6,298,512
Machinery and Equipment	<u>912,873</u>
	<u>\$ 7,211,385</u>

The unexpended proceeds from capital leases in the amount of \$1,355,956 at June 30, 2015 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Capital Leases</u>	<u>Lease Purchase Agreements</u>	<u>Total</u>
2016	\$ 1,482,885	\$ 76,233	\$ 1,559,118
2017	1,482,885	41,582	1,524,467
2018	1,286,486	-	1,286,486
2019	<u>698,268</u>	<u>-</u>	<u>698,268</u>
Total minimum lease payments	4,950,524	117,815	5,068,339
Less: amount representing interest	<u>(218,873)</u>	<u>(3,150)</u>	<u>(222,023)</u>
Present value of minimum lease payments	<u>\$ 4,731,651</u>	<u>\$ 114,665</u>	<u>\$ 4,846,316</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 113,753,774
Less: Net Debt	<u> -</u>
Remaining Borrowing Power	<u>\$ 113,753,774</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

Governmental Activities:	<u>Balance, July 1, 2014 (Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2015</u>	<u>Due Within One Year</u>
Capital Leases	\$ 2,815,293	\$ 3,323,512	\$ 1,407,154	\$ 4,731,651	\$ 1,385,480
Lease Purchase Agreements	198,458		83,793	114,665	73,520
Compensated Absences	3,186,286	-	551,584	2,634,702	263,470
Net Pension Liability	<u>14,606,291</u>	<u>415,833</u>	<u>-</u>	<u>15,022,124</u>	<u>718,955</u>
Governmental Activity Long-term Liabilities	<u>\$ 20,806,328</u>	<u>\$ 3,739,345</u>	<u>\$ 2,042,531</u>	<u>\$ 22,503,142</u>	<u>\$ 2,441,425</u>

For the governmental activities, the liabilities for capital leases, lease purchase agreements, compensated absences and net pension liability are generally liquidated by the general fund.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

I. Advance State Aid Payment

The Board has entered into an agreement with the State of New Jersey in the amount of \$4,162,426 pursuant to N.J.S.A. 18A:7A-56 in the form of an advancement of state aid to provide funds to eliminate the unassigned budgetary fund deficit in the General Fund. The advance State aid payment will be repaid by the school district through automatic reductions in the State aid provided to the school district in subsequent years. The term of the repayment is ten (10) years beginning in the 2015/2016 school year at a minimum amount of \$416,243 per year, but may be for a shorter term as determined by the State Treasurer. At any time during the term of the repayment the State Treasurer, in consultation with the Commissioner of Education, may determine to impose interest on the unpaid balance. The State Treasurer has not imposed interest during the 2014/2015 school year. The state aid advance balance outstanding at June 30, 2015 is reported as a liability in the General Fund. The Board's advance State aid payment activity for the fiscal year ended June 30, 2015 is as follows:

<u>General Fund</u>	<u>Balance, July 1, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, June 30, 2015</u>
Advance State Aid Payment	-	\$ 4,162,426	-	\$ 4,162,426
	-	-	-	-
	<u>\$ -</u>	<u>\$ 4,162,426</u>	<u>\$ -</u>	<u>\$ 4,162,426</u>

J. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2015 was as follows:

Loans Payable

The Board issues loans to temporarily finance the delayed state aid payment received subsequent to the fiscal year end. The Board's short-term debt activity for the fiscal year ended June 30, 2015 was as follows:

<u>General Fund</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance, June 30, 2015</u>
Delayed State Aid	1.25%	7/8/2014	\$ 2,511,356		\$ 2,511,356	
Delayed State Aid	1.25%	7/9/2015	-	\$ 2,021,748	-	\$ 2,021,748
			-			-
			<u>\$ 2,511,356</u>	<u>\$ 2,021,748</u>	<u>\$ 2,511,356</u>	<u>\$ 2,021,748</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 has obtained commercial 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 District is a member of the New Jersey Schools Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against various types of insurance coverage.

The relationship between the Board and the Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

NJSIG 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 respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year.

Prior to July 1, 2014, the District established a worker's compensation plan for its employees and remains obligated to pay any claims related to the period the plan was in effect. Transactions related to the plan are accounted for in the Internal Service Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$450,000 for any one accident or occurrence. Any claims in excess of this amount are covered by insurance policies to the statutory limit.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2015, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$416,831 reported at June 30, 2015 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2015 and 2014 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Unpaid Claims, Beginning of Year	\$ 693,021	\$ 249,877
Incurred Claims (Including IBNR)	245,151	661,988
Claim Payments	<u>(521,341)</u>	<u>(218,844)</u>
Unpaid Claims, End of Year	<u>\$ 416,831</u>	<u>\$ 693,021</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015	\$ 422,729	\$ 55,956	\$ 480,001	\$ 84,405
2014	115,000	61,946	136,921	85,652
2013	100,000	77,747	157,275	45,573

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.

Pending Litigation – Clarity Technologies Group, LLC v. Belleville Board of Education – This matter arose from Clarity Technologies Group, LLC’s (“Clarity”) September 30, 2014, demand for arbitration filed with the American Arbitration Association (“AAA”). Clarity claimed that there were unpaid invoices under two (2) service contracts that it had entered into with the Belleville Board of Education (“Board”). The Board denied the claims and contended that any unpaid sums were either unearned or offset by clarity’s failure to obtain certain government reimbursement under an “e-rate” discount.

In summary, Clarity sought damages under two contract claims totaling \$516,699, interest at 1 ½ % on both contracts and counsel fees of approximately \$125,000. Clarity’s total claim against the District amounted to \$641,699 plus interest.

After four (4) separate hearing dates in 2015 and after the filing of briefs, on or about December 9, 2015, the American Arbitration Association awarded Clarity \$305,196, plus interest in the amount of \$5,494. Clarity was awarded zero in counsel fees. The total sum due and owing from the Board to Clarity is \$310,690. At June 30, 2015 the District encumbered \$305,000 at year end in anticipation of this settlement.

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, 2015, 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.

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, 2015, the District had no estimated arbitrage earnings due to the IRS.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

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. DCRP is a defined contribution pension plan.

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.

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

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 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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, 2013 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 of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 6.9% for PERS, 6.9% 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, 2015 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.

During the fiscal years ended June 30, 2015, 2014 and 2013 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 661,443	\$ 1,598,937	\$ 19,793
2014	575,845	1,225,221	9,771
2013	593,603	1,925,420	-

For fiscal years 2014/2015 and 2012/2013, the state contributed \$1,598,937 and \$1,925,420, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,225,221 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,130,405 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$15,022,124 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was 0.08023 percent, which was an increase of 0.00381 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$885,056 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 472,376	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 895,237
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>615,081</u>	<u>-</u>
Total	<u>\$ 1,087,457</u>	<u>\$ 895,237</u>

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (23,909)
2017	(23,909)
2018	(23,909)
2019	(23,909)
2020	199,900
Thereafter	<u>87,956</u>
	<u>\$ 192,220</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$8,329,349 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$154,793,607. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

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

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

TPAF

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$186,176,463</u>	<u>\$ 154,793,607</u>	<u>\$ 128,692,309</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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.

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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, 2013, 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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, 2015, 2014 and 2013 were \$2,538,314, \$2,008,901 and \$2,177,163, 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.

NOTE 5 RESTATEMENT

On July 1, 2014, the Belleville Township School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Belleville Township School District has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$14,606,291. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from a deficit balance of \$4,232,099 as originally reported to a deficit balance of \$18,838,390 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 36,249,715		\$ 36,249,715	\$ 36,249,715	
Tuition				151,649	\$ 151,649
Transportation Fees				350	350
Unrestricted Miscellaneous Revenues	75,000	-	75,000	113,285	38,285
Total Local Revenues	36,324,715	-	36,324,715	36,514,999	190,284
State Sources					
Advance State Aid Payment				4,162,426	4,162,426
Special Education Aid	2,840,089		2,840,089	2,840,089	-
Equalization Aid	21,802,381		21,802,381	21,802,381	-
Security Aid	285,421		285,421	285,421	-
Transportation Aid	202,174		202,174	202,174	-
Under Adequacy Aid	500,000		500,000	500,000	-
PARCC Readiness Aid	47,430		47,430	47,430	-
Per Pupil Growth Aid	47,430		47,430	47,430	-
Extraordinary Special Education Costs Aid	531,771		531,771	590,185	58,414
Nonpublic School Transportation Costs				55,694	55,694
Anti-Bullying Aid					-
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				1,491,622	1,491,622
Pension - NCGI Premium				107,315	107,315
Post Retirement Medical Benefit Contribution				2,538,314	2,538,314
Reimbursed Social Security Contribution	-	-	-	2,130,405	2,130,405
Total State Revenues	26,256,696	-	26,256,696	36,800,886	10,544,190
Federal Sources					
ARRA / Semi		-	-	29,702	29,702
Special Education Medicaid Initiative Reimbursement	82,247	-	82,247	130,734	48,487
	82,247	-	82,247	160,436	78,189
Total Revenues	62,663,658	-	62,663,658	73,476,321	10,812,663
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	1,070,672	\$ 175,349	1,246,021	1,246,021	-
Grades 1-5	6,003,956	(154,594)	5,849,362	5,845,568	3,794
Grades 6-8	3,726,920	(443,525)	3,283,395	3,272,706	10,689
Grades 9-12	7,185,378	18,185	7,203,563	7,203,563	-
Regular Programs - Home Instruction					
Salaries of Teachers	180,000	14,604	194,604	194,604	-
Purchased Professional-Educational Services	15,000	134,605	149,605	142,305	7,300
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	100,000	(87,700)	12,300	12,300	-
Purchased Professional-Educational Services	5,000	884,934	889,934	868,035	21,899
Purchased Technical Services	5,000	3,380	8,380	8,380	-
Other Purchased Services	7,500	12,195	19,695	19,695	-
General Supplies	550,000	(293,234)	256,766	213,725	43,041
Textbooks	165,000	(100,779)	64,221	64,221	-
Other Objects	70,000	(64,906)	5,094	5,094	-
Total Regular Programs	19,084,426	98,514	19,182,940	19,096,217	86,723

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	\$ 545,404	\$ 85,109	\$ 630,513	\$ 620,758	\$ 9,755
Other Salaries for Instruction	121,236	171,199	292,435	292,435	-
General Supplies	15,074	(13,836)	1,238	1,238	-
Textbooks	900	(900)	-	-	-
Total Learning / Language Disabilities	682,614	241,572	924,186	914,431	9,755
Behavioral Disabilities					
Salaries of Teachers	175,651	-	175,651	175,651	-
Other Salaries for Instruction	64,687	(29,333)	35,354	35,354	-
General Supplies	2,461	(2,461)	-	-	-
Textbooks	450	(450)	-	-	-
Other Objects	500	(500)	-	-	-
Total Behavioral Disabilities	243,749	(32,744)	211,005	211,005	-
Multiple Disabilities					
Salaries of Teachers	125,725	62,964	188,689	188,689	-
Other Salaries for Instruction	69,874	10,726	80,600	80,600	-
General Supplies	2,000	(2,000)	-	-	-
Textbooks	300	(300)	-	-	-
Total Multiple Disabilities	197,899	71,390	269,289	269,289	-
Resource Room / Resource Center					
Salaries of Teachers	2,546,366	(274,598)	2,271,768	2,271,768	-
Other Salaries for Instruction	417,661	327,909	745,570	745,570	-
General Supplies	4,750	(4,750)	-	-	-
Textbooks	500	(500)	-	-	-
Total Resource Room / Resource Center	2,969,277	48,061	3,017,338	3,017,338	-
Autism					
Salaries of Teachers	153,392	(57,592)	95,800	95,800	-
Other Salaries for Instruction	202,481	55,952	258,433	258,433	-
General Supplies	1,000	(679)	321	321	-
Textbooks	1,500	(1,500)	-	-	-
Other Objects	1,000	(1,000)	-	-	-
Total Autism	359,373	(4,819)	354,554	354,554	-
Preschool Disabilities - Part - Time					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	29,964	(12,356)	17,608	17,608	-
General Supplies	500	(500)	-	-	-
Other Objects	200	1,599	1,799	1,799	-
Total Preschool Disabilities - Full - Time	30,664	(11,257)	19,407	19,407	-
Preschool Disabilities - Full - Time					
Salaries of Teachers	172,642	47,517	220,159	220,159	-
Other Salaries for Instruction	40,886	50,113	90,999	90,999	-
General Supplies	750	5,255	6,005	6,005	-
Other Objects	100	(100)	-	-	-
Total Preschool Disabilities - Full - Time	214,378	102,785	317,163	317,163	-
Home Instruction					
Salaries of Teachers	50,000	22,495	72,495	72,495	-
Purchased Professional and Educational Services	15,000	(10,919)	4,081	4,081	-
Total Home Instruction	65,000	11,576	76,576	76,576	-
Total Special Education	4,762,954	426,564	5,189,518	5,179,763	9,755

