

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Belleville, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Belleville Township School District

Belleville, New Jersey

For The Fiscal Year Ended June 30, 2016

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	26

Notes to the Financial Statements	27-60
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**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
L-4	Notes to Required Supplementary Information	74

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of 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- 2d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	80-83

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

OTHER SUPPLEMENTARY INFORMATION (Continued)

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Position – Not Applicable	84
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	84
G-3	Combining Statement of Cash Flows – Not Applicable	84

H. Fiduciary Funds

H-1	Combining Statement of Agency Assets and Liabilities	85
H-2	Statement of Changes in Fiduciary Net Position – Not Applicable	86
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	86
H-4	Payroll Agency Fund Statement of Assets and Liabilities	87

I. Long-Term Debt

I-1	Schedule of Serial Bonds – Not Applicable	88
I-2	Schedule of Obligations Under Capital Leases and Lease-Purchase Agreements	89
I-3	Debt Service Fund Budgetary Comparison Schedule – Not Applicable	90

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	91
J-2	Changes in Net Position	92-93
J-3	Fund Balances – Governmental Funds	94
J-4	Changes in Fund Balances – Governmental Funds	95-96
J-5	General Fund Other Local Revenue by Source	97
J-6	Assessed Value and Actual Value of Taxable Property	98
J-7	Direct and Overlapping Property Tax Rates	99
J-8	Principal Property Taxpayers	100
J-9	Property Tax Levies and Collections	101
J-10	Ratios of Outstanding Debt by Type	102
J-11	Ratios of Net General Bonded Debt Outstanding	103
J-12	Direct and Overlapping Governmental Activities Debt	104
J-13	Legal Debt Margin Information	105
J-14	Demographic and Economic Statistics	106
J-15	Principal Employers	107
J-16	Full-Time Equivalent District Employees by Function/Program	108
J-17	Operating Statistics	109
J-18	School Building Information	110-111
J-19	Schedule of Required Maintenance for School Facilities	112
J-20	Insurance Schedule	113

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

K.

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	114-115
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 the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 - Independent Auditor’s Report	116-118
K-3	Schedule of Expenditure of Federal Awards	119
K-4	Schedule of Expenditures of State Financial Assistance	120-121
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	122-123
K-6	Schedule of Findings and Questioned Costs	124-140
K-7	Summary Schedule of Prior Year Findings	141-144

INTRODUCTORY SECTION



BELLEVILLE PUBLIC SCHOOLS

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

Dr. Richard D. Tomko, Ph.D., M.J.
Superintendent of Schools

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

November 30, 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, 2016 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 Uniform Administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance) 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 2015-2016 fiscal year with an enrollment of 4593 students, which is 1.5% less than previous year's enrollment. The district's student enrollment over the last two years is 4,662 students in 2014-2015 and 4593 students in 2015-2016.

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 have been updated to reflect the requirements of the Core Standards 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 and community involvement. The district continues to expand opportunities for students by adding option II initiatives and cooperative business education placements for students to experience and exhibit workplace readiness skills. The administration recognizes the budgetary needs to support action plans established after QSAC monitoring. Data and assessment tools, supplemental materials/technology, and innovative programs will help identify student needs that are pertinent to the educational atmosphere and 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 continues to utilize OnCourse Systems for purposes of reference to curriculum and communication with colleagues and parents. The district has provided the Envision math and Wonders ELA series for K-5 students to meet student initiatives and is proud of the middle school program that prepares students with the opportunity to attend the high school academy of Mathematics, Engineering, and Medical Sciences. We are currently looking to establish a one-to-one laptop and e-text initiative in the district beginning with the 2016-2017 school year.

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, 2016.

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, 2016.

The district submitted a Corrective Action Plan to the Executive County Superintendent dated February 22, 2016 regarding findings from the 2014-15 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.

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 2015-16 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, 2016:

<u>Revenues</u>	<u>Amount</u>	<u>% of Total</u>
Local	\$38,180,284	53.3%
State Sources	33,307,496	46.5%
Federal Sources	<u>164,183</u>	<u>0.2%</u>
Total	<u>\$71,651,963</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, 2016:

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>
Current Expenditures:		
Instruction	\$41,873,454	59.5%
Support Services	26,513,818	37.6%
Capital Outlay	30,961	0.0%
Debt Service	<u>2,023,993</u>	<u>2.9%</u>
Total Expenditures	<u>\$ 70,442,226</u>	<u>100.0%</u>

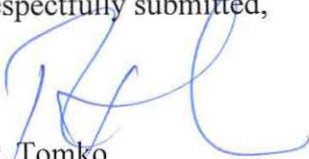
8. DEBT ADMINISTRATION: The District had no outstanding bonded debt issues (serial bonds) since September 1996. The district does have outstanding capital leases totaling \$5,540,000 at June 30, 2016.

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 Uniform Administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance) 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.

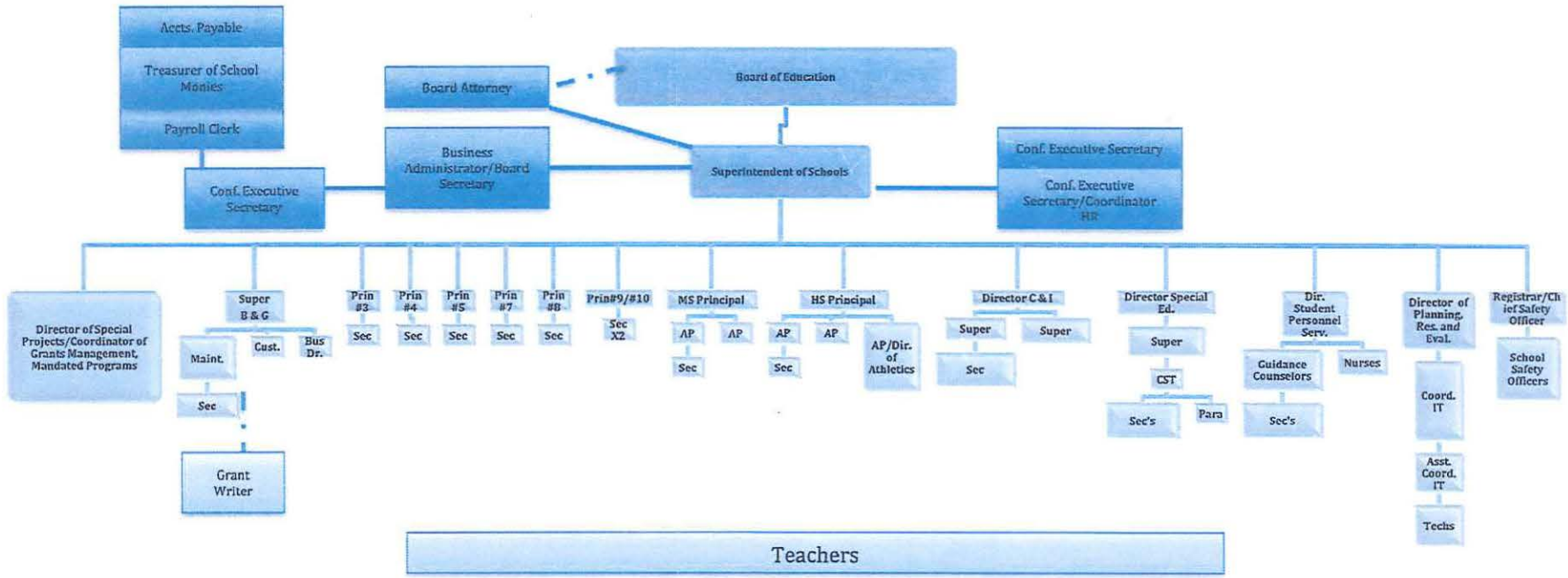
Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'R. Tomko', written over the printed name.