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 1,195,362	\$ (319,878)	\$ 875,484	\$ 875,484	\$ -
General Supplies	500	(500)	-	-	-
Total Basic Skills/Remedial	<u>1,195,862</u>	<u>(320,378)</u>	<u>875,484</u>	<u>875,484</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	925,500	(30,758)	894,742	894,742	-
General Supplies	3,500	2,753	6,253	6,253	-
Total Bilingual Education	<u>929,000</u>	<u>(28,005)</u>	<u>900,995</u>	<u>900,995</u>	<u>-</u>
School Sponsored Co-Curricular Activities					
Salaries	115,279	13,084	128,363	128,363	-
Purchased Services	600	(600)	-	-	-
Supplies and Materials	3,000	(3,000)	-	-	-
Other Objects	500	(350)	150	150	-
Total School Sponsored Co-Curricular Activities	<u>119,379</u>	<u>9,134</u>	<u>128,513</u>	<u>128,513</u>	<u>-</u>
School Sponsored Athletics - Instruction					
Salaries	328,156	50,490	378,646	378,646	-
Purchased Services	118,544	(4,690)	113,854	113,519	335
Supplies and Materials	62,654	(12,838)	49,816	48,873	943
Other Objects	32,620	16,273	48,893	48,893	-
Total School Sponsored Athletics - Instruction	<u>541,974</u>	<u>49,235</u>	<u>591,209</u>	<u>589,931</u>	<u>1,278</u>
Total - Instruction	<u>26,633,595</u>	<u>235,064</u>	<u>26,868,659</u>	<u>26,770,903</u>	<u>97,756</u>
Undistributed Expenditures					
Instruction (Tuition)					
Tuition - Other LEA's Within State - Special	689,156	(74,129)	615,027	614,212	815
Tuition to County Vocational School District-Reg.	127,234	6,705	133,939	116,126	17,813
Tuition to County Vocational School/Dist.-Spec.	65,321	(4,000)	61,321	58,266	3,055
Tuition to County Special Services - School Districts & Regional Day Schools	535,788	19,736	555,524	545,334	10,190
Tuition to Private Schools - Disabled Within State	3,734,602	464,518	4,199,120	4,199,120	-
Tuition - State Facilities	17,699	-	17,699	17,699	-
Tuition - Other	-	20,369	20,369	20,369	-
Total Undistributed Expenditures - Instruction	<u>5,169,800</u>	<u>433,199</u>	<u>5,602,999</u>	<u>5,571,126</u>	<u>31,873</u>
Attendance and Social Work Services					
Salaries	-	23,750	23,750	23,750	-
Other Purchased Services	-	538	538	538	-
Total Attendance and Social Work Services	<u>-</u>	<u>24,288</u>	<u>24,288</u>	<u>24,288</u>	<u>-</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 792,743	\$ (4,196)	\$ 788,547	\$ 788,547	-
Purchased Professional and Technical Services	38,000	34,295	72,295	71,945	350
Other Purchased Services	20,000	(20,000)			\$ -
Supplies and Materials	17,421	1,555	18,976	18,976	-
Other Objects	800	245	1,045	1,045	-
Total Health Services	868,964	11,899	880,863	880,513	350
Speech, OT, PT and Related Services					
Salaries	743,120	(66,687)	676,433	676,433	-
Purchased Professional - Educational Services	340,000	180,643	520,643	520,606	37
Supplies and Materials	4,000	(3,855)	145	145	-
Total Speech, OT, PT and Related Services	1,087,120	110,101	1,197,221	1,197,184	37
Other Support Services-Students-Extra Services					
Salaries	175,000	(64,424)	110,576	110,576	-
Purchased Professional-Educational Services	540,000	(44,147)	495,853	495,035	818
Supplies and Materials	1,000	1,069	2,069	2,069	-
Total Other Support Services-Extra	716,000	(107,502)	608,498	607,680	818
Guidance					
Salaries of Other Professional Staff	801,998	36,469	838,467	838,467	-
Salaries of Secretarial and Clerical Assistants	204,996	(27,860)	177,136	177,136	-
Purchased Professional-Educational Services		500	500	500	-
Other Purchased Services	5,000	(4,644)	356	356	-
Supplies and Materials	8,000	(5,086)	2,914	2,176	738
Other Objects	300	(105)	195	195	-
Total Guidance	1,020,294	(726)	1,019,568	1,018,830	738
Child Study Team					
Salaries of Other Professional Staff	1,190,859	175,998	1,366,857	1,366,857	-
Salaries of Secretarial and Clerical Assistants	145,399	(48,648)	96,751	96,751	-
Other Purchased Professional and Technical Services	52,000	(17,358)	34,642	34,607	35
Other Purchased Services		-			-
Residential Costs	18,000	(18,000)			-
Miscellaneous Purchased Services	10,000	725	10,725	10,725	-
Supplies and Materials	15,000	5,130	20,130	13,672	6,458
Other Objects	750	2,256	3,006	949	2,057
Total Child Study Team	1,432,008	100,103	1,532,111	1,523,561	8,550
Improvement of Instruction Services					
Salaries of Supervisor of Instruction	79,765	(43,409)	36,356	36,356	-
Salaries of Other Professional Staff	95,810	101,429	197,239	197,239	-
Salaries of Secretarial & Clerical Assist.		17,838	17,838	17,838	-
Other Salaries	1,500	(1,500)			-
Other Purchased Services	2,500	11,625	14,125	14,125	-
Supplies and Materials	2,500	(2,500)			-
Other Objects	1,000	3,000	4,000	4,000	-
Total Improvement of Instruction Services	183,075	86,483	269,558	269,558	-

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 218,512	\$ (21,173)	\$ 197,339	\$ 197,339	\$ -
Supplies and Materials	24,000	28,250	52,250	52,250	-
Other Objects	500	5,199	5,699	5,699	-
Total Educational Media Services/School Library	243,012	12,276	255,288	255,288	-
Instructional Staff Training Services					
Salaries of Other Professional Staff	30,000	(29,118)	882	882	-
Purchased Professional - Educational Services	5,000	87,968	92,968	92,968	-
Other Purchased Services	750	(106)	644	644	-
Other Objects	500	(500)	-	-	-
Total Instructional Staff Training Services	36,250	58,244	94,494	94,494	-
Support Services General Administration					
Salaries	448,039	33,089	481,128	481,128	-
Salaries of Fiscal Monitors	100,000	(100,000)	-	-	-
Repayment of Principal -NJ DOE Loan	2,583,378	(2,583,378)	-	-	-
Interest Expense -NJ DOE Loan	90,500	(90,500)	-	-	-
Legal Services	100,000	571,974	671,974	664,736	7,238
Audit Fees	38,000	99,660	137,660	87,660	50,000
Architectural/Engineering Services	-	21,722	21,722	15,501	6,221
Other Purchased Professional Services	140,000	(30,000)	110,000	106,620	3,380
Communications/Telephone	105,000	(4,796)	100,204	90,964	9,240
BOE Other Purchased Services	3,750	(820)	2,930	559	2,371
Miscellaneous Purchased Services	444,000	(73,221)	370,779	370,134	645
General Supplies	8,500	750	9,250	7,497	1,753
BOE In-House Training/Meeting Supplies	500	375	875	863	12
Judgments Against the School District	-	172,896	172,896	8,381	164,515
Miscellaneous Expenditures	3,500	(561)	2,939	2,939	-
BOE Membership Dues and Fees	30,000	(500)	29,500	29,094	406
Total Support Services General Administration	4,095,167	(1,983,310)	2,111,857	1,866,076	245,781
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,374,144	566,930	1,941,074	1,941,074	-
Salaries of Other Professional Staff	319,368	(104,351)	215,017	215,017	-
Salaries of Secretarial and Clerical Assistants	832,016	24,595	856,611	856,611	-
Purchased Professional and Technical Services	3,800	(3,800)	-	-	-
Other Purchased Services	116,925	628	117,553	114,653	2,900
Supplies and Materials	52,325	(24,497)	27,828	26,344	1,484
Other Objects	28,600	(22,355)	6,245	6,245	-
Total Support Services School Administration	2,727,178	437,150	3,164,328	3,159,944	4,384
Central Services					
Salaries	481,611	(30,061)	451,550	451,550	-
Purchased Technical Services	32,000	113,750	145,750	144,438	1,312
Miscellaneous Purchased Services	39,050	(9,980)	29,070	27,346	1,724
Supplies and Materials	6,000	2,247	8,247	8,207	40
Interest on Lease Purchase Agreements	54,015	28,013	82,028	82,028	-
Miscellaneous Expenditures	3,200	(1,625)	1,575	1,575	-
Total Central Services	615,876	102,344	718,220	715,144	3,076

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Administration Information Technology					
Salaries	\$ 61,200	\$ (38,700)	\$ 22,500	\$ 22,500	\$ -
Purchased Technical Services	250,000	362,637	612,637	601,457	11,180
Other Purchased Services	14,000	44,788	58,788	58,788	-
Supplies and Materials	24,000	800	24,800	16,261	8,539
Other Objects	20,000	(19,400)	600	-	600
Total Administration Information Technology	<u>369,200</u>	<u>350,125</u>	<u>719,325</u>	<u>699,006</u>	<u>20,319</u>
Required Maintenance for School Facilities					
Salaries	426,096	7,735	433,831	433,831	-
Cleaning, Repair & Maintenance Services	164,500	73,364	237,864	230,074	7,790
General Supplies	220,000	(60,034)	159,966	157,090	2,876
Total Required Maintenance for School Facilities	<u>810,596</u>	<u>21,065</u>	<u>831,661</u>	<u>820,995</u>	<u>10,666</u>
Custodial Services					
Salaries	1,685,394	149,179	1,834,573	1,834,573	-
Purchased Professional and Technical Services	3,750	-	3,750	3,731	19
Cleaning, Repair and Maintenance Services	212,000	(58,897)	153,103	152,803	300
Rent of Land & Buildings Other Than Lease Purchase Agreement	300	-	300	-	300
Other Purchased Property Services	23,500	41,035	64,535	64,535	-
Insurance	44,000	(44,000)	-	-	-
Miscellaneous Purchased Services	200	250	450	250	200
General Supplies	225,000	(177,814)	47,186	47,186	-
Energy (Natural Gas)	320,000	(21,178)	298,822	298,822	-
Energy (Electricity)	450,000	73,155	523,155	523,155	-
Other Objects	3,600	(993)	2,607	2,314	293
Total Custodial Services	<u>2,967,744</u>	<u>(39,263)</u>	<u>2,928,481</u>	<u>2,927,369</u>	<u>1,112</u>
Care and Upkeep of Grounds					
Salaries	129,886	(41,264)	88,622	88,622	-
Cleaning, Repair and Maintenance Services	5,000	(5,000)	-	-	-
General Supplies	7,000	(7,000)	-	-	-
Total Care and Upkeep of Grounds	<u>141,886</u>	<u>(53,264)</u>	<u>88,622</u>	<u>88,622</u>	<u>-</u>
Security					
Salaries	45,000	299,538	344,538	344,538	-
Salaries of Non-Instructional Aides	-	7,955	7,955	7,955	-
Purchased Professional and Technical Services	127,000	(37,000)	90,000	89,540	460
Cleaning, Repair and Maintenance Services	5,500	(5,500)	-	-	-
General Supplies	2,500	-	2,500	1,922	578
Total Security	<u>180,000</u>	<u>264,993</u>	<u>444,993</u>	<u>443,955</u>	<u>1,038</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	280,500	61,866	342,366	342,366	-
Salaries for Pupil Transportation (Between Home and School) - Regular	223,314	(20,588)	202,726	202,726	-
Salaries for Pupil Transportation (Between Home and School) - Special	235,620	80,922	316,542	316,542	-
Salaries for Pupil Transportation (Other Than Between Home & School)	100,000	(18,370)	81,630	81,630	-
Management Fee - ESC & CTSA Trans. Prog.	38,000	21,667	59,667	59,667	-
Cleaning, Repair and Maintenance Services	110,000	66,363	176,363	175,930	433
Contracted Services (Other Than Between Home and School) - Vendors	18,360	74,665	93,025	93,025	-
Contracted Services (Spec Ed) - Vendors	3,315	199	3,514	3,514	-
Contracted Services (Spec Ed) - Joint Agreements	27,030	(17,030)	10,000	10,000	-
Contracted Services (Spec Ed) - ESC's & CTSA's	744,600	511,545	1,256,145	1,256,145	-
Contracted Services - Aid in Lieu Payments	418,380	(70,350)	348,030	346,262	1,768
Miscellaneous Purchased Services - Transportation	76,000	7,310	83,310	83,310	-
Transportation Supplies	70,000	26,885	96,885	96,360	525
Miscellaneous Expenditures	16,000	(4,609)	11,391	11,391	-
Total Student Transportation Services	<u>2,361,119</u>	<u>720,475</u>	<u>3,081,594</u>	<u>3,078,868</u>	<u>2,726</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 694,000	\$ (46,179)	\$ 647,821	\$ 647,349	\$ 472
Other Retirement Contributions - PERS	702,000	(25,467)	676,533	676,533	-
Other Retirement Contributions - Other	10,000	15,925	25,925	24,826	1,099
Unemployment Compensation	250,000	194,541	444,541	444,068	473
Workmen's Compensation	316,000	(60,659)	255,341	341,056	(85,715)
Health Benefits	7,826,697	(1,190,161)	6,636,536	6,634,782	1,754
Tuition Reimbursement	50,000	(34,775)	15,225	15,225	-
Other Employee Benefits	126,153	201,681	327,834	327,834	-
Total Unallocated Benefits	9,974,850	(945,094)	9,029,756	9,111,673	(81,917)
On Behalf TPAF Contributions (Non Budgeted)					
Pension Benefit Contribution		-		1,491,622	(1,491,622)
Pension -NCGI Premium				107,315	(107,315)
Post Retirement Medical Benefit Contribution		-		2,538,314	(2,538,314)
Reimbursed Social Security Contribution	-	-	-	2,130,405	(2,130,405)
Total On-Behalf Contributions	-	-	-	6,267,656	(6,267,656)
Total Undistributed Expenditures	35,000,139	(396,414)	34,603,725	40,621,830	(6,018,105)
Total Expenditures - Current Expenditures	61,633,734	(161,350)	61,472,384	67,392,733	(5,920,349)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instructional Equipment		56,900	56,900	56,900	-
Support Serv.-Students Child Study Teams		2,002	2,002		2,002
Required Maintenance for School Facilities		8,500	8,500	8,500	
School Sponsored and Other Instructional Programs	-	3,550	3,550	3,550	-
Total Equipment	-	70,952	70,952	68,950	2,002
Facilities Acquisition and Construction Services					
Lease Purchase Agreements - Principal	791,400	699,547	1,490,947	1,490,947	-
Assessment for Debt Service on SDA Funding	22,935	-	22,935	22,935	-
Total Facilities Acquisition and Construction Services	814,335	699,547	1,513,882	1,513,882	-
Total Capital Outlay	814,335	770,499	1,584,834	1,582,832	2,002
Transfer of Funds to Charter Schools	90,589	(4,412)	86,177	86,177	-
Total Expenditures	62,538,658	604,737	63,143,395	69,061,742	(5,918,347)
Excess (Deficiency) of Revenues Over (Under) Expenditures	125,000	(604,737)	(479,737)	4,414,579	4,894,316
Other Financing Sources/(Uses)					
Transfers to Cover Deficit - Food Service Fund	(125,000)	20,000	(105,000)	(105,000)	-
Total Other Financing Sources/(Uses)	(125,000)	20,000	(105,000)	(105,000)	-