Dr. Tomko
Superintendent of Schools

POLICY 1110 Organizational Chart

LA



BELLEVILLE TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2016

Members of the Board of Education

Term Expires December 31

John Rivera, President	2016
Patricia Dolan, Vice President	2018
Raymond Kuebler	2016
Lillian Torres	2016
Ralph Vellon	2018
Nelson Barrera	2019
Christine Lamparello	2019

Other Officials

Richard D. Tomko, Ph.D., Superintendent

Wayne Demikoff, Interim Board Secretary/Business Administrator (7/1/15-5/31/16)

John DeFilippis, Acting Board Secretary, Business Administrator (6/1/16-6/30/16)

Schwartz Simon Edelstein Celso, Esqs., Board Attorney

Thomas Egan, State Monitor

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

CONSULTANTS & ADVISORS

JUNE 30, 2016

ARCHITECT

DiCara – Rubino Architects
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ATTORNEY

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AUDIT FIRM

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Fair Lawn, NJ 07410

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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
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, 2016 and the related notes to the financial statements, which collectively comprise the Belleville Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and 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 November 30, 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
November 30, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

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, 2016. 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 2015-2016 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 \$14,544,283. (Net Position)
- The District's total net position increased by \$2,268,638 or 13%.
- Overall District revenues were \$85,838,664. General revenues accounted for \$60,166,933 or 70% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$25,671,731 or 30% of total revenues.
- The school district had \$81,454,672 in expenses for governmental activities; only \$23,650,166 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted state and federal aid) of \$60,166,456 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,429,519. Of this amount, \$2,326,645 is restricted for capital projects, \$966,275 is assigned for year end encumbrances and the remaining amount is the unassigned fund deficit of \$1,863,401.
- The General Fund fund deficit at June 30, 2016 was \$220,977, a decrease in the deficit of \$1,209,714 compared to the ending fund deficit at June 30, 2015 of \$1,430,714.
- The General Fund budgetary fund balance at June 30, 2016 was \$2,653,300, which represents an increase of \$1,472,081 compared to the ending budgetary fund balance at June 30, 2015 of \$1,181,219.
- The District's governmental activities capital assets, net increased by \$1,018,048 during the current fiscal year.
- The District's governmental activities long-term liabilities increased by \$3,217,229 during the current fiscal year.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

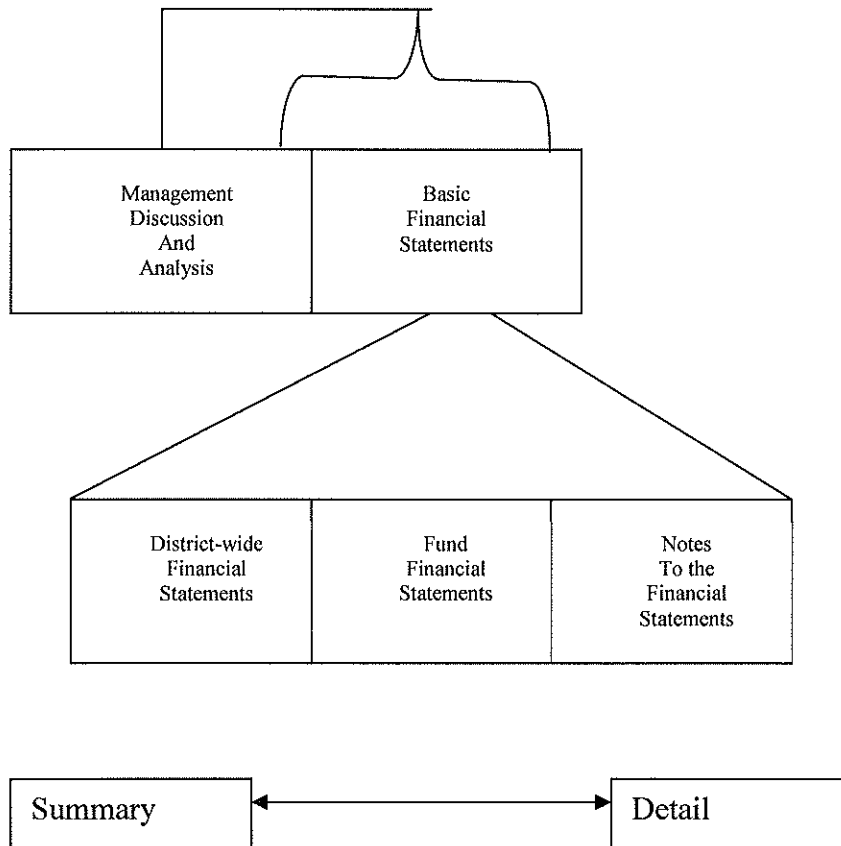
Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

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, 2016

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-term; 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, 2016

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, 2016

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 \$14,544,283 on June 30, 2016 and \$16,812,921 on June 30, 2015 as follows:

Net Position
As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$ 5,197,203	\$ 3,214,092	\$ 272,766	\$ 300,921	\$ 5,469,969	\$ 3,515,013
Capital Assets	10,425,876	9,407,828	144,244	203,689	10,570,120	9,611,517
Total Assets	<u>15,623,079</u>	<u>12,621,920</u>	<u>417,010</u>	<u>504,610</u>	<u>16,040,089</u>	<u>13,126,530</u>
Deferred Outflows of Resources	<u>3,504,456</u>	<u>1,087,457</u>	<u>-</u>	<u>-</u>	<u>3,504,456</u>	<u>1,087,457</u>
Liabilities						
Long-Term Liabilities	29,882,797	26,665,568	-	-	29,882,797	26,665,568
Other Liabilities	3,799,991	3,367,597	92,434	91,494	3,892,425	3,459,091
Total Liabilities	<u>33,682,788</u>	<u>30,033,165</u>	<u>92,434</u>	<u>91,494</u>	<u>33,775,222</u>	<u>30,124,659</u>
Deferred Inflows of Resources	<u>301,822</u>	<u>895,237</u>	<u>11,784</u>	<u>7,012</u>	<u>313,606</u>	<u>902,249</u>
Net Position						
Net Investment in Capital Assets	6,536,372	5,984,419	144,244	203,689	6,680,616	6,188,108
Restricted	676,149				676,149	
Unrestricted	(22,069,596)	(23,203,444)	168,548	202,415	(21,901,048)	(23,001,029)
Total Net Position	<u>\$ (14,857,075)</u>	<u>\$ (17,219,025)</u>	<u>\$ 312,792</u>	<u>\$ 406,104</u>	<u>\$ (14,544,283)</u>	<u>\$ (16,812,921)</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, 2016

The District's deficit in total net position of \$14,544,283 at June 30, 2016 represents a \$2,268,638 or a 13% increase in net position from the prior year deficit of \$16,812,921. The following presents the changes in net position for the fiscal years ended June 30, 2016 and 2015.

Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 230,509	\$ 151,999	\$ 666,206	\$ 673,996	\$ 896,715	\$ 825,995
Operating Grants and Contributions	23,332,011	19,446,982	1,355,359	1,337,727	24,687,370	20,784,709
Capital Grants and Contributions	87,646	8,697			87,646	
General Revenues						-
Property Taxes	37,665,506	36,249,715			37,665,506	36,249,715
State and Federal Aid - Unrestricted	22,214,027	22,982,748			22,214,027	22,982,748
Miscellaneous Income	286,923	113,690	477	176	287,400	113,866
Total Revenues	83,816,622	78,953,831	2,022,042	2,011,899	85,838,664	80,965,730
Expenses						
Instruction						
Regular	33,204,564	31,848,519			33,204,564	31,848,519
Special Education	14,015,994	14,795,513			14,015,994	14,795,513
Other Instruction	3,711,081	2,992,762			3,711,081	2,992,762
School Sponsored Activities and Athletics	942,304	939,711			942,304	939,711
Support Services						
Student and Instruction Related Services	9,317,872	9,153,952			9,317,872	9,153,952
General Administrative Services	2,737,192	2,142,876			2,737,192	2,142,876
School Administrative Services	6,331,181	4,435,456			6,331,181	4,435,456
Central Administrative Services	1,687,127	1,652,492			1,687,127	1,652,492
Plant Operations and Maintenance	6,350,149	5,635,419			6,350,149	5,635,419
Pupil Transportation	3,048,329	3,527,897			3,048,329	3,527,897
Interest on Long-Term Debt	108,879	88,069			108,879	88,069
Food Services	-	-	2,115,354	2,114,192	2,115,354	2,114,192
Total Expenses	81,454,672	77,212,666	2,115,354	2,114,192	83,570,026	79,326,858
Increase (Decrease) in Net Position Before Transfers	2,361,950	1,741,165	(93,312)	(102,293)	2,268,638	1,638,872
Transfers	-	(105,000)	-	105,000	-	-
Change in Net Position	2,361,950	1,636,165	(93,312)	2,707	2,268,638	1,638,872
Net Position, Beginning of Year	(17,219,025)	(18,838,390)	406,104	249,243	(16,812,921)	(18,589,147)
Prior Period Adjustment	-	(16,800)	-	154,154	-	137,354
Net Position, End of Year	\$ (14,857,075)	\$ (17,219,025)	\$ 312,792	\$ 406,104	\$ (14,544,283)	\$ (16,812,921)

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

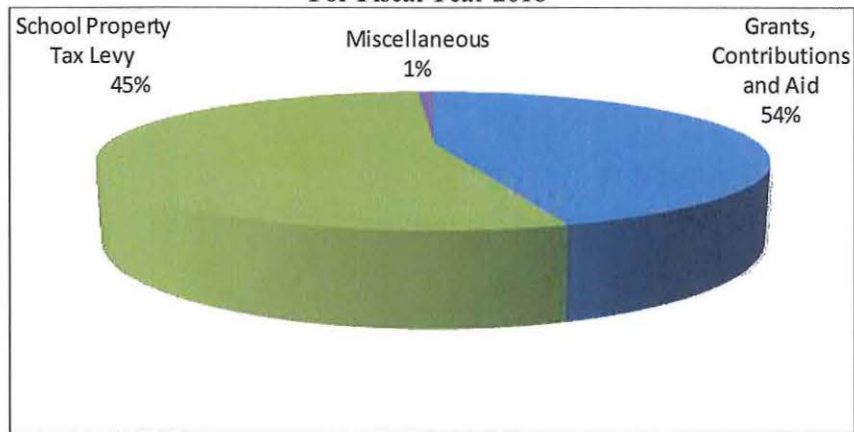
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$83,816,622 for the fiscal year ended June 30, 2016, property taxes of \$37,665,506 represented 45% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state and federal aid which totaled \$45,633,684 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 1% of revenues.