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	\$ -	\$ (584,737)	\$ (584,737)	\$ 4,309,579	\$ 4,894,316
Fund Balances, Beginning of Year	<u>(3,128,360)</u>	<u>-</u>	<u>(3,128,360)</u>	<u>(3,128,360)</u>	<u>-</u>
Fund Balances (Deficits), End of Year	<u>\$ (3,128,360)</u>	<u>\$ (584,737)</u>	<u>\$ (3,713,097)</u>	<u>\$ 1,181,219</u>	<u>\$ 4,894,316</u>
Recapitulation					
Assigned					
Year End Encumbrances				\$ 551,059	
Unassigned				<u>630,160</u>	
Fund Balance Per State Budgetary Basis of Accounting				1,181,219	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Revenue Not Recognized on GAAP Basis				(2,611,933)	
Less Advance State Aid Payment				<u>(4,162,426)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ (5,593,140)</u>	

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 148,698	\$ 52,300	\$ 200,998	\$ 135,411	\$ (65,587)
Federal	2,071,107	765,155	2,836,262	2,148,351	(687,911)
Local Sources					
Miscellaneous	-	31,542	31,542	30,812	(730)
Total Revenues	<u>2,219,805</u>	<u>848,997</u>	<u>3,068,802</u>	<u>2,314,574</u>	<u>(754,228)</u>
EXPENDITURES					
Instruction					
Salaries	406,231	120,579	526,810	518,170	8,640
Other Salaries for Instruction	22,748	(1,616)	21,132	21,132	
Purchased Professional / Technical Services	229,863	95,698	325,561	99,848	225,713
Other Purchased Services	977,493	145,928	1,123,421	1,067,016	56,405
General Supplies	59,115	98,981	158,096	77,763	80,333
Textbooks	8,009	1,226	9,235	8,977	258
Other Objects	-	25,000	25,000	-	25,000
Total Instruction	<u>1,703,459</u>	<u>485,796</u>	<u>2,189,255</u>	<u>1,792,906</u>	<u>396,349</u>
Support Services - Instruction					
Salaries	146,000	8,708	154,708	137,574	17,134
Salaries of Secretarial and Clerical Assistants		840	840	840	
Purchased Professional / Technical Services	157,394	75,629	233,023	79,888	153,135
Other Purchased Services	45,361	105,976	151,337	28,238	123,099
Supplies and Materials	22,617	92,525	115,142	103,250	11,892
Other Objects	-	22,510	22,510	-	22,510
Total Support Services	<u>371,372</u>	<u>306,188</u>	<u>677,560</u>	<u>349,790</u>	<u>327,770</u>
Unallocated Employee Benefits	144,974	24,304	169,278	166,366	2,912
Capital Outlay					
Instructional Equipment	-	32,709	32,709	5,512	27,197
Total Capital Outlay	<u>-</u>	<u>32,709</u>	<u>32,709</u>	<u>5,512</u>	<u>27,197</u>
Total Expenditures	<u>2,219,805</u>	<u>848,997</u>	<u>3,068,802</u>	<u>2,314,574</u>	<u>754,228</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

The 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 Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 73,476,321	\$ 2,314,574
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2014-2015)	(2,611,933)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2013-2014)	3,207,728	
State Aid advance recognized for budgetary purposes, not recognized for GAAP statements	(4,162,426)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2015		(4,435)
Encumbrances , June 30, 2014, net of cancellations	-	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 69,909,690</u>	<u>\$ 2,310,139</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 69,061,742	\$ 2,314,574
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances , June 30, 2015		(4,435)
Encumbrances , June 30, 2014, net of cancellations	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 69,061,742</u>	<u>\$ 2,310,139</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Two Fiscal Years*

	2015	2014
District's Proportion of the Net Position Liability (Asset)	.08023%	.07642%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,022,124	\$ 14,606,291
District's Covered-Employee Payroll	\$ 5,498,805	\$ 5,051,790
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	273.19%	289.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 661,443	\$ 575,845
Contributions in Relation to the Contractually Required Contribution	<u>661,443</u>	<u>575,845</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,498,805	\$ 5,051,790
Contributions as a Percentage of Covered-Employee Payroll	12.03%	11.40%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>154,793,607</u>	<u>150,597,225</u>
Total	<u>\$ 154,793,607</u>	<u>\$ 150,597,225</u>
District's Covered-Employee Payroll	29,722,849.0	28,462,899
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVELS SCHEDULES

GENERAL FUND

NOT APPLICABLE

SPECIAL REVENUE FUND

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Race to the <u>Top</u>	<u>Title I</u>	<u>Title II A</u>	Title III	Carl D. <u>Perkins</u>	Local <u>Grants</u>	IDEA		(Exhibit <u>E-1a</u>)	Total <u>2015</u>
							<u>Preschool Handicapped</u>	<u>Regular Program Part B</u>		
REVENUES										
Intergovernmental										
State									\$ 135,411	\$ 135,411
Federal	\$ 88,800	\$ 792,421	\$ 55,665	\$ 59,138	\$ 48,243		\$ 1,082,952	\$ 21,132	-	2,148,351
Other Sources	-	-	-	-	-	\$ 30,812	-	-	-	30,812
Total Revenues	\$ 88,800	\$ 792,421	\$ 55,665	\$ 59,138	\$ 48,243	\$ 30,812	\$ 1,082,952	\$ 21,132	\$ 135,411	\$ 2,314,574
EXPENDITURES										
Instruction										
Salaries		\$ 425,000	\$ 41,270	\$ 40,000		\$ 11,900			-	518,170
Other Salaries for Instruction								\$ 21,132		21,132
Purchased Professional / Technical Services		22,274							\$ 77,574	99,848
Other Purchased Services						11,250	\$ 1,055,766		-	1,067,016
General Supplies		12,178	3,103	8,738	\$ 41,410	7,662			4,672	77,763
Textbooks		-	-	-	-	-			8,977	8,977
Total Instruction	-	459,452	44,373	48,738	41,410	30,812	1,055,766	21,132	91,223	1,792,906
Support Services										
Salaries		128,866							8,708	137,574
Salaries of Secretarial and Clerical Assistants									840	840
Personnel Services - Employee Benefits		144,974	10,992	10,400					-	166,366
Purchased Professional / Technical Services		38,000					27,186		14,702	79,888
Other Purchased Services		8,000	300						19,938	28,238
Supplies and Materials	\$ 88,800	13,129	-	-	1,321	-	-	-	-	103,250
Total Support Services	88,800	332,969	11,292	10,400	1,321	-	27,186	-	44,188	516,156
Capital Outlay										
Instructional Equipment	-	-	-	-	5,512	-	-	-	-	5,512
Total Capital Outlay	-	-	-	-	5,512	-	-	-	-	5,512
Total Expenditures	\$ 88,800	\$ 792,421	\$ 55,665	\$ 59,138	\$ 48,243	\$ 30,812	\$ 1,082,952	\$ 21,132	\$ 135,411	\$ 2,314,574

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Nonpublic Technology	Nonpublic Nursing	Nonpubic Textbook	Chapter 192 Services			Chapter 193 Services			Total Exhibit E-1a
				Compensatory Education	ESL	Transportation	Examination & Classification	Corrective Speech	Supplemental Instruction	
REVENUES										
Intergovernmental										
State	\$ 4,672	\$ 14,702	\$ 8,977	\$ 55,002	\$ 7,491	\$ 19,938	\$ 9,548	\$ 7,156	\$ 7,925	\$ 135,411
Federal	-	-	-	-	-	-	-	-	-	-
Other Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 4,672</u>	<u>\$ 14,702</u>	<u>\$ 8,977</u>	<u>\$ 55,002</u>	<u>\$ 7,491</u>	<u>\$ 19,938</u>	<u>\$ 9,548</u>	<u>\$ 7,156</u>	<u>\$ 7,925</u>	<u>\$ 135,411</u>
EXPENDITURES										
Instruction										
Salaries										-
Other Salaries for instruction										-
Purchased Professional / Technical Services				\$ 55,002	\$ 7,491			\$ 7,156	\$ 7,925	\$ 77,574
Other Purchased Services										-
General Supplies	\$ 4,672									4,672
Textbooks	-	-	\$ 8,977	-	-	-	-	-	-	8,977
Total Instruction	<u>4,672</u>	<u>-</u>	<u>8,977</u>	<u>55,002</u>	<u>7,491</u>	<u>-</u>	<u>-</u>	<u>7,156</u>	<u>7,925</u>	<u>91,223</u>
Support Services										
Salaries							\$ 8,708			8,708
Salaries of Secretarial and Clerical Assistants							840			840
Personnel Services - Employee Benefits										-
Purchased Professional / Educational Services										-
Purchased Professional / Technical Services	-	\$ 14,702								14,702
Other Purchased Services						\$ 19,938				19,938
Supplies and Materials	-	-	\$ -	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>14,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,938</u>	<u>9,548</u>	<u>-</u>	<u>-</u>	<u>44,188</u>
Capital Outlay										
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 4,672</u>	<u>\$ 14,702</u>	<u>\$ 8,977</u>	<u>\$ 55,002</u>	<u>\$ 7,491</u>	<u>\$ 19,938</u>	<u>\$ 9,548</u>	<u>\$ 7,156</u>	<u>\$ 7,925</u>	<u>\$ 135,411</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Project Balance June 30, 2015</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Partial Roof Replacement at School Number 7 and Belleville High School and Related Masonry and Electrical Upgrades	\$ 1,025,112	\$ 876,656	\$ 500	\$ 147,956
Acquisition and Installation of Security System and Network Upgrades	1,950,033	1,949,916	-	117
IP Integration Services and Network Cabling and Refreshing	<u>3,323,724</u>	<u>-</u>	<u>2,163,555</u>	<u>\$ 1,160,169</u>
	<u>\$ 6,298,869</u>	<u>\$ 2,826,572</u>	<u>\$ 2,164,055</u>	<u>\$ 1,308,242</u>
<u>Reconciliation to GAAP Basis</u>				
Project Balance, June 30, 2015				<u>\$ 1,308,242</u>
Fund Balance, June 30, 2015 - GAAP Basis				<u>\$ 1,308,242</u>
<u>Reconciliation to Fund Balance</u>				
Restricted for Capital Projects				
Year Encumbrances				\$ 969,029
Available for Capital Projects				<u>339,213</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 1,308,242</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources	
Capital Lease Proceeds	\$ 3,323,512
Interest on Investments	<u>242</u>
Total Revenues and Other Financing Sources	<u>3,323,754</u>
Expenditures and Other Financing Uses	
Equipment	47,714
Construction Services	2,115,841
Other Objects	<u>500</u>
Total Expenditures and Other Financing Uses	<u>2,164,055</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,159,699
Fund Balance- Beginning	<u>148,543</u>
Fund Balance- Ending	<u>\$ 1,308,242</u>
<u>Reconciliation to GAAP</u>	
Fund Balance, End of Year - Budgetary Basis	<u>\$ 1,308,242</u>
Fund Balance, June 30, 2015 - GAAP	<u>\$ 1,308,242</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
PARTIAL ROOF REPLACEMENT AND RELATED MASONRY REPAIRS AT SCHOOL NUMBER 7 AND PARTIAL
ROOF REPLACEMENT AT BELLEVILLE HIGH SCHOOL AND ELECTRIC SERVICE UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 1,025,000	-	\$ 1,025,000	\$ 1,025,000
Interest Earnings	82	\$ 30	112	112
Total Revenues and Other Financing Sources	<u>1,025,082</u>	<u>30</u>	<u>1,025,112</u>	<u>1,025,112</u>
Expenditures and Other Financing Uses				
Construction Services	875,656		875,656	1,023,612
Other Objects	1,000	500	1,500	1,500
Total Expenditures and Other Financing Uses	<u>876,656</u>	<u>500</u>	<u>877,156</u>	<u>1,025,112</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 148,426</u>	<u>\$ (470)</u>	<u>\$ 147,956</u>	<u>\$ -</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ACQUISITION AND INSTALLATION OF SECURITY SYSTEM AND NETWORK UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 1,950,000		\$ 1,950,000	\$ 1,950,000
Interest Earnings	33	-	33	33
Total Revenues and Other Financing Sources	<u>1,950,033</u>	<u>-</u>	<u>1,950,033</u>	<u>1,950,033</u>
Expenditures and Other Financing Uses				
Construction Services	1,948,916		1,948,916	1,948,533
Other Objects	1,000	-	1,000	1,500
Total Expenditures and Other Financing Uses	<u>1,949,916</u>	<u>-</u>	<u>1,949,916</u>	<u>1,950,033</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ 117</u>	<u>\$ -</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
IP INTEGRATION SERVICES AND NETWORK CABLING/ REFRESHING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ -	\$ 3,323,512	\$ 3,323,512	\$ 3,323,512
Interest Earnings	-	212	212	212
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	-	3,323,724	3,323,724	3,323,724
Expenditures and Other Financing Uses				
Equipment		47,714	47,714	356,909
Construction Services	-	2,115,841	2,115,841	2,966,815
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	-	2,163,555	2,163,555	3,323,724
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses				
	<u>\$ -</u>	<u>\$ 1,160,169</u>	<u>\$ 1,160,169</u>	<u>\$ -</u>