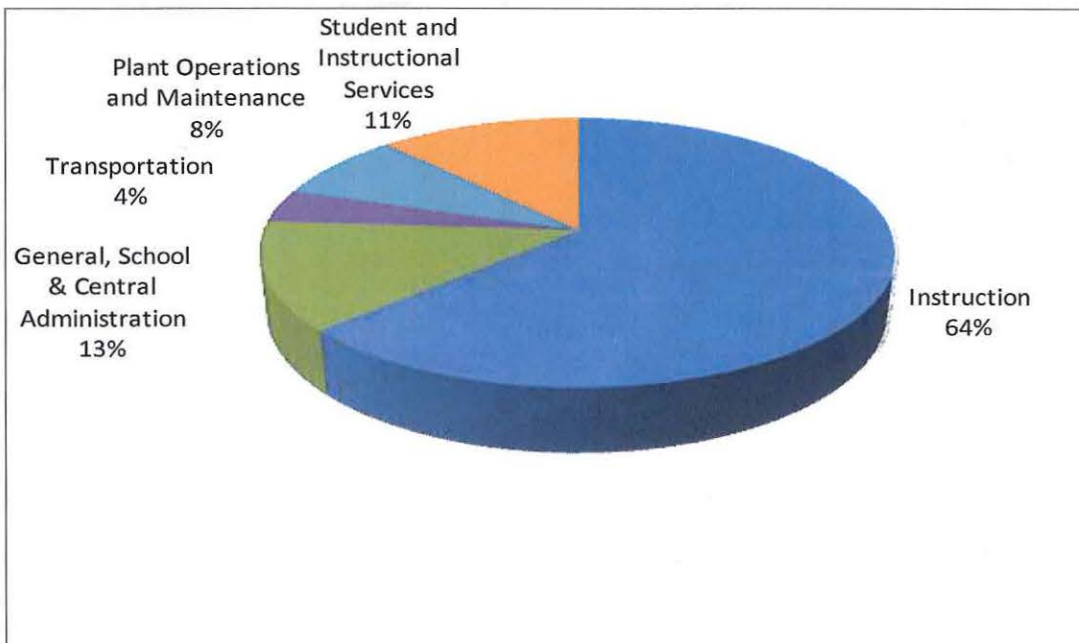
The total cost of all governmental activities programs and services was \$81,454,672 for the fiscal year ended June 30, 2016. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$51,873,943 (64%) of total expenses. Support services costs were \$29,471,850 (36%) of total expenses and interest on debt totaled \$108,879, (less than 1%) of total expenses.

For fiscal year 2016, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$2,361,950 from the previous year's balance.

Revenues by Sources – Governmental Activities
For Fiscal Year 2016



Expenses by Type-Governmental Activities
For Fiscal Year 2016



BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Net Cost of Governmental Activities. The District's total cost of services was \$81,454,672. After applying program revenues, derived from operating and capital grants and contributions of \$23,419,657 and charges for services of \$230,509, the net cost of services of the District was \$57,804,506 for the fiscal year ended June 30, 2016.

Total and Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction:				
Regular	\$ 33,204,564	\$ 31,848,519	\$ 21,981,826	\$ 23,091,843
Special Education	14,015,994	14,795,513	7,255,988	8,465,948
Other Instruction	3,711,081	2,992,762	2,503,894	2,165,715
School Sponsored Activities and Athletics	942,304	939,711	942,304	939,711
Support Services:				
Student & Instruction Related Services	9,317,872	9,153,952	7,058,045	6,972,138
General Administrative Services	2,737,192	2,142,876	2,648,415	2,070,178
School Administrative Services	6,331,181	4,435,456	4,808,739	3,592,997
Central Administrative Services	1,687,127	1,652,492	1,660,758	1,631,291
Plant Operations and Maintenance	6,350,149	5,635,419	6,069,473	5,341,278
Pupil Transportation	3,048,329	3,527,897	2,766,185	3,245,820
Interest on Long Term Debt	108,879	88,069	108,879	88,069
Total	\$ 81,454,672	\$ 77,212,666	\$ 57,804,506	\$ 57,604,988

Business-Type Activities – The District's total business-type activities revenues were \$2,022,042 for the fiscal year ended June 30, 2016. Charges for services of \$666,206 accounted for 33% of total revenues and operating grants and contributions of \$1,355,359 accounted for 67% of total revenues.

Total cost of all business-type activities programs and services was \$2,115,354 for the fiscal year ended June 30, 2016.

For fiscal year 2016, total business-type activities expense exceeded revenues, decreasing net position by \$93,312 or 23% compared to the previous year.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

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 balance of \$1,429,519 at June 30, 2016, an increase of \$1,551,991 from last year's fund deficit of \$122,472. This change was mainly attributable to general fund revenues that exceed expenditures for the 2015/2016 school year.

Revenues for the District's governmental funds were \$74,790,508, while total expenditures were \$75,432,346 for the fiscal year ended June 30, 2016. Total financing sources of the District's governmental funds for the fiscal year ended June 30, 2016 were \$2,193,829 from capital lease proceeds for boiler replacement at School No. 8 and the Middle School.

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 <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Local Sources:				
Property Tax Levy	\$ 37,665,506	\$ 36,249,715	\$ 1,415,791	4%
Tuition and Transportation Fees	230,509	151,999	78,510	329%
Miscellaneous	284,269	113,285	170,984	151%
State Sources	33,307,496	33,234,255	73,241	0%
Federal Sources	<u>164,183</u>	<u>160,436</u>	<u>3,747</u>	2%
Total General Fund Revenues	<u>\$ 71,651,963</u>	<u>\$ 69,909,690</u>	<u>\$ 1,742,273</u>	2%

For fiscal year 2016, total General Fund revenues increased \$1,742,273 or 2% from the previous year. Property taxes increased \$1,415,791 or 4% to support increases in operating costs. As indicated, State aid increased less than one percent. Significant increases were noted for tuition revenue as well as miscellaneous revenue.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 41,873,454	\$ 43,191,074	\$ (1,317,620)	-3%
Support Services	26,513,818	24,228,743	2,285,075	9%
Debt Service	2,023,993	1,572,975	451,018	29%
Capital Outlay	<u>30,961</u>	<u>68,950</u>	<u>(37,989)</u>	-55%
Total Expenditures	<u>\$ 70,442,226</u>	<u>\$ 69,061,742</u>	<u>\$ 1,380,484</u>	2%

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

GENERAL FUND (Continued)

For fiscal year 2016, total General Fund expenditures increased \$1,380,484 or 2% over the previous year. Decreases in regular and special education instruction costs and student transportation were offset by increases in administrative support services, plant operations and maintenance and debt service expenditures for the current year.

In fiscal year 2016 General Fund revenues exceeded expenditures by \$1,209,737. Therefore, the total fund deficit decreased from \$1,430,714 at June 30, 2015 to \$220,977 at June 30, 2016. After deducting restricted and assigned fund balances, the unassigned fund deficit decreased from \$1,981,733 at June 30, 2015 to \$1,863,401 at June 30, 2016.

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. 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 2016 General Fund budgetary revenues exceeded budgetary expenditures increasing budgetary fund balance \$1,472,081 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$380,716, from a fund balance of \$630,160 at June 30, 2015 to a fund balance of \$1,010,876 at June 30, 2016. In addition, the District established a restricted capital reserve fund balance in the amount of \$676,149 at June 30, 2016.