PROPRIETARY FUNDS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

FIDUCIARY FUNDS

AGENCY FUNDS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	Agency		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash	\$ 170,370	\$ 2,667	\$ 173,037
Due from Other Funds	-	3,664	3,664
	<u>\$ 170,370</u>	<u>\$ 6,331</u>	<u>\$ 176,701</u>
Total Assets	<u>\$ 170,370</u>	<u>\$ 6,331</u>	<u>\$ 176,701</u>
LIABILITIES			
Due to Student Groups	\$ 170,370		\$ 170,370
Payroll Deductions and Withholdings		\$ 2,375	2,375
Due to Other Funds	-	3,956	3,956
	<u>\$ 170,370</u>	<u>\$ 6,331</u>	<u>\$ 176,701</u>
Total Liabilities	<u>\$ 170,370</u>	<u>\$ 6,331</u>	<u>\$ 176,701</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**FINANCIAL STATEMENTS ARE PRESENTED
ON EXHIBIT B-8**

**AGENCY FUNDS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Restated July 1, 2014	Cash Receipts	Cash Disbursements	Balance, June 30, 2015
Elementary Schools:				
School #7	\$ 58		\$ 58	-
Music Fund	894		894	-
Summer Program	<u>3,429</u>	<u>\$ 4,911</u>	<u>5,339</u>	<u>\$ 3,001</u>
Total Elementary Schools	4,381	4,911	6,291	3,001
Junior High School:	19,618	14,092	23,918	9,792
Senior High School:	<u>147,089</u>	<u>182,510</u>	<u>172,022</u>	<u>157,577</u>
Total All Schools	<u>\$ 171,088</u>	<u>\$ 201,513</u>	<u>\$ 202,231</u>	<u>\$ 170,370</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
AGENCY FUNDS
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2015</u>
ASSETS				
Cash and Cash Equivalents	\$ 702,492	\$ 43,413,759	\$ 44,113,584	\$ 2,667
Due from General Fund	<u>365,404</u>	<u>3,664</u>	<u>365,404</u>	<u>3,664</u>
Total Assets	<u>\$ 1,067,896</u>	<u>\$ 43,417,423</u>	<u>\$ 44,478,988</u>	<u>\$ 6,331</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 1,005,950	\$ 19,246,704	\$ 20,250,279	\$ 2,375
Accrued Salaries and Wages		23,801,359	23,801,359	-
Due to Other Funds	<u>61,946</u>	<u>3,956</u>	<u>61,946</u>	<u>3,956</u>
Total Liabilities	<u>\$ 1,067,896</u>	<u>\$ 43,052,019</u>	<u>\$ 44,113,584</u>	<u>\$ 6,331</u>

LONG-TERM DEBT

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
<u>CAPITAL LEASES</u>						
5 School Buses	\$ 452,873	2.63%	\$ 340,590		\$ 53,336	\$ 287,254
Roof Projects	1,025,000	3.92%	614,393		196,966	417,427
Trucks, Mowers and Technology	460,000	1.68%	276,683		90,695	185,988
Acquisition and Installation of Security System and Network Upgrades	1,950,000	1.12%	1,583,627		389,310	1,194,317
IP Integration Services and Network Cabling and Refreshing	3,323,512	2.189%	-	\$ 3,323,512	676,847	2,646,665
Subtotal - Capital Leases			2,815,293	3,323,512	1,407,154	4,731,651
<u>LEASE PURCHASE AGREEMENTS</u>						
Purchase of Computers (Supplies)	236,035	3.63%	198,458	-	83,793	114,665
			<u>\$ 3,013,751</u>	<u>\$ 3,323,512</u>	<u>\$ 1,490,947</u>	<u>\$ 4,846,316</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Belleville Township School District'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.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015
Governmental activities										
Net Investment in Capital Assets	\$ 5,668,605	\$ 6,045,712	\$ 5,920,405	\$ 5,980,916	\$ 6,103,240	\$ 5,960,277	\$ 5,476,606	\$ 5,505,798	\$ 5,513,725	\$ 6,001,219
Restricted	592,424	528,454	80,038	447,023	90,310	90,310	90,310			
Unrestricted	(1,508,119)	(2,455,690)	(2,280,400)	(4,065,793)	(4,374,982)	(3,404,453)	(2,179,112)	(2,667,763)	(24,352,115)	(23,203,444)
Total governmental activities net position	<u>\$ 4,752,910</u>	<u>\$ 4,118,476</u>	<u>\$ 3,720,043</u>	<u>\$ 2,362,146</u>	<u>\$ 1,818,568</u>	<u>\$ 2,646,134</u>	<u>\$ 3,387,804</u>	<u>\$ 2,838,035</u>	<u>\$ (18,838,390)</u>	<u>\$ (17,202,225)</u>
Business-type activities										
Net Investment in Capital Assets	\$ 73,384	\$ 102,267	\$ 115,498	\$ 98,679	\$ 134,953	\$ 158,249	\$ 139,998	\$ 107,347	\$ 79,214	\$ 49,535
Restricted	111,133	102,910	100,937	156,596	234,957	310,712	413,791			
Unrestricted								261,874	170,029	202,415
Total business-type activities net position	<u>\$ 184,517</u>	<u>\$ 205,177</u>	<u>\$ 216,435</u>	<u>\$ 255,275</u>	<u>\$ 369,910</u>	<u>\$ 468,961</u>	<u>\$ 553,789</u>	<u>\$ 369,221</u>	<u>\$ 249,243</u>	<u>\$ 251,950</u>
District-wide										
Net Investment in Capital Assets	\$ 5,741,989	\$ 6,147,979	\$ 6,035,903	\$ 6,079,595	\$ 6,238,193	\$ 6,118,526	\$ 5,616,604	\$ 5,613,145	\$ 5,592,939	\$ 6,050,754
Restricted	703,557	631,364	180,975	603,619	325,267	401,022	504,101	-	-	-
Unrestricted	(1,508,119)	(2,455,690)	(2,280,400)	(4,065,793)	(4,374,982)	(3,404,453)	(2,179,112)	(2,405,889)	(24,182,086)	(23,001,029)
Total district net position	<u>\$ 4,937,427</u>	<u>\$ 4,323,653</u>	<u>\$ 3,936,478</u>	<u>\$ 2,617,421</u>	<u>\$ 2,188,478</u>	<u>\$ 3,115,095</u>	<u>\$ 3,941,593</u>	<u>\$ 3,207,256</u>	<u>\$ (18,589,147)</u>	<u>\$ (16,950,275)</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB No. 68, "Accounting and Financial Reporting for Pensions".

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30.									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 24,155,518	\$ 25,631,166	\$ 26,331,126	\$ 25,614,309	\$ 28,820,781	\$ 26,803,278	\$ 26,803,278	\$ 28,096,259	\$ 29,359,361	\$ 31,848,519
Special Education	4,823,098	5,314,431	5,628,654	5,694,473	5,774,871	6,475,254	6,475,254	11,247,415	14,259,892	14,795,513
Other Education	1,882,648	2,179,142	2,268,857	3,424,402	3,199,050	3,428,171	3,428,171	3,490,781	2,696,274	2,992,762
School Sponsored Activities and Athletics	950,529	1,014,320	1,037,391	1,058,623	1,074,939	752,773	752,773	858,266	901,700	939,711
Community Services							854			
Support Services:										
Tuition	2,595,598	2,886,910	3,258,755	3,335,392	3,337,206	2,808,929	4,056,220	-		
Student & Instruction Related Services	7,322,415	7,904,253	7,775,806	8,254,068	8,646,165	8,703,081	8,046,007	8,466,757	8,242,412	9,153,952
General Administrative Services	1,923,330	2,198,500	2,142,171	2,221,811	2,302,139	2,264,597	2,385,665	2,300,841	1,739,238	2,142,876
School Administrative Services	4,143,593	4,240,505	4,154,928	4,329,659	4,361,647	3,911,559	4,301,275	4,612,201	5,404,032	4,435,456
Central Administrative Services									1,314,961	1,652,492
Plant Operations and Maintenance	4,770,968	5,068,861	5,508,039	5,352,901	5,401,538	5,473,863	5,526,539	6,035,508	7,725,157	5,635,419
Pupil Transportation	1,995,886	2,330,280	2,372,323	2,545,750	2,584,583	2,443,239	2,650,853	2,798,546	3,364,058	3,527,897
Special Schools	94,904	104,284	84,465	107,962						
Charter Schools	18,385	17,054	882		19,910	13,881	76,130			
Unallocated Depreciation	559,093	469,970	463,278	462,081	408,581	411,836	394,881	640,723		
Interest on Long Term Debt									79,305	88,069
Total Governmental Activities Expenses	55,235,965	59,359,676	61,026,675	62,401,431	65,931,410	63,490,461	64,897,900	68,547,297	75,086,390	77,212,666
Business-Type Activities:										
Food service	1,626,963	1,606,954	1,647,043	1,745,759	1,814,275	1,850,369	2,053,616	2,069,270	2,128,248	2,114,192
Total Business-Type Activities Expense	1,626,963	1,606,954	1,647,043	1,745,759	1,814,275	1,850,369	2,053,616	2,069,270	2,128,248	2,114,192
Total District Expenses	\$ 56,862,928	\$ 60,966,630	\$ 62,673,718	\$ 64,147,190	\$ 67,745,685	\$ 65,340,830	\$ 66,951,516	\$ 70,616,567	\$ 77,214,638	\$ 79,326,858
Program Revenues										
Governmental Activities:										
Charges for Services									35,448	151,999
Operating Grants and Contributions	7,467,433	9,384,642	9,847,957	4,352,348	5,619,617	6,068,699	5,492,802	8,800,769	11,453,747	19,446,982
Capital Grants and Contributions									5,657	8,697
Total Governmental Activities Program Revenues	7,467,433	9,384,642	9,847,957	4,352,348	5,619,617	6,068,699	5,492,802	8,800,769	11,494,852	19,607,678

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:										
Charges for Services										
Food Service	\$ 800,669	\$ 824,451	\$ 725,809	\$ 734,506	\$ 700,377	\$ 657,873	\$ 655,259	\$ 613,357	\$ 706,289	\$ 673,996
Operating Grants and Contributions	618,721	527,866	657,307	805,502	976,316	1,022,207	1,206,613	1,271,126	1,301,807	1,337,727
Total Business Type Activities Program Revenues	1,419,390	1,352,317	1,383,116	1,540,008	1,676,693	1,680,080	1,861,872	1,884,483	2,008,096	2,011,723
Total District Program Revenues	\$ 8,886,823	\$ 10,736,959	\$ 11,231,073	\$ 5,892,356	\$ 7,296,310	\$ 7,748,779	\$ 7,354,674	\$ 10,685,252	\$ 13,502,948	\$ 21,619,401
Net (Expense)/Revenue										
Governmental Activities	\$ (47,768,532)	\$ (49,975,034)	\$ (51,178,718)	\$ (58,049,083)	\$ (60,311,793)	\$ (57,421,762)	\$ (59,405,098)	\$ (59,746,528)	\$ (63,591,538)	\$ (57,604,988)
Business-Type Activities	(207,573)	(254,637)	(263,927)	(205,751)	(137,582)	(170,289)	(191,744)	(184,787)	(120,152)	(102,469)
Total District-Wide Net Expense	\$ (47,976,105)	\$ (50,229,671)	\$ (51,442,645)	\$ (58,254,834)	\$ (60,449,375)	\$ (57,592,051)	\$ (59,596,842)	\$ (59,931,315)	\$ (63,711,690)	\$ (57,707,457)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 28,792,217	\$ 30,987,272	\$ 31,691,984	31,691,984	31,691,984	32,959,663	\$ 32,959,663	\$ 32,959,663	\$ 34,177,243	\$ 36,249,715
Unrestricted Grants and Contributions	18,682,264	18,417,506	19,013,428	25,102,296	28,047,188	25,587,305	27,269,440	26,074,345	22,253,116	22,982,748
Restricted Grants and Contributions	2,114	5,638			13,245	439,295		69,485		
Tuition Received	29,650	60,376	117,413	93,616	94,998	61,355	26,699			
Investment Earnings	24,347	22,974	20,915	14,473	16,266	8,586	4,900			
Miscellaneous Income	169,537	153,264	211,544	104,955	156,407	175,589	171,780	93,266	91,045	113,690
Capital Assets Retired Net of Accumulated Depreciation	(116,795)			(71,845)		(56,000)	(9,329)			
State Aid Receivable Cancelled	(180,703)	(31,431)								
Transfers	(223,932)	(275,000)	(275,000)	(244,293)	(251,872)	(269,014)	(276,383)			(105,000)
Total Governmental Activities	47,178,699	49,340,599	50,780,284	56,691,186	59,768,216	58,906,779	60,146,770	59,196,759	56,521,404	59,241,153
Business-Type Activities:										
Investment Earnings	308	297	186	298	345	326	189	219	174	176
Transfers	223,932	275,000	275,000	244,293	251,872	269,014	276,383			105,000
Total Business-Type Activities	224,240	275,297	275,186	244,591	252,217	269,340	276,572	219	174	105,176
Total District-Wide	\$ 47,402,939	\$ 49,615,896	\$ 51,055,470	\$ 56,935,777	\$ 60,020,433	\$ 59,176,119	\$ 60,423,342	\$ 59,196,978	\$ 56,521,578	\$ 59,346,329
Change in Net Position										
Governmental Activities	\$ (589,833)	\$ (634,435)	\$ (398,434)	\$ (1,357,897)	\$ (543,577)	\$ 1,485,017	\$ 741,672	\$ (549,769)	\$ (7,070,134)	\$ 1,636,165
Business-Type Activities	16,667	20,660	11,259	38,840	114,635	99,051	84,828	(184,568)	(119,978)	2,707
Total District	\$ (573,166)	\$ (613,775)	\$ (387,175)	\$ (1,319,057)	\$ (428,942)	\$ 1,584,068	\$ 826,500	\$ (734,337)	\$ (7,190,112)	\$ 1,638,872