CAPITAL ASSET

At the end of fiscal year 2016, the District had \$10,425,876 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$144,244 for business type activities. The following is a comparison of the June 30, 2016 and 2015 balances:

**Capital Assets
(Net of Accumulated Depreciation)
at June 30, 2016 and 2015**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 225,057	\$ 225,057			\$ 225,057	\$ 225,057
Construction in Progress	769,836	2,163,555			769,836	2,163,555
Land Improvements	11,621	12,304			11,621	12,304
Buildings and Improvements	8,415,370	5,796,421			8,415,370	5,796,421
Furniture, Equipment and Vehicles	<u>1,003,992</u>	<u>1,210,491</u>	<u>\$ 144,244</u>	<u>\$ 203,689</u>	<u>1,148,236</u>	<u>1,414,180</u>
Total Capital Assets, Net	<u>\$ 10,425,876</u>	<u>\$ 9,407,828</u>	<u>\$ 144,244</u>	<u>\$ 203,689</u>	<u>\$ 10,570,120</u>	<u>\$ 9,611,517</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, 2016

LONG TERM LIABILITIES

At June 30, 2016 the District had \$29,882,797 of total outstanding long-term liabilities for governmental activities. Of this amount, \$5,540,000 is for capital leases, \$1,824,366 is for compensated absences, \$3,746,183 is for the state aid advance loan payable and \$18,772,248 is for the District's net pension liability. The following is a comparison of the June 30, 2016 and 2015 balances:

**Outstanding Long-Term Liabilities
as of June 30, 2016 and 2015**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Capital Leases	\$ 5,540,000	\$ 4,731,651
Lease Purchase Agreements		114,665
Compensated Absences	1,824,366	2,634,702
State Aid Advance Loan Payable	3,746,183	4,162,421
Net Pension Liability	<u>18,772,248</u>	<u>15,022,124</u>
Total	<u>\$ 29,882,797</u>	<u>\$ 26,665,563</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 2016-2017 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 2016-2017. Budgeted expenditures in the General Fund increased approximately 2% to \$65,531,227 for fiscal year 2016-2017.

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, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,174,599	-	\$ 2,174,599
Receivables, Net	1,196,336	\$ 262,827	1,459,163
Internal Balances	18,492	(18,492)	-
Inventory		28,431	28,431
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	1,807,776		1,807,776
Capital Assets, Not Being Depreciated	994,893		994,893
Capital Assets, Being Depreciated, Net	9,430,983	144,244	9,575,227
Total Assets	<u>15,623,079</u>	<u>417,010</u>	<u>16,040,089</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>3,504,456</u>	-	<u>3,504,456</u>
Total Deferred Outflows of Resources	<u>3,504,456</u>	-	<u>3,504,456</u>
Total Assets and Deferred Outflows of Resources	<u>19,127,535</u>	<u>417,010</u>	<u>19,544,545</u>
LIABILITIES			
Cash Overdraft		84,026	84,026
Accounts Payable and Other Current Liabilities	1,143,398		1,143,398
Payable to Other Governments	136,465		136,465
Accrued Interest Payable	32,307		32,307
Loans Payable	2,449,473		2,449,473
Unearned Revenue	38,348	8,408	46,756
Noncurrent Liabilities			
Due Within One Year	2,013,421		2,013,421
Due Beyond One Year	<u>27,869,376</u>	-	<u>27,869,376</u>
Total Liabilities	<u>33,682,788</u>	<u>92,434</u>	<u>33,775,222</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	301,822		301,822
Deferred Commodities Revenue	-	11,784	11,784
Total Deferred Inflows of Resources	<u>301,822</u>	<u>11,784</u>	<u>313,606</u>
Total Liabilities and Deferred Inflows of Resources	<u>33,984,610</u>	<u>104,218</u>	<u>34,088,828</u>
NET POSITION			
Net Investment in Capital Assets	6,536,372	144,244	6,680,616
Restricted for:			
Capital Projects	676,149		676,149
Unrestricted	<u>(22,069,596)</u>	<u>168,548</u>	<u>(21,901,048)</u>
	<u>\$ (14,857,075)</u>	<u>\$ 312,792</u>	<u>\$ (14,544,283)</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 33,204,564	\$ 81,830	\$ 11,053,262	\$ 87,646	(21,981,826)		\$ (21,981,826)
Special Education	14,015,994	148,679	6,611,327		(7,255,988)		(7,255,988)
Other Instruction	3,711,081		1,207,187		(2,503,894)		(2,503,894)
School Sponsored Activities and Athletics	942,304				(942,304)		(942,304)
Support Services:							
Student & Instruction Related Services	9,317,872		2,259,827		(7,058,045)		(7,058,045)
General Administrative Services	2,737,192		88,777		(2,648,415)		(2,648,415)
School Administrative Services	6,331,181		1,522,442		(4,808,739)		(4,808,739)
Central Administrative Services	1,687,127		26,369		(1,660,758)		(1,660,758)
Plant Operations and Maintenance	6,350,149		280,676		(6,069,473)		(6,069,473)
Pupil Transportation	3,048,329		282,144		(2,766,185)		(2,766,185)
Interest on Long Term Debt	108,879	-	-	-	(108,879)	-	(108,879)
Total Governmental Activities	81,454,672	230,509	23,332,011	87,646	(57,804,506)	-	(57,804,506)
Business-Type Activities:							
Food Service	2,115,354	666,206	1,355,359	-	-	\$ (93,789)	(93,789)
Total Business-Type Activities	2,115,354	666,206	1,355,359	-	-	(93,789)	(93,789)
Total Primary Government	\$ 83,570,026	\$ 896,715	\$ 24,687,370	\$ 87,646	(57,804,506)	(93,789)	(57,898,295)

16

Continued

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 37,665,506	-	\$ 37,665,506
Unrestricted State & Federal Aid	22,214,027	-	22,214,027
Miscellaneous Income	<u>286,923</u>	<u>\$ 477</u>	<u>287,400</u>
 Total General Revenues	 <u>60,166,456</u>	 <u>477</u>	 <u>60,166,933</u>
 Change in Net Position	 2,361,950	 (93,312)	 2,268,638
 Net Position, Beginning of Year, (Restated)	 <u>(17,219,025)</u>	 <u>406,104</u>	 <u>(16,812,921)</u>
 Net Position, End of Year	 <u>\$ (14,857,075)</u>	 <u>\$ 312,792</u>	 <u>\$ (14,544,283)</u>

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

FUND FINANCIAL STATEMENTS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,816,674			\$ 1,816,674
Receivables From Other Governments	168,976	\$ 847,560		1,016,536
Other Accounts Receivable, Net	37,031			37,031
Due from Other Funds	750,564			750,564
Restricted Assets				
Cash and Cash Equivalents with Fiscal Agent	-	-	\$ 1,807,776	1,807,776
Total Assets	<u>\$ 2,773,245</u>	<u>\$ 847,560</u>	<u>\$ 1,807,776</u>	<u>\$ 5,428,581</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 299,748	\$ 91,368	\$ 157,280	548,396
Accrued Salaries and Wages	81,205			81,205
Compensated Absences Payable	155,872			155,872
Due to Other Funds		589,303		589,303
Payable to State Government		67,562		67,562
Payable to Federal Government	7,924	60,979		68,903
Delayed State Aid Loan Payable	2,449,473			2,449,473
Unearned Revenue	-	38,348	-	38,348
Total Liabilities	<u>2,994,222</u>	<u>847,560</u>	<u>157,280</u>	<u>3,999,062</u>
Fund Balances (Deficits):				
Restricted				
Capital Reserve	676,149			676,149
Capital Projects			1,650,496	1,650,496
Assigned				
Year End Encumbrances	966,275			966,275
Unassigned	(1,863,401)	-	-	(1,863,401)
Total Fund Balances (Deficits)	<u>(220,977)</u>	<u>-</u>	<u>1,650,496</u>	<u>1,429,519</u>
Total Liabilities and Fund Balances	<u>\$ 2,773,245</u>	<u>\$ 847,560</u>	<u>\$ 1,807,776</u>	<u>\$ 5,428,581</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 1,429,519

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 \$24,203,656 and the accumulated depreciation is \$13,777,780.

10,425,876

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
Deferred Inflows of Resources

\$ 3,504,456
(301,822)

3,202,634

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:

(32,307)

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

Capital Leases
State Aid Advance Loan Payable
Compensated Absences
Net Pension Liability

5,540,000
3,746,183
1,824,366
18,772,248

(29,882,797)

Net Position of Governmental Activities (Exhibit A-1)

\$ (14,857,075)

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 37,665,506			\$ 37,665,506
Tuition	230,509			230,509
Miscellaneous	284,269	\$ 809	\$ 1,198	286,276
Total - Local Sources	38,180,284	809	1,198	38,182,291
State Sources	33,307,496	118,238		33,425,734
Federal Sources	164,183	3,018,300	-	3,182,483
Total Revenues	71,651,963	3,137,347	1,198	74,790,508
EXPENDITURES				
Instruction				
Regular	26,258,200	1,518,318		27,776,518
Special Education	11,653,305	1,230,268		12,883,573
Other Instruction	3,052,154	73,054		3,125,208
School Sponsored Activities and Athletics	909,795			909,795
Support Services				
Student and Instruction Related Services	7,872,989	208,936		8,081,925
General Administrative Services	2,665,188			2,665,188
School Administrative Services	5,471,386			5,471,386
Central Administrative Services	1,624,441			1,624,441
Plant Operations and Maintenance	5,981,135			5,981,135
Pupil Transportation	2,898,679	19,125		2,917,804
Debt Service				
Principal	1,916,388			1,916,388
Interest	107,605			107,605
Capital Outlay	30,961	87,646	1,852,773	1,971,380
Total Expenditures	70,442,226	3,137,347	1,852,773	75,432,346
Excess (Deficiencies) of Revenues				
Over/(Under) Expenditures	1,209,737	-	(1,851,575)	(641,838)
OTHER FINANCING SOURCES				
Capital Lease Proceeds (Non-Budgeted)	-	-	2,193,829	2,193,829
Total Other Financing Sources	-	-	2,193,829	2,193,829
Net Change in Fund Balances	1,209,737	-	342,254	1,551,991
Fund Balance (Deficit), Beginning of Year, (Restated)	(1,430,714)	-	1,308,242	(122,472)
Fund Balance (Deficit), End of Year	\$ (220,977)	\$ -	\$ 1,650,496	\$ 1,429,519

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, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 1,551,991**

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

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

Capital Outlays	\$ 1,971,380	
Depreciation Expense	<u>(953,332)</u>	1,018,048

The issuance of long term debt provides current financial resources to governmental funds, however these transactions have no effect in the statement activities.