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 721,806	\$ 912,720	\$ 478,332	\$ 1,288,262	\$ 562,265					
Unreserved	227,430	(94,501)	189,432	(1,775,829)	(1,719,713)					
Restricted									-	
Committed										
Assigned						\$ 1,066,348	\$ 1,783,404	\$ 411,044	\$ 584,066	\$ 551,059
Unassigned						(1,753,025)	(1,262,908)	(1,640,025)	(6,920,154)	(6,144,199)
Total General Fund	\$ 949,236	\$ 818,219	\$ 667,764	\$ (487,567)	\$ (1,157,448)	\$ (686,677)	\$ 520,496	\$ (1,228,981)	\$ (6,336,088)	\$ (5,593,140)
All Other Governmental Funds										
Reserved	\$ 1,005,485	\$ 444,865	\$ 463,508							
Unreserved, Reported in:										
Special Revenue Fund	(16,964)	(16,964)	(68,268)							
Capital Projects Fund										
Restricted for:										
Capital Projects Fund								898,000	148,543	1,308,242
Total all other governmental funds	\$ 988,521	\$ 427,901	\$ 395,240	\$ -	\$ -	\$ -	\$ -	\$ 898,000	\$ 148,543	\$ 1,308,242

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental 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 resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 28,792,217	\$ 30,987,272	\$ 31,691,984	\$ 31,691,984	\$ 31,691,984	\$ 32,959,663	\$ 32,959,563	\$ 32,959,663	\$ 34,177,243	\$ 36,249,715
Tuition	29,650	60,376	117,413	93,616	94,998	61,355	26,899		21,168	151,649
Transportation Fees									14,280	350
Interest Earnings	2,044								-	
Miscellaneous	190,674	176,086	231,254	119,132	171,238	183,586	176,528	93,266	116,401	144,339
State Sources	24,005,186	25,577,939	26,812,714	27,134,103	26,263,729	27,766,521	29,273,069	32,400,542	31,221,147	33,369,666
Federal Sources	2,125,846	2,205,087	2,004,072	2,287,492	7,394,317	4,312,478	3,460,554	2,474,572	2,466,017	2,304,352
Private Sources	20,779	24,760	44,599	33,048	22,004	16,300	28,618	69,485	-	-
Total revenue	55,166,396	59,031,520	60,902,036	61,359,375	65,638,270	65,299,903	65,925,231	67,997,528	68,016,256	72,220,071
Expenditures										
Instruction										
Regular Instruction	18,662,870	18,915,839	19,297,777	19,560,995	21,509,273	20,320,443	19,258,186	20,455,246	28,237,321	27,736,394
Special Education Instruction	3,605,916	3,756,551	3,973,777	4,242,045	4,144,156	4,441,093	4,513,484	9,665,269	13,886,060	13,859,517
Other Instruction	1,405,033	1,535,828	1,594,166	2,538,582	2,282,075	2,337,533	2,375,586	2,463,787	2,589,920	2,593,607
School Sponsored Activities and Athletics	750,934	767,887	786,142	833,596	815,271	650,230	570,048	663,163	871,950	922,027
Community Service Programs							854			
Support Services:										
Instruction - Tuition	2,595,598	2,886,910	3,258,755	3,335,392	3,337,206	2,808,929	4,056,220			
Student & Inst. Related Services	5,808,096	6,003,274	6,062,149	6,543,789	6,788,699	6,905,529	6,197,196	6,405,219	7,963,690	8,183,981
General Administrative									1,702,703	2,085,684
School Administrative Services	3,095,427	3,008,146	2,940,062	3,227,418	3,150,046	2,793,659	3,000,652	3,305,995	5,194,945	3,973,916
Central Administrative Services									1,280,768	1,523,341
Other Administrative Services	1,586,113	1,731,067	1,657,267	1,803,518	1,831,341	1,844,179	1,918,343	2,229,402	-	
Operations and Maintenance	4,018,377	4,158,457	4,518,468	4,522,597	4,427,767	4,406,715	4,376,102	4,762,829	7,500,158	5,368,915
Pupil Transportation	1,698,872	1,975,054	1,995,413	2,204,730	2,210,292	2,064,803	2,262,663	2,514,617	3,291,038	3,477,562
Unallocated Benefits	10,858,629	13,378,281	13,930,329	12,792,767	14,286,043	14,837,925	15,320,377	16,611,562		
Special Schools	94,904	104,284	84,465							
Transfer to Charter Schools	18,385	17,054	882	107,962	19,910	13,881	76,130			
Debt Service										
Principal								375,339	734,819	1,490,947
Interest									54,313	82,028
Capital Outlay	637,595	1,057,434	545,333	801,263	713,785	522,994	97,287	1,334,449	2,751,170	2,238,017
Total Governmental Fund Expenditures	54,836,749	59,296,066	60,644,985	62,514,654	65,515,864	63,947,913	64,023,128	70,786,877	76,058,855	73,535,936
Excess (Deficiency) of revenues over (under) expenditures	329,647	(264,546)	257,051	(1,155,279)	122,406	1,351,990	1,902,103	(2,789,349)	(8,042,599)	(1,315,865)

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing sources (uses)										
Capital Leases (Non-Budgeted)								\$ 1,937,873	\$ 2,186,035	\$ 3,323,512
Transfers in	\$ 797,260	\$ 36,570	\$ 148,551	\$ 33,015	356,713			-	-	-
Transfers out	(1,128,004)	(432,229)	(586,720)	(428,306)	(1,149,001)	\$ (881,220)	\$ (694,930)	-	-	(105,000)
State Aid Cancelled	(180,703)	(31,431)						-	-	-
Total other financing sources (uses)	<u>(511,447)</u>	<u>(427,090)</u>	<u>(438,169)</u>	<u>(395,291)</u>	<u>(792,288)</u>	<u>(881,220)</u>	<u>(694,930)</u>	<u>1,937,873</u>	<u>2,186,035</u>	<u>3,218,512</u>
Net change in fund balances	<u>\$ (181,800)</u>	<u>\$ (691,636)</u>	<u>\$ (181,118)</u>	<u>\$ (1,550,570)</u>	<u>\$ (669,882)</u>	<u>\$ 470,770</u>	<u>\$ 1,207,173</u>	<u>\$ (851,476)</u>	<u>\$ (5,856,564)</u>	<u>\$ 1,902,647</u>
 Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.54%	1.08%	2.21%

* Noncapital expenditures are total expenditures less capital outlay.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Interest on Investments</u>	<u>Miscellaneous Fees</u>	<u>Refunds</u>	<u>Other Misc.</u>	<u>Total</u>
2006	\$ 29,650	\$ 23,136	\$ 24,177		\$ 100,643		\$ 177,606
2007	60,376	8,424	22,821		111,379		203,000
2008	117,413	13,989	20,529		154,616		306,547
2009	93,616	10,403	14,177		65,367		183,563
2010	94,998	18,030	16,112		111,520		240,660
2011	61,355	19,095	8,427		111,181		200,058
2012	26,699	28,647	4,848		113,750		173,944
2013			9,683		62,760		72,443
2014	21,168	14,280	7,892	\$ 11,087	37,228	\$ 34,723	126,378
2015	151,649	350	10,047		79,568	\$ 23,670	265,284

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 8,066,500	\$ 324,837,150		\$ 47,839,100	\$ 24,278,000	\$ 31,995,000	\$ 437,015,750	\$ 635,325	\$ 437,651,075	\$ 2,881,677,936	\$ 7.110
2007	68,248,200	2,539,801,100		343,468,600	178,613,900	284,402,000	3,414,533,800	4,275,947	3,418,809,747	3,402,043,796	0.930
2008	62,586,000	2,545,600,800		339,804,000	167,937,700	281,739,200	3,397,667,700	4,200,950	3,401,868,650	3,643,093,779	0.932
2009	63,067,000	2,567,684,702		334,527,700	167,707,000	261,608,800	3,394,595,202	4,200,950	3,398,796,152	3,718,167,748	0.933
2010	59,270,400	2,504,842,452		324,554,350	146,289,900	245,014,600	3,279,971,702	4,056,500	3,284,028,202	3,567,135,218	1.004
2011	81,072,280	2,078,775,000		309,523,000	159,276,850	235,705,600	2,864,352,730	8,314,100	2,872,666,830	3,503,942,829	1.160
2012	46,700,780	2,045,375,500		299,717,800	136,380,450	213,775,750	2,741,950,280	6,458,076	2,748,408,356	2,982,890,760	1.199
2013	44,590,880	1,994,921,600		294,635,600	133,782,550	213,202,050	2,681,132,680	6,186,500	2,687,319,180	2,918,535,288	1.272
2014	42,638,180	1,989,920,400		301,318,400	131,609,250	213,901,650	2,679,387,880	5,589,772	2,684,977,652	2,850,879,126	1.350
2015	43,391,480	1,989,053,050		300,728,800	129,236,250	219,413,050	2,681,822,630	5,591,772	2,687,414,402	2,799,204,926	1.402

Source: County Abstract of Ratables

a Tax rates are per \$100

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Calendar Year	Total Direct School Tax Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Belleville Local School District	Municipality of Belleville	County of Essex		
2006	\$ 7.110	\$ 5.890	\$ 2.890	\$	15.890
2007	0.930	0.940	0.390		2.260
2008	0.932	1.103	0.416		2.451
2009	0.933	1.104	0.427		2.464
2010	1.004	1.262	0.441		2.707
2011	1.160	1.504	0.538		3.202
2012	1.199	1.598	0.491		3.288
2013	1.272	1.678	0.530		3.480
2014	1.350	1.708	0.547		3.605
2015	1.402	1.765	0.537		3.704

Source: Municipal Tax Collector

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
LAST YEAR AND SEVEN YEARS AGO
(Unaudited)**

Taxpayer	2015		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Branch Brook Garden	\$ 36,722,900	1.37%	\$ 42,007,500	1.23%
432 Owners, Inc	17,250,000	0.64%		
Route 21 Assoc. of Belleville, LLC	14,400,000	0.54%	22,115,000	0.65%
Belleville Ind. Center	12,500,000	0.47%	17,539,100	0.52%
Oster Belleville Properties, LLC	11,405,000	0.42%	11,405,000	0.34%
Belleville Industrial Properties Bldg 12	10,997,700	0.41%	11,695,300	0.34%
Belleville Center LLC	10,804,200	0.40%	12,052,300	0.35%
Bellevue Gardens, LLC	10,494,600	0.39%		
Arbor Hills			33,000,000	0.97%
Rouche Disagnostics			29,856,100	0.88%
Clara Maass Health Systems			16,312,800	0.48%
K-Mart			10,745,100	0.32%
SH726 LLC	7,900,000	0.29%		
Venture, Draisin-Levco Blville Assoc	7,661,500	0.29%		
	<u>\$ 103,413,000</u>	<u>3.85%</u>	<u>\$ 206,728,200</u>	<u>6.08%</u>

Source: Municipal Tax Assessor

N/A = Not Available

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
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	
2006	\$ 28,792,217	\$ 28,792,217	100.00%	
2007	30,987,272	29,696,135	95.83%	\$ 1,291,137
2008	31,691,984	31,691,984	100.00%	
2009	31,691,984	31,691,984	100.00%	
2010	31,691,984	31,691,984	100.00%	
2011	32,959,663	32,959,663	100.00%	
2012	32,959,663	32,959,663	100.00%	
2013	32,959,663	32,959,663	100.00%	
2014	34,177,243	34,177,243	100.00%	
2015	36,249,715	36,249,715	100.00%	

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>Capital Leases</u>	<u>Lease Purchase Agreements</u>			
2006	\$ 277,741		\$ 277,741	34,435	\$ 8.07
2007	159,180		159,180	33,899	4.70
2008	40,277		40,277	33,820	1.19
2009	12,195		12,195	33,755	0.36
2010	3,113		3,113	33,842	0.09
2011			-	35,936	-
2012			-	36,157	-
2013	1,937,873		1,937,873	36,187	53.55
2014	2,815,293	\$ 198,458	3,013,751	36,277	83.08
2015	4,731,651	114,665	4,846,316	36,396	133.16

Source: District records

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita
	General Obligation Bonds	Deductions			
2005			\$ -		
2006			-		
2007			-		
2008			-		
2009			-		
2010			-		
2011			-		
2012			-		
2013			-		
2014			-		

Source: District records

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Belleville Township School District	\$ -
Township of Belleville	<u>31,602,596</u>
	<u>31,602,596</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County:	
County of Essex (A)	11,484,626
Passaic Valley Sewerage Authority (B)	<u>4,305,405</u>
Total Overlapping Debt	<u>15,790,031</u>
Total Direct and Overlapping Debt	<u>\$ 47,392,627</u>

Source:

(1) Township's 2014 Annual Debt Statement

(A) The debt for this entity was apportioned to the municipality by dividing the municipality's 2014 equalized value by the total 2014 equalized value for Essex County.