Lease Proceeds		(2,193,829)
----------------	--	-------------

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.

Capital Lease Principal	1,385,480	
Lease Purchase Principal	114,665	
State Aid Advance Loan Payable	<u>416,243</u>	1,916,388

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. (-) (1,274)

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 (+).

Net Decrease in Compensated Absences	810,336	
Net Increase in Pension Expense	<u>(739,710)</u>	<u>70,626</u>

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 2,361,950**

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business-Type Activities Enterprise Fund	Internal Service Fund Worker's Compensation Self-Insurance Fund
	Food Service	
ASSETS		
Cash and Cash Equivalents		\$ 357,925
Intergovernmental Receivable	\$ 232,790	
Other Accounts Receivable	30,037	
Inventories	28,431	-
	291,258	357,925
Total Current Assets		
Capital Assets		
Equipment	733,513	
Accumulated Depreciation	(589,269)	-
	144,244	-
Total Capital Assets, Net		
Total Assets	435,502	357,925
LIABILITIES		
Current Liabilities		
Cash Overdraft	84,026	
Due To Other Funds	18,492	
Claims and Judgements Payable		253,131
Accrued Liability for Insurance Claims		104,794
Unearned Revenue	8,408	-
	110,926	357,925
Total Current Liabilities		
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue	11,784	-
	122,710	357,925
Total Liabilities and Deferred Inflows of Resources		
NET POSITION		
Investment in Capital Assets	144,244	
Unrestricted	168,548	-
	\$ 312,792	\$ -
Total Net Position		

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, 2016**

	Business-Type Activities Enterprise Fund	Internal Service Fund Worker's Compensation Self-Insurance Fund
	Food Service	
OPERATING REVENUES		
Local Sources		
Daily Sales - Reimbursable Programs	\$ 361,839	
Daily Sales - Non-Reimbursable Programs	299,032	
Special Events	5,335	
Board Contributions	-	\$ 57,601
Miscellaneous Revenue	-	859
	<hr/>	<hr/>
Total Operating Revenues	666,206	58,460
OPERATING EXPENSES		
Salaries and Benefits	686,124	
Employee Benefits	250,757	
Cost of Sales - Reimbursable Programs	769,831	
Cost of Sales - Non-Reimbursable Programs	95,690	
Repairs & Maintenance	11,284	
Supplies and Materials	91,880	
Other Purchased Services	22,564	
Management Fee	85,704	
Miscellaneous Expense	28,115	
Worker's Compensation Claims		59,057
Depreciation	73,405	-
	<hr/>	<hr/>
Total Operating Expenses	2,115,354	59,057
Operating Loss	(1,449,148)	(597)
Nonoperating Revenues		
State Sources		
State School Lunch Program	24,357	
Federal Sources		
School Breakfast Program	73,586	
National School Lunch Program	1,106,572	
Food Distribution Program	150,844	
Interest Earnings	477	597
	<hr/>	<hr/>
Total Nonoperating Revenues	1,355,836	597
Changes in Net Position	(93,312)	-
Total Net Position, Beginning of Year (Restated)	406,104	-
Total Net Position, End of Year	\$ 312,792	\$ -

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, 2016**

	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	\$ 666,091	\$ 859
Cash Received From District Contribution		57,601
Cash Payments for Employees Salaries and Benefits	(936,881)	
Cash Payments to Suppliers for Goods and Services	<u>(1,057,158)</u>	<u>(117,963)</u>
Net Cash (Used for) Operating Activities	<u>(1,327,948)</u>	<u>(59,503)</u>
Cash Flows from Noncapital Financing Activities		
Cash Received from Other Funds	194,694	85,715
Cash Received from State and Federal Subsidy Reimbursements	<u>1,059,069</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,253,763</u>	<u>85,715</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	<u>(13,960)</u>	<u>-</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(13,960)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest Earnings Received	<u>477</u>	<u>597</u>
Net Cash Provided by Investing Activities	<u>477</u>	<u>597</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(87,668)	26,809
Cash and Cash Equivalents , Beginning of Year	<u>3,642</u>	<u>331,116</u>
Cash and Cash Equivalents (Overdraft), End of Year	<u>\$ (84,026)</u>	<u>\$ 357,925</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Operating Loss	\$ (1,449,148)	\$ (597)
Adjustments to Reconcile Operating Loss to Net Cash (Used for) Operating Activities		
Depreciation	73,405	
Non-Cash Federal Assistance-Food Distribution Program	150,844	
Change in Assets, Liabilities and Deferred Inflows of Resources		
(Increase)/Decrease in Accounts Receivable	(21,928)	
(Increase)/Decrease in Inventory	(2,807)	
Increase/(Decrease) in Accounts Payable	(83,609)	
Increase/(Decrease) in Claims and Judgements Payable		(63,171)
Increase/(Decrease) in Accrued Liability for Insurance Claims	-	4,265
Increase/(Decrease) in Unearned Revenue	523	
Increase/(Decrease) in Deferred Commodities Revenue	<u>4,772</u>	<u>-</u>
Total Adjustments	<u>121,200</u>	<u>(58,906)</u>
Net Cash (Used For) Operating Activities	<u>\$ (1,327,948)</u>	<u>\$ (59,503)</u>
Non-Cash Invest, Capital and Financing Activities:		
Value Received - Food Distribution Program	\$ 155,616	

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, 2016**

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 38,498	\$ 404,851
Due from Other Funds	<u>45,708</u>	<u>-</u>
Total Assets	<u>\$ 84,206</u>	<u>\$ 404,851</u>
LIABILITIES		
Due to Student Groups		\$ 210,123
Intergovernmental Payable - State	\$ 10,190	
Payroll Deductions and Withholdings		6,251
Due to Other Funds	<u>-</u>	<u>188,477</u>
Total Liabilities	<u>\$ 10,190</u>	<u>\$ 404,851</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 74,016</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, 2016**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
District	\$ 105,000
Employee	60,133
Investment Earnings	
Interest	<u>109</u>
Total Additions	<u>165,242</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>175,631</u>
Total Deductions	<u>175,631</u>
Change in Net Position	(10,389)
Net Position, Beginning of Year	<u>84,405</u>
Net Position, End of Year	<u>\$ 74,016</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, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Belleville Township School District Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of 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 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*. 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 applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 No. 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 No. 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 No. 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 No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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, 2016**

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, 2016**

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 funds which are 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 worker's compensation program coverages provided to other departments or agencies of the District, or to other Boards of Education, 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, 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, 2016**

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 and federal 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 Board'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, 2016**

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	20
Buildings	45
Building Improvements	10-25
Vehicles	10
Office Equipment and Furniture	5
Computer Equipment	5

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 Board has one item which arise only under the accrual basis of accounting that qualify for reporting in this category. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. 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, 2016**

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 Board has two types 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 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 vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. 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, 2016**

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

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, 2016**

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 2014-2015 and 2015-2016 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 Nonoperating 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 fund are charges to customers for sales and services. Operating expenses for enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$1,237,507. 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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			
Support Services School Administration			
Salaries of Principals/Asst. Principals/ Program Directors	\$1,831,756	\$1,869,337	\$(37,581)
Salaries of Other Professional Staff	966,621	1,003,141	(36,520)
Unallocated Benefit			
Other Employee Benefits	165,580	258,102	(92,522)
Sick Payment	133,445	170,922	(37,477)

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,863,401 in the General Fund as of June 30, 2016 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 2015/2016 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$1,863,401 in the General Fund is less than the delayed state aid payments at June 30, 2016.

D. Capital Reserve

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Increased by	
Deposits Approved by Board Resolution	\$ 676,149
Balance, June 30, 2016	<u>\$ 676,149</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$4,341,698 and bank and brokerage firm balances of the Board's deposits amounted to \$7,121,340. 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>\$ 7,121,340</u>
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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, 2016 none of the Board's bank balance were exposed to custodial credit risk.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2016, 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.

B. Receivables

Receivables as of June 30, 2016 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	\$ 168,976		\$ 4,534	\$ 173,510
Federal		\$ 847,560	228,256	1,075,816
Accounts	<u>37,031</u>	<u>-</u>	<u>30,037</u>	<u>67,068</u>
Gross Receivables	206,007	847,560	262,827	1,316,394
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 206,007</u>	<u>\$ 847,560</u>	<u>\$ 262,827</u>	<u>\$ 1,316,394</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ <u>38,348</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, <u>July 1, 2015</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 225,057			\$ 225,057
Construction in Progress	<u>2,163,555</u>	<u>\$ 1,852,773</u>	<u>\$ (3,246,492)</u>	<u>769,836</u>
Total Capital Assets, Not Being Depreciated	<u>2,388,612</u>	<u>1,852,773</u>	<u>(3,246,492)</u>	<u>994,893</u>
Capital Assets, Being Depreciated:				
Land Improvements	13,670			13,670
Building and Building Improvements	16,404,815	3,246,492		19,651,307
Machinery and Equipment	<u>3,425,179</u>	<u>118,607</u>	<u>-</u>	<u>3,543,786</u>
Total Capital Assets Being Depreciated	<u>19,843,664</u>	<u>3,365,099</u>	<u>-</u>	<u>23,208,763</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,366)	(683)		(2,049)
Buildings and Improvements	(10,608,394)	(627,543)		(11,235,937)
Machinery and Equipment	<u>(2,214,688)</u>	<u>(325,106)</u>	<u>-</u>	<u>(2,539,794)</u>
Total Accumulated Depreciation	<u>(12,824,448)</u>	<u>(953,332)</u>	<u>-</u>	<u>(13,777,780)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,019,216</u>	<u>2,411,767</u>	<u>-</u>	<u>9,430,983</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,407,828</u>	<u>\$ 4,264,540</u>	<u>\$ (3,246,492)</u>	<u>\$ 10,425,876</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2015 (Restated)	Increases	Decreases	Balance, June 30, 2016
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 719,553	\$ 13,960	-	\$ 733,513
Total Capital Assets Being Depreciated	<u>719,553</u>	<u>13,960</u>	<u>-</u>	<u>733,513</u>
Less Accumulated Depreciation for:				
Equipment	(515,864)	(73,405)	-	(589,269)
Total Accumulated Depreciation	<u>(515,864)</u>	<u>(73,405)</u>	<u>-</u>	<u>(589,269)</u>
Total Capital Assets, Being Depreciated, Net	<u>203,689</u>	<u>(59,445)</u>	<u>-</u>	<u>144,244</u>
Business-Type Activities Capital Assets, Net	<u>\$ 203,689</u>	<u>\$ (59,445)</u>	<u>\$ -</u>	<u>\$ 144,244</u>

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

Governmental Activities:

Instruction	
Regular	\$ 532,419
Special Education	1,416
Total Instruction	<u>533,835</u>
Support Services	
Student and Instruction Related Services	148,600
School Administrative Services	19,243
Plant Operations and Maintenance	175,606
Pupil Transportation	76,048
Total Support Services	<u>419,497</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 953,332</u>
Business-Type Activities:	
Food Service Fund	\$ 73,405
Total Depreciation Expense - Business-Type Activities	<u>\$ 73,405</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Commitment</u>
Boiler Replacement Project at School Number 8 and Belleville Middle School	<u>\$ 781,120</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 589,303
General Fund	Food Service Fund	18,492
General Fund	Payroll Agency Fund	142,769
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>45,708</u>
Total		<u>\$ 796,272</u>

The above balances are the result of receipts deposited in one fund which are due to 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.

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$72,924. There are no future minimum lease payments.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 and network upgrades and boiler replacements totaling \$9,405,214 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Construction in Progress	\$ 769,836
Building Improvements	6,073,564
Machinery and Equipment	<u>912,873</u>
	<u>\$ 7,756,273</u>

The unexpended proceeds from capital leases in the amount of \$1,807,776 at June 30, 2016 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, 2016 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2017	\$ 1,526,714
2018	1,809,015
2019	1,220,797
2020	522,529
2021	522,529
2022	<u>261,265</u>
Total minimum lease payments	5,862,849
Less: amount representing interest	<u>(322,849)</u>
Present value of minimum lease payments	<u>\$ 5,540,000</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

State Aid Advance Loan Payable

In March 2015, the Board entered into a loan 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 State aid advance loan 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 loan 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 2015/2016 school year.

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

Governmental Activities:

<u>Year Ended</u> <u>June 30,</u>	<u>State Aid Advance Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 416,243		\$ 416,243
2018	416,243		416,243
2019	416,243		416,243
2020	416,243		416,243
2021	416,243		416,243
2022-2025	<u>1,664,968</u>	<u>-</u>	<u>1,664,968</u>
Totals	<u>\$ 3,746,183</u>	<u>\$ -</u>	<u>\$ 3,746,183</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 111,578,386
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 111,578,386</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance, July 1, 2015 (Restated)	Additions	Reductions	Balance, June 30, 2016	Due Within One Year
Governmental Activities:					
Capital Leases	\$ 4,731,651	\$ 2,193,829	\$ 1,385,480	\$ 5,540,000	\$ 1,414,741
Lease Purchase Agreements	114,665		114,665	-	-
Compensated Absences	2,634,702		810,336	1,824,366	182,437
State Aid Advance Loan Payable	4,162,426		416,243	3,746,183	416,243
Net Pension Liability	15,022,124	4,469,079	718,955	18,772,248	-
Governmental Activity Long-term Liabilities	<u>\$ 26,665,568</u>	<u>\$ 6,662,908</u>	<u>\$ 3,445,679</u>	<u>\$ 29,882,797</u>	<u>\$ 2,013,421</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, the liabilities for capital leases, compensated absences, state aid advance loan and net pension liability are generally liquidated by the general fund.

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2016 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, 2016 was as follows:

<u>General Fund</u>	Rate %	Maturity Date	Balance, July 1, 2015	Issued	Redeemed	Balance, June 30, 2016
Delayed State Aid	1.25%	7/9/2015	\$ 2,021,748		\$ 2,021,748	
Delayed State Aid	3.25%	7/8/2016	\$ -	\$ 2,449,473	-	\$ 2,449,473
			<u>\$ 2,021,748</u>	<u>\$ 2,449,473</u>	<u>\$ 2,021,748</u>	<u>\$ 2,449,473</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016, 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 \$357,925 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, 2016 and 2015 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Unpaid Claims, Beginning of Year	\$ 416,893	\$ 693,021
Incurred Claims (Including IBNR)	58,995	245,151
Claim Payments	<u>(117,963)</u>	<u>(521,341)</u>
Unpaid Claims, End of Year	<u>\$ 357,925</u>	<u>\$ 416,831</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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
2016	\$ 105,000	\$ 60,133	\$ 175,631	\$ 74,016
2015	422,729	55,956	480,001	84,405
2014	115,000	61,946	136,921	85,652

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

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.us/treasury/doinvest.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 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, 2014 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 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% 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, 2016 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, 2016, 2015 and 2014 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>
2016	\$ 718,955	\$ 2,388,926	\$ 27,407
2015	661,443	1,598,937	19,793
2014	575,845	1,225,221	9,771

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

For fiscal years 2015/2016 and 2014/2015, the state contributed \$2,388,926 and \$1,598,937, 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 \$2,097,428 during the fiscal year ended June 30, 2016 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.

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, 2016, the District reported in the statement of net position (accrual basis) a liability of \$18,772,248 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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, 2015, the District's proportionate share was 0.08363 percent, which was an increase of 0.00340 percent from its proportionate share measured as of June 30, 2014 of 0.08023 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,458,665 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 447,840	
Changes of Assumptions	2,015,990	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 301,822
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,040,626</u>	<u>-</u>
Total	<u>\$ 3,504,456</u>	<u>\$ 301,822</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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)

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>		
2017	\$	622,920
2018		622,920
2019		622,920
2020		846,729
2021		<u>487,145</u>
	\$	<u>3,202,634</u>

Actuarial Assumptions

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

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

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, 2016**

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, 2015 are summarized in the following table:

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

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	4.90%

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 3.80%. 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 23,331,607</u>	<u>\$ 18,772,248</u>	<u>\$ 14,949,714</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS 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 report 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, 2016**

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% of the net pension liability attributable to the District 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, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$11,413,584 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, 2016 the State's proportionate share of the net pension liability attributable to the District is \$186,927,127. 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, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .29575 percent, which was an increase of .00613 percent from its proportionate share measured as of June 30, 2014 of .28962 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods 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 -
Study Upon Which Actuarial	June 30, 2012
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, 2016**

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, 2015 are summarized in the following table:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	4.13%

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

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 3.80%. 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 4.13%, 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 (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 222,155,903</u>	<u>\$ 186,927,127</u>	<u>\$ 156,575,428</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 report 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 2015.