(B) The debt was computed based upon municipal flow to the Authority.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2014 \$ 2,764,535,576
	2013 2,818,980,843
	2012 2,948,016,643
	<u>\$ 8,531,533,062</u>
	Average equalized valuation of taxable property <u>\$ 2,843,844,354</u>
	Debt limit (4 % of average equalization value) 113,753,774
	Total Net Debt Applicable to Limit -
	<u>Legal debt margin \$ 113,753,774</u>

	Fiscal Year Ending June 30,								
	2006	2007	2008	2009	2010	2011	2012	2013	2015
Debt limit	\$ 95,760,776	\$ 113,346,134	\$ 130,500,971	\$ 141,863,264	\$ 145,875,347	\$ 143,752,537	\$ 135,233,184	\$ 125,924,316	\$ 113,753,774
Total net debt applicable to limit									-
Legal debt margin	<u>\$ 95,760,776</u>	<u>\$ 113,346,134</u>	<u>\$ 130,500,971</u>	<u>\$ 141,863,264</u>	<u>\$ 145,875,347</u>	<u>\$ 143,752,537</u>	<u>\$ 135,233,184</u>	<u>\$ 125,924,316</u>	<u>\$ 113,753,774</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	34,435	\$ 54,605	5.50%
2007	33,899	54,318	4.90%
2008	33,820	53,597	6.30%
2009	33,755	51,422	10.70%
2010	33,842	49,750	11.10%
2011	35,936	51,038	10.70%
2012	36,157	49,962	10.80%
2013	36,187	47,603	9.50%
2014	36,277	43,950	7.90%
2015	36,396	42,015	7.90% (E)

Source: New Jersey State Department of Education

(E) - Estimate

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION IS NOT AVAILABLE

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN 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>	<u>2015</u>
Instruction										
Regular	342.0	260.0	257.0	243.0	241.0	230.0	242.0	327.0	249.0	270.0
Special Education	62.0	59.0	91.0	90.0	88.0	83.0	84.0	45.0	144.0	138.0
Other Special Education	34.0	30.0	41.0	40.0	36.0	36.0	40.0	28.0	29.0	29.0
Other Instruction	1.0	1.0	1.0	1.0	1.0	1.0			1.0	1.0
Support Services:										
Student and Instruction Related Services	67.0	63.0	68.0	77.0	68.0	74.0	57.0	56.0	69.0	67.0
General Administrative Services	7.0	7.0	5.0	5.0	5.0	7.0	6.0	5.0	5.0	5.0
School Administrative Services	39.0	38.0	34.0	34.0	34.0	29.0	32.0	27.0	39.0	42.0
Central Services	7.0	7.0	7.0	7.0	6.0	6.0	6.0	8.0	6.0	7.0
Administrative Information Technology	2.0	2.0	5.0	5.0	5.0	3.0	2.0	1.0	1.0	1.0
Plant Operations and Maintenance	38.0	39.0	40.0	40.0	40.0	38.0	42.0	59.0	50.0	47.0
Pupil Transportation	1.0	8.0	18.0	20.0	18.0	2.0	2.0	15.0	36.0	35.0
Other Support Services	2.0	2.0	1.0					18.0	23.0	23.0
Total	<u>602.0</u>	<u>516.0</u>	<u>568.0</u>	<u>562.0</u>	<u>542.0</u>	<u>509.0</u>	<u>513.0</u>	<u>589.0</u>	<u>652.0</u>	<u>665.0</u>

Source: District Personnel Records

N/A - Information is not available.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	High School				
2006	4,501	\$ 54,199,154	\$ 12,042	5.79%	340	23.2	17.3	14.6	4,472.5	4,294.1	-1.34%	96.01%
2007	4,487	58,238,633	12,979	7.79%	349	25.3	17.8	18.6	4,452.2	4,188.6	-0.45%	94.08%
2008	4,435	60,099,652	13,551	4.41%	338	23.6	15.4	15.7	4,410.8	4,220.1	-0.93%	95.68%
2009	4,531	61,713,391	13,620	0.51%	346	17.0	12.0	11.3	4,459.3	4,181.7	1.10%	93.77%
2010	4,552	61,813,462	13,579	-0.30%	364	17.0	11.0	10.7	4,491.9	4,209.1	0.73%	93.70%
2011	4,626	63,424,919	13,711	0.97%	312	17.3	13.6	12.1	4,554.7	4,265.8	1.40%	93.66%
2012	4,705	64,023,128	13,607	-0.75%	337	15.4	12.6	12.3	4,648.9	4,387.2	2.07%	94.37%
2013	4,638	69,077,090	14,894	9.45%	328	12.3	11.9	11.9	N/A	N/A	N/A	N/A
2014	4,650	72,518,553	15,595	4.71%	342	12.3	16.3	13.7	4,430.8	4,428.5	N/A	99.95%
2015	4,761	69,724,944	14,645	-6.09%	342	12.6	16.9	13.4	4,666.1	4,461.4	5.31%	95.61%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

N/A - Information not available.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
<u>Elementary</u>										
School Three										
Square Feet	43,852	43,852	43,852	43,852	43,852	43,852	43,852	43,852	43,852	42,852
Capacity Students	299	299	299	299	299	299	299	299	299	299
Enrollment	336	349	340	379	379	379	379	388	342	341
School Four										
Square Feet	64,647	64,647	64,647	64,647	64,647	64,647	64,647	64,647	64,647	64,647
Capacity Students	434	434	434	434	434	434	434	434	434	434
Enrollment	318	347	369	364	382	382	382	410	368	374
School Five										
Square Feet	44,434	44,434	44,434	44,434	44,434	44,434	44,434	44,434	44,434	44,434
Capacity Students	333	333	333	333	333	333	333	333	333	333
Enrollment	354	363	386	401	393	393	393	413	339	347
School Seven										
Square Feet	52,030	52,030	52,030	52,030	52,030	52,030	52,030	52,030	52,030	52,030
Capacity Students	387	387	387	387	387	387	387	387	387	387
Enrollment	445	404	379	342	383	383	383	378	364	370
School Eight										
Square Feet	41,283	41,283	41,283	41,283	41,283	41,283	41,283	41,283	41,283	41,283
Capacity Students	430	430	430	430	430	430	430	430	430	430
Enrollment	474	498	490	524	533	533	533	542	465	447
School Nine										
Square Feet	16,167	16,167	16,167	16,167	16,167	16,167	16,167	16,167	16,167	16,167
Capacity Students	158	158	158	158	158	158	158	158	158	158
Enrollment	144	140	147	152	141	141	141	156	119	114
School Ten										
Square Feet	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401
Capacity Students	169	169	169	169	169	169	169	169	169	169
Enrollment	148	144	148	167	184	184	184	214	166	163

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>										
<u>Middle School</u>										
Square Feet	148,552	148,552	148,552	148,552	148,552	148,552	148,552	148,552	148,552	148,552
Capacity Students	639	639	639	639	639	639	639	639	639	639
Enrollment	689	682	687	683	708	708	708	667	1,046	1,046
<u>High School</u>										
Square Feet	208,454	208,454	208,454	208,454	208,454	208,454	208,454	208,454	208,454	208,454
Capacity Students	1,474	1,474	1,474	1,474	1,474	1,474	1,474	1,474	1,474	1,474
Enrollment	1,576	1,560	1,495	1,453	1,454	1,454	1,454	1,443	1,510	1,460
<u>Other</u>										
School One										
Square Feet	33,512	33,512	33,512	33,512	33,512	33,512	33,512			
Garage Middle School										
Square Feet	465	465	465	465	465	465	465	465	465	465
Field House										
Square Feet	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080
Field House										
Square Feet	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080
Plant Building										
Square Feet	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Number of Schools at June 30, 2015										
Elementary	7									
Middle School	1									
High School	<u>1</u>									
Other	<u>3</u>									
	<u>12</u>									

Source: District Records

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
School Three	\$ 36,125	\$ 49,497	\$ 74,464	\$ 36,702	\$ 29,035	\$ 81,151	\$ 94,660	\$ 90,411	\$ 115,324	\$ 76,151
School Four	32,200	15,668	44,233	20,821	43,851	29,228	104,830	74,583	95,135	62,820
School Five	51,163	55,346	37,439	38,130	78,430	105,709	53,009	51,547	65,751	43,417
School Seven	71,599	82,099	96,599	42,395	62,067	111,017	47,811	95,438	121,736	80,385
School Eight	53,090	48,440	80,842	75,102	83,178	153,380	80,265	102,985	131,363	86,742
School Nine	15,307	15,739	24,377	39,546	10,097	13,336	101,867	63,923	81,537	53,841
School Ten	9,266	64,841	87,402	70,626	19,191	99,919	48,564	42,567	54,297	35,854
Middle School	67,490	71,923	290,513	124,669	81,592	111,740	137,154	146,166	186,443	123,113
High School	<u>455,529</u>	<u>430,690</u>	<u>361,625</u>	<u>492,188</u>	<u>359,380</u>	<u>227,664</u>	<u>378,733</u>	<u>307,111</u>	<u>391,736</u>	<u>258,672</u>
Grand Total	<u>\$ 791,769</u>	<u>\$ 834,243</u>	<u>\$ 1,097,494</u>	<u>\$ 940,179</u>	<u>\$ 766,821</u>	<u>\$ 933,144</u>	<u>\$ 1,046,893</u>	<u>\$ 974,731</u>	<u>\$ 1,243,322</u>	<u>\$ 820,995</u>

Source: District Records

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - N.J. Schools Insurance Group		
Property:		
Blanket Building and Contents	\$ 350,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Papers and Records	10,000,000	5,000
Demolition and Increased Costs of Construction	10,000,000	
Fire Department Service Charge/Arson Reward	10,000	
Pollutant Cleanup and Removal	250,000	
Flood - Zones SFHA	15,000,000	500,000
All Flood Zones	75,000	10,000
Earthquake	50,000,000	
Terrorism	1,000,000	
Liability:		
Comprehensive General Liability	11,000,000	30,000
Bodily Injury from Products and Completed Operations	11,000,000	
Sexual Abuse	11,000,000	
Premises Medical Payments	10,000	
Employee Benefits	11,000,000	1,000 / claim
Electronic Data Processing:		
Blanket Hardware/Software	500,000	1,000
Crime:		
Employee Dishonesty	250,000	1,000
Forgery or Alteration	100,000	1,000
Money and Securities	50,000	500
Money Order/Counterfeit	50,000	500
Computer Fraud	250,000	1,000
Automobile:		
Comprehensive Automobile Liability	11,000,000	1,000
Uninsured Motorists	1,000,000	
Personal Injury Protection	250,000	
Garage keepers Liability	Included	
Inland Marine:		
Blanket Hardware/Software	N/A	

Source: School District's records

SINGLE AUDIT SECTION



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
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, 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

**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
Belleville Township School District
Belleville, 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 Belleville Township School District as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Belleville Township School District's basic financial statements and have issued our report thereon dated January 15, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2005-001 and 2005-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-004 and 2015-006 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Belleville Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 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 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 through 2015-006.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Belleville Township School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 15, 2016.

Belleville Township School District's Responses to Findings

The Belleville Township School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Belleville Township School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Belleville Township School District'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 Belleville Township School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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


 Jeffrey C. Bliss
 Public School Accountant
 PSA Number CS00932

Fair Lawn, New Jersey
 January 15, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, 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

**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 15-08**

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Belleville Township School District
Belleville, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Belleville Township School District’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 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Belleville Township School District’s major federal and state programs for the fiscal year ended June 30, 2015. The Belleville Township School District’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 Belleville Township School District’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 15-08, 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 Belleville Township School District’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 Belleville Township School District's compliance.

Basis for Qualified Opinion on State Aid Public Programs

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient documentation supporting the compliance of the Belleville Township School District with State Aid Public Programs Equalization Aid (495-034-5120-078), Under Adequacy Aid (495-034-5120-096), Special Education Aid (495-034-5120-089), Security Aid (495-034-5120-084), PARCC Readiness Aid (495-034-5120-098) and Per Pupil Growth Aid (495-034-5120-097) as described in finding number 2015-011 regarding eligibility nor were we able to satisfy ourselves as to Belleville Township School District's compliance with those requirements by other auditing procedures.

Qualified Opinion on State Aid Public Programs

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph above, the Belleville Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its State Aid Public Programs for the fiscal year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal and State Programs

In our opinion, the Belleville Township School District 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 other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the fiscal year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2015-007 through 2015-010. Our opinion on each major federal and state program is not modified with respect to these matters.

The Belleville Township School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Belleville Township School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Belleville Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Belleville Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08, 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 Belleville Township School District's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-011 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-007, 2015-008 and 2015-009 to be significant deficiencies.

The Belleville Township School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Belleville Township School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

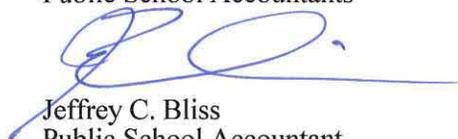
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules 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 15-08

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 Belleville Township School District as of and for the fiscal year ended June 30, 2015 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 January 15, 2016, 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 15-08 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