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2016, 2015 and 2014 were \$2,844,551, \$2,538,314 and \$2,008,901, 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 RESTATEMENT

In the previously issued financial statements for the year ending June 30, 2015, the Belleville Township School District did not accurately reflect certain capital assets balances at year end. The District has determined the effect of this restatement on the financial statements previously reported as of and for the fiscal year ended June 30, 2015 was to decrease governmental activities capital assets, net, with a corresponding decrease in the net investment in capital assets component of net position in the amount of \$16,800 and to increase business-type activities and food service enterprise fund capital assets, net, with a corresponding increase in the net investment in capital assets component of net position in the amount of \$154,154.

The financial statements of the general fund have been restated at June 30, 2015 to reflect the state aid advance loan as a long-term liability in accordance with generally accepted accounting principles. The effect of this restatement on the financial statements previously reported as of and for the fiscal year ended June 30, 2015 was to reduce fund liabilities with a corresponding increase in the unassigned component of fund balance in the amount of \$4,162,426 in the general fund.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 37,665,506		\$ 37,665,506	\$ 37,665,506	
Tuition From Individuals	70,000		70,000	81,830	\$ 11,830
Tuition From Other LEAs Within the State	102,800		102,800	148,679	45,879
Unrestricted Miscellaneous Revenues	140,000	-	140,000	284,269	144,269
Total Local Revenues	37,978,306	-	37,978,306	38,180,284	201,978
State Sources					
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	-
School Choice Aid				25,000	25,000
Extraordinary Special Education Costs Aid	531,771		531,771	424,804	(106,967)
Nonpublic School Transportation Costs				64,206	64,206
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				2,275,572	2,275,572
Pension - NCGI Premium				113,354	113,354
Post Retirement Medical Benefit Contribution				2,844,551	2,844,551
Reimbursed Social Security Contribution	-	-	-	2,097,428	2,097,428
Total State Revenues	26,256,696	-	26,256,696	33,569,840	7,313,144
Federal Sources					
Special Education Medicaid Initiative Reimbursement	100,643	-	100,643	164,183	63,540
	100,643	-	100,643	164,183	63,540
Total Revenues	64,335,645	-	64,335,645	71,914,307	7,578,662
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	1,290,742	\$ (125,551)	1,165,191	1,160,463	4,728
Grades 1-5	5,763,448	13,693	5,777,141	5,714,274	62,867
Grades 6-8	3,204,862	(43,459)	3,161,403	3,079,215	82,188
Grades 9-12	7,334,878	(282,487)	7,052,391	7,045,076	7,315
Regular Programs - Home Instruction					
Salaries of Teachers	125,000	84,000	209,000	203,621	5,379
Purchased Professional-Educational Services		100,000	100,000	92,995	7,005
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	14,663	46,327	60,990	46,458	14,532
Purchased Professional-Educational Services	725,000	(696,004)	28,996	28,996	28,996
Purchased Technical Services		5,000	5,000	5,000	-
Other Purchased Services		2,080	2,080	2,080	-
General Supplies	332,000	105,809	437,809	321,564	116,245
Textbooks	378,499	32,988	411,487	411,039	448
Other Objects	-	20	20	20	-
Total Regular Programs	19,169,092	(757,584)	18,411,508	18,081,805	329,703