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2014			Carryover/ (Walkover) Amount Def. Rev.	Carryover/ (Walkover) Amount A/R	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Adjustments	Balance, June 30, 2015			Memo GAAP Receivable
					(Account Receivable)	Unearned Revenue	Due to Grantor							(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture																	
Passed-through State Department of Education																	
National School Lunch Program - Non Cash	10.555	N/A	7/1/14-6/30/15	\$ 147,460					\$ 147,460	\$ 140,448				\$ 7,012			
National School Lunch Program - Non Cash	10.555	N/A	7/1/13-6/30/14	60,393		\$ 1,411				1,411							
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	1,101,784					1,022,378	1,101,784				\$ (79,406)		\$ (79,406)	
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	1,132,194	(241,145)				241,145								
National School Breakfast Program	10.555	N/A	7/1/14-6/30/15	67,744					61,561	67,744				(6,183)		(6,183)	
National School Breakfast Program	10.555	N/A	7/1/13-6/30/14	80,655	(19,645)				19,645								
Total Enterprise Fund					(260,790)	1,411			1,492,189	1,311,387				(85,589)	7,012	(85,589)	
U.S. Department of Health and																	
State Department of Education																	
General Fund																	
ARRA / SEMI	93.778	N/A	7/1/14-6/30/15	29,702					29,702	29,702							
Medical Assistance Program	93.778	N/A	7/1/14-6/30/15	130,734					130,734	130,734							
Total General Fund									160,436	160,436							
Special Revenue Fund																	
Title I, Part A	84.010A		7/1/14-6/30/15	1,099,057			\$ (56,220)	\$ 56,220	513,902	792,421				(641,375)	362,856	(278,519)	
Title I, Part A	84.010A		7/1/13-6/30/14	915,259	(54,223)	56,072	56,220	(56,220)			1,997	\$ 148				-	
IDEA Part B, Basic	84.027		7/1/14-6/30/15	1,115,224			(20,338)	20,338	973,092	1,082,952				(162,470)	52,610	(109,860)	
IDEA Part B, Basic	84.027		7/1/13-6/30/14	1,065,378	(445,854)	20,338	20,338	(20,338)	1,060,516		635,000						
IDEA Part B, Preschool Handicapped	84.173		7/1/14-6/30/15	22,748					21,132	21,132				(1,616)	1,616		
IDEA Part B, Preschool Handicapped	84.173		7/1/13-6/30/14	22,825					22,825		22,825						
IDEA Part B, Preschool Handicapped	84.173		9/1/12-8/31/13	24,772		1,729										1,729	
Carl D. Perkins Vocation Education	84.048A		7/1/14-6/30/15	52,382					12,683	48,243				(39,699)	4,139	(35,560)	
Carl D. Perkins Vocation Education	84.048A		7/1/13-6/30/14	50,983	(50,983)	8,349			42,654								
Title II, Part A	84.367A		7/1/14-6/30/15	145,458			(89,911)	89,911	37,226	55,665				(198,143)	179,704	(18,439)	
Title II, Part A	84.367A		7/1/13-6/30/14	141,728	(96,903)	87,174	89,911	(89,911)	6,992			5,446			2,709	(18,439)	
Title III - Language	84.365A		7/1/14-6/30/15	75,961			(9,016)	9,016	45,451	59,138				(39,526)	25,839	(13,687)	
Title III - Language	84.365A		7/1/13-6/30/14	75,463	(9,016)	46,165	9,016	(9,016)								37,149	
Title III - Immigrant	84.365A		9/1/12-8/31/13	47,932		2,783										2,783	
Race to the Top Phase 3	84.413A		9/1/11-11/30/15	149,947						88,800				(149,947)	61,147	(88,800)	
U.S. Department of Homeland Security																	
Passed Through State Department of Education																	
Hurricane Sandy	97.036		9/01/12-8/31/13	14,001		14,001									14,001		
U.S. Department of Education																	
Passed-Through County of Essex																	
Summer Youth Employment Training	17.265		7/01/12-6/30/13	4,667		4,026									4,026		
Total Special Revenue Fund					(656,979)	240,637			2,736,453	2,148,351	659,822	5,594		(1,232,776)	705,938	44,370	
Total Federal Awards					\$ (917,769)	\$ 242,048	\$ -	\$ -	\$ 4,389,078	\$ 3,620,174	\$ 659,822	\$ 5,594		\$ (1,318,365)	\$ 712,950	\$ 44,370	

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2015			Memo	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
Current Expense:												
Advance State Aid Payment	15-100-034-5120-489	7/1/14-6/30/15	\$ 4,162,426		\$ 4,162,426	\$ 4,162,426						\$ 4,162,426
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	21,802,381		20,088,910	21,802,381		\$ (1,713,471)				21,802,381
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	21,802,381	(2,136,301)	2,136,301							-
Under Adequacy Aid	15-495-034-5120-096	7/1/14-6/30/15	500,000		460,705	500,000		(39,295)				500,000
Under Adequacy Aid	14-495-034-5120-096	7/1/13-6/30/14	500,000	(48,992)	48,992							-
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	2,840,089		2,616,884	2,840,089		(223,205)				2,840,089
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	2,840,089	(278,286)	278,286							-
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	285,421		262,989	285,421		(22,432)				285,421
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	285,421	(27,967)	27,967							-
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	202,174		186,285	202,174		(15,889)				202,174
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	202,174	(19,810)	19,810							-
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	47,430		43,702	47,430		(3,728)				47,430
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	47,430		43,702	47,430		(3,728)				47,430
Extraordinary Special Ed Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	590,185		590,185	590,185		(590,185)				590,185
Extraordinary Special Ed Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	696,372	(696,372)	696,372							-
Non-Public School Transportation	N/A	7/1/14-6/30/15	55,694			55,694		(55,694)			\$ (55,694)	55,694
Non-Public School Transportation	N/A	7/1/13-6/30/14	63,060	(63,060)	63,060							-
On Behalf Payments												
TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	2,130,405		2,032,500	2,130,405		(97,905)			(97,905)	2,130,405
TPAF Social Security	14-495-034-5095-002	7/1/13-6/30/14	2,226,611	(112,369)	112,369							-
TPAF Pension												-
Pension - NCGI Premium	15-495-034-5094-007	7/1/14-6/30/15	107,315		107,315	107,315						107,315
Pension Benefit Contribution	15-495-034-5094-006	7/1/14-6/30/15	1,491,622		1,491,622	1,491,622						1,491,622
Post Retirement Medical Benefit Contribution	15-495-034-5094-001	7/1/14-6/30/15	2,538,314		2,538,314	2,538,314						2,538,314
Total General Fund				(3,383,157)	37,418,511	36,800,886	-	(2,765,532)	-	-	(153,599)	36,800,886
Special Revenue:												
New Jersey Nonpublic Aid:												
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	9,235		9,235	8,977			\$ 258			8,977
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	8,009	2,235			\$ 2,235					-
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	14,702		14,702	14,702						14,702
Nonpublic Technology	15-100-034-5120-373	7/1/14-6/30/15	4,960		4,960	4,672					288	4,672
Nonpublic Technology	14-100-034-5120-373	7/1/13-6/30/14	2,920	2,920			2,920					-
Auxiliary Services:												
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	93,163		93,163	55,002					38,161	55,002
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	72,758	26,528			26,528					-
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	26,492		26,492	7,491					19,001	7,491
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	20,950	7,595			7,595					-
Transportation	15-100-034-5120-068	7/1/14-6/30/15	19,938		19,938	19,938						19,938
Handicapped Services:												
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	9,548		9,548	9,548						9,548
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	14,013	2,170			2,170					-
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	8,835		8,835	7,156					1,679	7,156
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	8,595	3,125			3,125					-
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	14,125		14,125	7,925					6,200	7,925
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	13,183	3,304			3,304					-
Total Special Revenue Fund				47,877	200,998	135,411	47,877	-	-	65,587	-	135,411

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2015			Memo	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	\$ 24,857		\$ 23,102	\$ 24,857		\$ (1,755)			\$ (1,755)	\$ 24,857
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	27,015	\$ (5,401)	6,884	1,483	-	-	-	-	-	1,483
Total Food Service Fund				(5,401)	29,986	26,340	-	(1,755)	-	-	(1,755)	26,340
Total State Financial Assistance				(3,340,681)	37,649,495	36,962,637	47,877	(2,767,287)	-	65,587	(155,354)	36,962,637
State Financial Assistance												
Not Subject to Single Audit Determination												
General Fund												
Advance State Aid Payment	15-100-034-5120-489	7/1/14-6/30/15	4,162,426		(4,162,426)	(4,162,426)						(4,162,426)
On-Behalf TPAF Pension System Contributions-NCGI	15-100-034-5094-007	7/1/14-6/30/15	107,315	-	(107,315)	(107,315)	-	-	-	-	-	(107,315)
On-Behalf TPAF Pension System Contributions- Normal	15-100-034-5094-006	7/1/14-6/30/15	1,491,622		(1,491,622)	(1,491,622)						(1,491,622)
On-Behalf TPAF Post-Retirement Medical Contribution	15-100-034-5094-001	7/1/14-6/30/15	2,538,314	-	(2,538,314)	(2,538,314)	-	-	-	-	-	(2,538,314)
Total State Financial Assistance Subject to Single Audit				\$ (3,340,681)	\$ 29,349,818	\$ 28,662,960	\$ 47,877	\$ (2,767,287)	\$ -	\$ 65,587	\$ (155,354)	\$ 28,662,960

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Belleville Township School District. 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 basis 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 15-08, "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 and advanced state aid loan payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2 and N.J.S.A. 18A:7A-56, respectively. For GAAP purposes, the delayed state aid 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 \$3,566,631 for the general fund and a decrease of \$4,435 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	\$ 160,436	\$ 33,234,255	\$ 33,394,691
Special Revenue Fund	2,143,916	135,411	2,279,327
Food Service Fund	<u>1,311,387</u>	<u>26,340</u>	<u>1,337,727</u>
Total Financial Assistance	<u>\$ 3,615,739</u>	<u>\$ 33,396,006</u>	<u>\$ 37,011,745</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$2,130,405 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$1,598,937 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,538,314 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

Advance State Aid payment, 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? X yes no

Federal Awards Section

Internal Control over major programs:

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

(2) Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>National School Breakfast Program</u>
<u>84.010A</u>	<u>Title I, Part A</u>
<u>84.027</u>	<u>IDEA - Part B Basic</u>
<u>84.173</u>	<u>IDEA - Part B Preschool</u>

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

Auditee qualified as low-risk auditee? yes X no

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified?

yes no

(2) Significant deficiencies identified that are not considered to be material weakness(es)?

yes none reported

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

Modified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 04-04?

yes no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-495-034-5120-473</u>	<u>Extraordinary Aid</u>

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

\$859,889

Auditee qualified as low-risk auditee?

yes no

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2015-001

We noted during the year of audit, the District's financial accounting and reporting and payroll computer systems crashed and many of the District financial transactions were lost in the system. It appears the District's computer back-up procedures were inadequate.

Criteria or specific requirement

Internal Controls Over Financial Reporting.

Condition

The procedures utilized by the District included a daily back-up which was saved and stored onsite. It appears the back-up tape utilized was corrupt. As a result, the District was unable to retrieve information after the system crashed. No offsite back-up of financial transactions was performed.

Context

See Finding 2015-001.

Effect

The District's financial transactions could be lost and unretrievable. The District re-entered transactions from source documents that were lost as a result of the system crash while other information was retrieved by the software vendor.

Cause

Inadequate data back-up and recovery procedures.

Recommendation

Internal controls be reviewed and revised to ensure daily computer back-up procedures are adequate to prevent the loss of financial information and transactions in the future. In addition, the District should adopt a formal disaster recovery plan.

View of Responsible Officials and Planned Corrective Action

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2015-002

We noted significant difference between the amounts reposted on IRS Form W-3 and quarterly IRS Forms 941 for calendar year 2014.

Criteria or specific requirement

Internal Controls Over Payroll Reporting.

Condition

Amounts reported on IRS Form W-3 were not reconciled to and in agreement with the total amounts reported on the four quarterly IRS Forms for the calendar year 2014.

Context

All categories of reported wages, federal income tax withheld, social security taxes withheld and medicare taxes withheld were not in agreement.

Effect

Amounts reported on employees IRS Forms W-2 may not be accurately reported for calendar year 2014.

Cause

The District's payroll computer system crashed in September 2014 and certain payroll information was lost and may not have been properly retrieved or reentered by the District.

Recommendation

The District review the 2014 calendar year wage and tax report filings with the federal and state taxing agencies to determine the appropriate amendments to be filed for calendar year 2014.

View of Responsible Officials and Planned Corrective Action

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2015-003

Our audit of year end open purchase orders in the General and Special Revenue Funds revealed certain encumbrances should have been classified as accounts payable and certain encumbrances were deemed overstated at June 30, 2015. Audit adjustments were made to reclassify and cancel these purchase orders, accordingly.

Criteria or specific requirement:

Internal controls over year end closing procedures of open orders.

Condition

Certain encumbrances were determined to not have been classified properly, or were overstated and deemed invalid at year end.

Context

- Purchase orders classified as reserve for encumbrances should have been classified as accounts payable totaling \$232,347 in the General Fund.
- Reserve for encumbrances recorded in the General and Special Revenue Funds totaling \$86,936 were determined to be overstated.

Effect

Financial statements do not properly reflect liabilities, expenditures and fund balance at year end.

Cause

Unknown.

Recommendation

Continued efforts be made to ensure open purchase orders are reviewed at year end for appropriateness and proper classification as accounts payable or encumbrances.

View of Responsible Officials and Planned Corrective Action

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2015-004

Our review of the June 30, 2015 outstanding check list and related supporting documentation revealed the District is backdating checks issued after year end.

Criteria or specific requirement:

Internal controls of processing of payments.

Condition:

Checks processed and issued after June 30, 2015 were backdated to June 28 through June 30, 2015.

Context

Approximately 520 checks totaling \$1.2 million were processed and issued in the months of July and August 2015 that were backdated to June 28 through June 30, 2015.

Effect

Payments are made that may not be approved by the Board and properly reflected in the District's accounting records.

Cause

Unknown.

Recommendation

The practice of backdating checks processed and issued after June 30, 2015 be discontinued by the District.

View of Responsible Officials and Planned Corrective Action

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2015-005

Our audit noted that the final expenditure report for the NCLB Title III Federal grant program was not in agreement with the District records.

Criteria or specific requirement:

Grant Program Reporting Requirements

Condition:

Expenditures reported on the District's financial records were not in agreement with amounts reported on the respective grant final expenditure reports for the 2014/2015 grant period.

Context:

The District's 2014-15 Title III final expenditure report reflected expenditures of \$0. The District's financial records for the grant period reflected expenditures of \$59,138.

Effect:

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

Cause:

Final grant expenditure reports were not compared to internal accounting records.

Recommendation:

The final expenditure report for the NCLB Title III Federal grant program be reconciled to and in agreement with the District's accounting records prior to their submission.

View of Responsible Officials and Planned Corrective Action:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2015-006

Our audit of the District's capital assets revealed capital assets were not updated for 2014/2015 school year additions and deletions.

Criteria or specific requirement:

Generally Accepted Accounting Principles.

Condition:

The District did not update its capital asset records for additions and deletions for the fiscal year ended June 30, 2015.

Context:

The District's total governmental activities and business-type activities capital assets and accumulated depreciation, as reported in the CAFR, are \$25,356,483 and \$15,882,320, respectively. Current year additions, as reflected in the District's budgetary reporting system, were \$2,245,620.

Effect:

The District capital asset records may not agree with actual values of District owned assets.

Cause:

Capital assets acquired during the year were not identified and recorded in the District's capital asset accounting records.

Recommendation:

The District update its capital asset records on a timely basis to reflect all current year activity.

View of Responsible Officials and Planned Corrective Action:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2015-007

Our audit of employee salary and health benefit charges to the NCLB Title I grant program revealed amounts charged to the grant program were not charged consistently by pay period or billing cycle for each approved individual.

Federal Program Information:

Title I	84.010A
---------	---------

Criteria or Specific Requirement

Federal Grant Compliance Supplement – Employee Time and Effort

Condition:

Salaries of individuals charged to the Title I grant program were not charged by each payroll period and health benefits charged did not appear to be charged by premium billing cycle for the year.

Questioned Costs:

None.

Context:

We noted salaries and employee health benefits charged to Title I were not consistently charged for each payroll period or billing cycle during the year. We noted redistribution entries were made during the year to adjust program salary and employee benefit charges.

Effect:

Salaries and health benefits charged to Federal grants may not be allowable grant charges.

Cause:

Unknown.

Recommendation:

Employee salaries and health benefits be charged to the NCLB Title I grant program by each specific pay period or billing cycle, respectively, throughout the year.

View of Responsible Officials and Planned Corrective Action:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2015-008

Our audit revealed charges to the NCLB Title I grant program for payments made to Standard Solutions, LLC for professional development cost that appear to be for District staff other than staff specific to approved Title I staff members.

Federal Program Information:

Title I	84.010A
---------	---------

Criteria or Specific Requirement

Federal Grant Compliance Supplement – Allowable Costs/Cost Principles

Condition:

See Finding 2015-008.

Questioned Costs:

Unknown.

Context:

The District charged \$46,000 to the program for Standard Solutions, LLC for professional development charges that appear to include non-Title I District employees.

Effect:

Professional development amounts charged to the grant program may not be for allowable charges for eligible employees.

Cause:

Unknown.

Recommendation:

The District discontinue the practice of charging the Title I grant programs for professional development costs for District staff members not related to the Title I program.

View of Responsible Officials and Planned Corrective Action:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2015-009

Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- We noted certain instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded, extraordinary unspecifiable services were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
- Our audit of payments to the food service management company revealed payments for the reimbursement of costs related to lunch aides. These payments were for costs unrelated and outside the contract and therefore, should be procured separately in accordance with NJAC 5:34-4.4(b).

State program information:

Equalization Aid	495-034-5120-078
Education Adequacy Aid	495-034-5120-083
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

Condition:

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Questioned Costs:

Unknown.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs (Cont'd)

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 15-08, as amended.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2015-009 (Continued)

Context:

Purchases and contracts for instructional support, roof repairs, maintenance services, substitute teachers and paraprofessionals, technical support, network and internet improvements, grant writing, payment of lunch aides to the food services management company and other services were made in excess of the bid threshold for which documents were unavailable to determine if awards were procured through public bids advertised or other required processes in accordance with Public School Contracts Law.

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

Recommendation:

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- All payments for services unrelated and outside of the food service management company's contract be procured separately in accordance with N.J.A.C. 5:34-4.4(b).

Views of Responsible Officials and Planned Corrective Action Plan:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2015-010

Our audit of Extraordinary Aid revealed students' Individual Education Plans (IEP) for certain students reported on the application for State Extraordinary Aid were unavailable for review. We also noted one student was not classified during the 2014/2015 year. Additionally, one student's public school tuition costs were not prorated.

State program information:

Extraordinary Special Education Aid

100-034-5120-473

Criteria or specific requirement:

State Grant Compliance Supplement – Extraordinary Aid – Types of Services Allowed or Unallowable and Eligibility.

Condition:

Certain students included on the Extraordinary Aid application did not have an IEP on file, one student was a mainstreamed student who was not classified and the public tuition costs were not properly prorated on the application for the one student.

Questioned Costs:

Unknown.

Context:

Five (5) students tested out of forty three (43) sampled either did not have an IEP on file (3), was not a classified student (1) or public tuition costs were not properly prorated (1). The application listed fifty seven (57%) eligible students.

Effect:

Certain students included on the Extraordinary Aid application may not have met eligibility requirements of the program.

Cause:

Unknown.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2015-010 (Continued)

Recommendation:

Internal control procedures be reviewed and revised to ensure student IEP's are available to support student information reported on the Extraordinary Aid application, only students with valid IEP's be reported and that public tuition costs be prorated in accordance with application guidelines.

Views of Responsible Officials and Planned Corrective Action Plan:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2015-011

Our audit of the District's Application for State School Aid (ASSA) revealed that the District was unable to provide class registers or written procedures utilized to complete the October 15, 2014 ASSA. In addition, exceptions were noted for student counts reported on the District's workpapers and supporting documentation.

State program information:

Equalization Aid	495-034-5120-078
Education Adequacy Aid	495-034-5120-083
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public - Eligibility

Condition:

Class registers were not available to support the October 15, 2014 student counts. In addition, supporting documentation was either not available, incomplete or did not support students reported on the District workpapers.

Questioned Costs:

Unknown.

Context:

We were unable to test District workpapers to class registers for amounts reported as On Roll students, Low Income for Resident Students or Limited English Proficiency Students (L.E.P.) on the A.S.S.A. submitted by the District. In addition, students IEPs and lunch applications were either unavailable, incomplete or did not support students reported on District workpapers.

Effect:

Noncompliance with the State Aid Public Compliance Requirements.

Cause:

Unknown.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2015-011 (Continued)

Recommendation:

Internal control procedures be strengthened over the reporting of information on the Application for State School Aid (ASSA) to ensure District class registers and written procedures are maintained and retained for audit, as required. In addition, students reported on the District workpapers be supported by appropriate documentation or otherwise not be included on the ASSA.

Views of Responsible Officials and Planned Corrective Action Plan:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-001

Condition

With respect to fund deficits and budget line item overexpenditures:

- The District ended the fiscal year with a General Fund operating deficit in the amount of \$3,712,426 at June 30, 2014.
- We noted approximately ninety (90) budget line accounts were overexpended at June 30, 2014. In addition, we noted the total General Fund budget appropriations were overexpended by \$4,636,201 at June 30, 2014.

Current Status

Corrective action was taken.

Finding 2014-002

Condition

We noted prior to the commencement of our audit, the District's financial accounting and reporting and payroll computer systems crashed and many of the District financial transactions were lost in the system. It appears the District's computer back-up procedures were inadequate.

Current Status

See Finding 2015-001.

Finding 2014-003

Condition

Our audit with respect to the examination of claims:

- We were not provided with invoices or other supporting documentation for several payments issued during the fiscal year. In some instances the invoices or supporting documentation were not clerically accurate or sufficiently detailed to support the goods or services being paid for by the District.
- Our audit revealed purchases were made and contracts were entered into prior to the approval and issuance of a purchase order (confirming orders).

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-004

Condition

Our audit of the payroll tax reporting revealed the quarterly payroll tax filings were not always remitted to the Federal and State Agencies in a timely manner. We noted penalties and interest were charged to the District on numerous occasions for the late submissions of Federal Form 941, State Forms NJ927 and NJWR-30.

Current Status

Corrective action was taken.

Finding 2014-005

Condition

Our audit revealed that the balance in the payroll deduction account was not sufficient to pay the amounts due to the various agencies at June 30, 2014. An audit adjustment was required to record an interfund due from the General Fund in the amount of \$365,404 at year end.

Current Status

Corrective action was taken.

Finding 2014-006

Condition

With respect to year end encumbrances and accounts payable:

- Our audit of year end open purchase orders in the General and Special Revenue Funds revealed certain encumbrances should have been classified as accounts payable and certain encumbrances were deemed overstated at June 30, 2014. Audit adjustments were made to reclassify and cancel these purchase orders, accordingly.
- Our audit of payments made subsequent to June 30, 2014 revealed unrecorded liabilities and encumbrances that were not reflected in the District's accounting records at year end. Audit adjustments were made to record these amounts.

Current Status

Partial corrective action was taken. See Finding 2015-003.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-007

Condition

Our audit of the District's year end bank reconciliation balances revealed the District's general operating account cash balance was in an overdraft or deficit position of \$1,365,369 at June 30, 2014. In addition, we noted the workers' compensation claims account cash balance was also in an overdraft or deficit position of \$8,010 at year end.

Current Status

Corrective action was taken.

Finding 2014-008

Condition

We noted the financial transactions of a \$1,025,000 capital lease bank account with First Hope Bank for a roofing project and a \$1,950,000 capital lease bank account with TD Bank for security and network upgrades were not being recorded in the District's accounting records. In addition, the payments made by the banks (fiscal agents) to vendors from these accounts were not included on the bills list and therefore not approved by the Board in the official minutes.

Current Status

Corrective action was taken.

Finding 2014-009

Condition

With respect to the monthly financial reports of the Board Secretary and Treasurer of School Monies:

- We noted the monthly Board Secretary's reports were not submitted to and approved by the Board for the entire 2014/2015 school year, as required by N.J.S.A. 18A:17-36.
- The Treasurer's monthly reports or similar type cash reports were not completed timely and submitted to the Board for their approval for the months of December 2013 through June 30, 2014. We noted the Treasurer resigned in 2014, effective December 31, 2013.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-010

Condition

Our audit noted that the final expenditure reports for the NCLB Title II and Title III Federal grant programs were not in agreement with the District records.

Current Status

See Finding 2015-005.

Finding 2014-011

Condition

Our audit of the District's capital assets revealed capital assets were not updated for 2014/2015 school year additions and deletions.

Current Status

See Finding 2015-006

Finding 2014-012

Condition

Our audit of salary charges to the NCLB Title I grant program revealed the following:

- Employees and their respective salaries charged to the program were not formally approved in the Board minutes.
- An instance was noted for an employee charged to the program who was not included on the time and effort activity report for Title I.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-013

Condition

Our audit of the NCLB Title I grant program revealed employee benefits charged were not properly supported by a detail calculation nor were they charged on a monthly basis. We noted the District made an entry at year end to reallocate General Fund employee benefit charges to the grant program.

Current Status

Partial corrective action was taken. See Finding 2015-007.

Finding 2014-014

Condition

Our audit revealed charges to the NCLB Title I grant program for payments made to Standard Solutions, LLC for professional development cost that appear to be for all District staff rather than specific to Title I staff members.

Current Status

See Finding 2015-008

Finding 2014-015

Condition

Our audit of the applications for free and reduced price meals noted the following exceptions:

- Three (3) applications approved as free did not meet the eligibility requirement for free meals. These applications should have been approved for reduced price meals.
- One (1) application approved as reduced did not meet the eligibility for reduced price meals. This application should have been denied.
- Two (2) applications approved as reduced met the eligibility requirements of free meals. These applications should have been approved for free meals.
- Four (4) applications were not located and, therefore, unavailable for audit. The students selected on these applications were all classified as reduced on the list provided for audit.
- We noted the applications for the 2013/2014 school year were not filed in an orderly and systemic manner.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-016

Condition

With respect to fund deficits and budget line account overexpenditures:

- The District ended the fiscal year with a General Fund operating deficit in the amount of \$3,712,426 at June 30, 2014.
- We noted approximately ninety (90) budget line accounts were overexpended at June 30, 2014. In addition, we noted the total General Fund budget appropriations were overexpended by \$4,636,201 at June 30, 2014.

Current Status

Corrective action was taken.

Finding 2014-017

Condition

With respect to travel and expense reimbursements, our audit noted the following:

- The District did not establish by Board resolution a maximum travel expenditure amount for the budget year for which the District will not exceed, as required by Board policy.
- Purpose and relevance statements were not attached to the travel requests or purchase orders as required by Board policy.
- Instances for reimbursement of travel expenses to certain individuals for travel events that were not pre-approved by the Board as required by Board policy.
- Instance where the hotel room rate paid was in excess of the GSA approved room rate for the respective event location.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-018

Condition

Our audit revealed certain certificated staff salaries that were not classified and charged to the proper budget account lines in accordance with the Uniform Minimum Chart of Accounts.

Current Status

Corrective action was taken.

Finding 2014-019

Condition

With respect to the monthly financial reports of the Board Secretary and Treasurer of School Monies:

- We noted the monthly Board Secretary's reports were not submitted to and approved by the Board for the entire 2013/2014 school year, as required by N.J.S.A. 18A:17-36.
- The Treasurer's monthly reports or similar type cash reports were not completed timely and submitted to the Board for their approval for the months of December 2013 through June 30, 2014. We noted the Treasurer resigned in 2014, effective December 31, 2013.

Current Status

Corrective action was taken.

Finding 2014-020

Condition

The District had aggregate budget transfers to administrative budget lines that on a cumulative basis exceeded 10% of the total of the advertised administrative budget line. The cumulative transfers over 10% were noted prior to the appointment of the State Monitor and they were not submitted to nor approved by the Executive County Superintendent.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-021

Condition

Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- We noted numerous instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
- We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37(a).
- Our audit of payments to the food service management company revealed payments for the reimbursement of costs related to lunch aides. These payments were for costs unrelated and outside the contract and therefore, should be procured separately in accordance with NJAC 5:34-4.4(b).

Current Status

Partial corrective action was taken. See Finding 2015-009.

Finding 2014-022

Condition

We noted an emergency contract award for an inventory of district hardware and IT infrastructure assets as well as IT support for a ninety day period where the written statement of emergency from District personnel required by N.J.S.A. 18A:18A-7 was not available for review. In addition, we noted the required notification to the Executive County Superintendent of an emergency contract award does not appear to have been made in accordance with N.J.A.C. 5:34-6.1.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-023

Condition

We noted two (2) change orders totaling \$111,656 to a construction contractor related to the District's roofing project that were not approved by Board resolution and included in the minutes in accordance with N.J.A.C. 6A:23A-21.1(c).

Current Status

Corrective action was taken.

Finding 2014-024

Condition

A review of students' Individual Education Plans (IEP) revealed certain students reported on the application for State Extraordinary Aid did not have an intensive related service specifically included in their IEP. A minimum of one intensive related service is required to be included in a student's IEP to be eligible for inclusion on the Extraordinary Aid application.

Current Status

Corrective action was taken.

Finding 2014-025

Condition

Our audit of the District's Application for State School Aid (ASSA) revealed that the District was unable to provide workpapers, class registers or written procedures utilized to complete the October 15, 2013 ASSA.

Current Status

Partial corrective action was taken. See Finding 2015-011.