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	\$ 607,415	\$ 20,988	\$ 628,403	\$ 626,616	\$ 1,787
Other Salaries for Instruction	328,965	(8,172)	320,793	319,727	1,066
General Supplies	2,500	1,500	4,000	2,491	1,509
Total Learning / Language Disabilities	<u>938,880</u>	<u>14,316</u>	<u>953,196</u>	<u>948,834</u>	<u>4,362</u>
Behavioral Disabilities					
Salaries of Teachers	179,515	(41,700)	137,815	135,758	2,057
Other Salaries for Instruction	36,949	54,661	91,610	91,214	396
General Supplies	500	1,062	1,562	1,287	275
Total Behavioral Disabilities	<u>216,964</u>	<u>14,023</u>	<u>230,987</u>	<u>228,259</u>	<u>2,728</u>
Multiple Disabilities					
Salaries of Teachers	177,536	(100)	177,436	173,209	4,227
Other Salaries for Instruction	81,378	79,122	160,500	159,096	1,404
General Supplies	500	995	1,495	1,439	56
Total Multiple Disabilities	<u>259,414</u>	<u>80,017</u>	<u>339,431</u>	<u>333,744</u>	<u>5,687</u>
Resource Room / Resource Center					
Salaries of Teachers	2,355,539	(32,454)	2,323,085	2,321,251	1,834
Other Salaries for Instruction	795,218	(293,386)	501,832	494,149	7,683
General Supplies	8,000	7,728	15,728	13,252	2,476
Total Resource Room / Resource Center	<u>3,158,757</u>	<u>(318,112)</u>	<u>2,840,645</u>	<u>2,828,652</u>	<u>11,993</u>
Autism					
Salaries of Teachers	144,052	50,346	194,398	191,536	2,862
Other Salaries for Instruction	315,513	(157,729)	157,784	157,750	34
General Supplies	1,000	2,109	3,109	1,783	1,326
Total Autism	<u>460,565</u>	<u>(105,274)</u>	<u>355,291</u>	<u>351,069</u>	<u>4,222</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	223,671	60,847	284,518	283,648	870
Other Salaries for Instruction	88,825	305,844	394,669	394,524	145
General Supplies	1,000	1,527	2,527	1,916	611
Total Preschool Disabilities - Full - Time	<u>313,496</u>	<u>368,218</u>	<u>681,714</u>	<u>680,088</u>	<u>1,626</u>
Home Instruction					
Salaries of Teachers	60,000	22,000	82,000	78,318	3,682
Total Home Instruction	<u>60,000</u>	<u>22,000</u>	<u>82,000</u>	<u>78,318</u>	<u>3,682</u>
Total Special Education	<u>5,408,076</u>	<u>75,188</u>	<u>5,483,264</u>	<u>5,448,964</u>	<u>34,300</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 943,738	\$ 283,431	\$ 1,227,169	\$ 1,226,718	\$ 451
General Supplies	<u>5,000</u>	<u>(3,071)</u>	<u>1,929</u>	<u>761</u>	<u>1,168</u>
Total Basic Skills/Remedial	<u>948,738</u>	<u>280,360</u>	<u>1,229,098</u>	<u>1,227,479</u>	<u>1,619</u>
Bilingual Education					
Salaries of Teachers	897,634	(18,435)	879,199	873,212	5,987
General Supplies	<u>10,000</u>	<u>(89)</u>	<u>9,911</u>	<u>7,178</u>	<u>2,733</u>
Total Bilingual Education	<u>907,634</u>	<u>(18,524)</u>	<u>889,110</u>	<u>880,390</u>	<u>8,720</u>
School Sponsored Co-Curricular Activities					
Salaries	121,000	13,841	134,841	130,004	4,837
Supplies and Materials	3,000	-	3,000	-	3,000
Other Objects	<u>1,000</u>	<u>(555)</u>	<u>445</u>	<u>385</u>	<u>60</u>
Total School Sponsored Co-Curricular Activities	<u>125,000</u>	<u>13,286</u>	<u>138,286</u>	<u>130,389</u>	<u>7,897</u>
School Sponsored Athletics - Instruction					
Salaries	401,918	8,727	410,645	381,087	29,558
Purchased Services	147,264	14,440	161,704	126,489	35,215
Supplies and Materials	64,415	(19)	64,396	53,725	10,671
Other Objects	<u>11,300</u>	<u>17,077</u>	<u>28,377</u>	<u>24,407</u>	<u>3,970</u>
Total School Sponsored Athletics - Instruction	<u>624,897</u>	<u>40,225</u>	<u>665,122</u>	<u>585,708</u>	<u>79,414</u>
Total - Instruction	<u>27,183,437</u>	<u>(367,049)</u>	<u>26,816,388</u>	<u>26,354,735</u>	<u>461,653</u>
Undistributed Expenditures					
Instruction (Tuition)					
Tuition - Other LEA's Within State - Special	245,092	177,345	422,437	422,437	-
Tuition to County Vocational School District-Reg.	153,686	(10,000)	143,686	143,046	640
Tuition to County Vocational School/Dist.-Spec.	59,176	(26,727)	32,449	31,409	1,040
Tuition to County Special Services - School Districts & Regional Day Schools	782,369	(616,136)	166,233	161,775	4,458
Tuition to Private Schools - Disabled Within State	4,208,925	(1,019,410)	3,189,515	3,188,222	1,293
Tuition - State Facilities	36,806	-	36,806	36,806	-
Tuition - Other	<u>28,244</u>	<u>17,893</u>	<u>46,137</u>	<u>46,137</u>	<u>-</u>
Total Undistributed Expenditures - Instruction	<u>5,514,298</u>	<u>(1,477,035)</u>	<u>4,037,263</u>	<u>4,029,832</u>	<u>7,431</u>
Attendance and Social Work Services					
Salaries	30,000	6,700	36,700	36,667	33
Other Purchased Services	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total Attendance and Social Work Services	<u>30,500</u>	<u>6,700</u>	<u>37,200</u>	<u>36,667</u>	<u>533</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 794,378	\$ 18,139	\$ 812,517	\$ 812,003	\$ 514
Purchased Professional and Technical Services	40,000	28,904	68,904	68,769	135
Other Purchased Services	5,000	7,452	12,452	12,452	-
Supplies and Materials	18,960	(5,011)	13,949	11,069	2,880
Total Health Services	<u>858,338</u>	<u>49,484</u>	<u>907,822</u>	<u>904,293</u>	<u>3,529</u>
Speech, OT, PT and Related Services					
Salaries	739,912	(96,152)	643,760	643,760	-
Purchased Professional - Educational Services	455,000	89,624	544,624	542,234	2,390
Supplies and Materials	-	80	80	80	-
Total Speech, OT, PT and Related Services	<u>1,194,912</u>	<u>(6,448)</u>	<u>1,188,464</u>	<u>1,186,074</u>	<u>2,390</u>
Other Support Services-Students-Extra Services					
Salaries	112,475	92,680	205,155	184,447	20,708
Purchased Professional-Educational Services	637,051	168,311	805,362	801,443	3,919
Total Other Support Services-Extra	<u>749,526</u>	<u>260,991</u>	<u>1,010,517</u>	<u>985,890</u>	<u>24,627</u>
Guidance					
Salaries of Other Professional Staff	812,222	58,005	870,227	863,252	6,975
Salaries of Secretarial and Clerical Assistants	201,748	(53,587)	148,161	134,022	14,139
Purchased Professional-Educational Services	32,000	3,520	35,520	35,520	-
Other Purchased Services	500	(300)	200	-	200
Supplies and Materials	16,000	(641)	15,359	15,176	183
Other Objects	1,000	(1,000)	-	-	-
Total Guidance	<u>1,063,470</u>	<u>5,997</u>	<u>1,069,467</u>	<u>1,047,970</u>	<u>21,497</u>
Child Study Team					
Salaries of Other Professional Staff	1,452,642	(167,241)	1,285,401	1,277,807	7,594
Salaries of Secretarial and Clerical Assistants	101,445	59,720	161,165	156,495	4,670
Other Purchased Professional and Technical Services		21,149	21,149	20,942	207
Other Purchased Services		1,200	1,200	1,139	61
Miscellaneous Purchased Services	10,000	2,725	12,725	12,725	-
Supplies and Materials	15,000	9,497	24,497	17,488	7,009
Other Objects	27,500	2,083	29,583	29,191	392
Total Child Study Team	<u>1,606,587</u>	<u>(70,867)</u>	<u>1,535,720</u>	<u>1,515,787</u>	<u>19,933</u>
Improvement of Instruction Services					
Salaries of Supervisor of Instruction		-			-
Salaries of Other Professional Staff	247,423	(241,096)	6,327	3,521	2,806
Salaries of Secretarial & Clerical Assist.	23,699	(23,699)			-
Supplies and Materials	2,000	-	2,000	-	2,000
Total Improvement of Instruction Services	<u>273,122</u>	<u>(264,795)</u>	<u>8,327</u>	<u>3,521</u>	<u>4,806</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 195,175	\$ 43,825	\$ 239,000	\$ 239,000	-
Supplies and Materials	41,500	(9,501)	31,999	26,589	\$ 5,410
Total Educational Media Services/School Library	<u>236,675</u>	<u>34,324</u>	<u>270,999</u>	<u>265,589</u>	<u>5,410</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	1,000	-	1,000		1,000
Purchased Professional - Educational Services	45,000	(40,000)	5,000	1,500	3,500
Other Purchased Services	12,000	(10,000)	2,000	-	2,000
Total Instructional Staff Training Services	<u>58,000</u>	<u>(50,000)</u>	<u>8,000</u>	<u>1,500</u>	<u>6,500</u>
Support Services General Administration					
Salaries	337,799	112,965	450,764	449,531	1,233
Salaries of Fiscal Monitors	144,000	-	144,000	128,976	15,024
Repayment of Principal -NJ DOE Loan	416,243	-	416,243	416,243	-
Legal Services	375,000	430,726	805,726	801,872	3,854
Audit Fees	90,000	(21,000)	69,000	68,176	824
Architectural/Engineering Services		55,000	55,000	37,331	17,669
Other Purchased Professional Services	120,000	(50,000)	70,000	58,393	11,607
Communications/Telephone	175,000	(105,000)	70,000	64,775	5,225
BOE Other Purchased Services	4,500	1,000	5,500	3,692	1,808
Miscellaneous Purchased Services	552,790	(273,644)	279,146	278,706	440
General Supplies	7,000	-	7,000	4,943	2,057
BOE In-House Training/Meeting Supplies		1,000	1,000	697	303
Judgments Against the School District		1,175,204	1,175,204	475,204	700,000
Miscellaneous Expenditures	43,500	(32,095)	11,405	10,321	1,084
BOE Membership Dues and Fees	30,000	-	30,000	29,953	47
Total Support Services General Administration	<u>2,295,832</u>	<u>1,294,156</u>	<u>3,589,988</u>	<u>2,828,813</u>	<u>761,175</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,883,609	(51,853)	1,831,756	1,869,337	(37,581)
Salaries of Other Professional Staff	197,692	768,929	966,621	1,003,141	(36,520)
Salaries of Secretarial and Clerical Assistants	878,174	(12,906)	865,268	850,294	14,974
Other Purchased Services	54,800	64,252	119,052	116,248	2,804
Supplies and Materials	89,000	(50,264)	38,736	37,894	842
Other Objects	7,000	(2,338)	4,662	4,625	37
Total Support Services School Administration	<u>3,110,275</u>	<u>715,820</u>	<u>3,826,095</u>	<u>3,881,539</u>	<u>(55,444)</u>
Central Services					
Salaries	526,464	52,680	579,144	579,144	-
Purchased Technical Services	45,000	(12,240)	32,760	32,760	-
Miscellaneous Purchased Services	36,500	6,722	43,222	35,113	8,109
Supplies and Materials	7,500	850	8,350	7,393	957
Interest on Lease Purchase Agreements	100,618	6,986	107,604	107,604	-
Miscellaneous Expenditures	4,000	2,590	6,590	6,590	-
Total Central Services	<u>720,082</u>	<u>57,588</u>	<u>777,670</u>	<u>768,604</u>	<u>9,066</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Administration Information Technology					
Salaries	\$ 65,000	\$ 182,500	\$ 247,500	\$ 241,975	\$ 5,525
Purchased Technical Services	560,501	(271,439)	289,062	288,735	327
Other Purchased Services	75,000	(26,700)	48,300	41,262	7,038
Supplies and Materials	15,000	71,529	86,529	77,175	9,354
Total Administration Information Technology	715,501	(44,110)	671,391	649,147	22,244
Required Maintenance for School Facilities					
Salaries	364,845	41,700	406,545	399,551	6,994
Cleaning, Repair & Maintenance Services	225,000	(50,610)	174,390	160,463	13,927
General Supplies	150,000	8,195	158,195	149,674	8,521
Total Required Maintenance for School Facilities	739,845	(715)	739,130	709,688	29,442
Custodial Services					
Salaries	1,796,681	363,307	2,159,988	2,124,587	35,401
Purchased Professional and Technical Services		14,330	14,330	14,330	-
Cleaning, Repair and Maintenance Services	100,000	44,039	144,039	139,300	4,739
Other Purchased Property Services	78,400	(14,231)	64,169	64,169	-
Insurance	301,825	(5,500)	296,325	295,250	1,075
Miscellaneous Purchased Services		750	750	375	375
General Supplies	123,500	(35,284)	88,216	71,848	16,368
Energy (Natural Gas)	260,000	60,000	320,000	309,690	10,310
Energy (Electricity)	381,832	132,903	514,735	510,246	4,489
Other Objects	5,000	-	5,000	2,229	2,771
Total Custodial Services	3,047,238	560,314	3,607,552	3,532,024	75,528
Care and Upkeep of Grounds					
Salaries	92,139	2,300	94,439	91,620	2,819
Total Care and Upkeep of Grounds	92,139	2,300	94,439	91,620	2,819
Security					
Salaries	352,280	51,349	403,629	402,022	1,607
Purchased Professional and Technical Services	95,000	5,500	100,500	100,460	40
General Supplies	2,500	-	2,500	1,613	887
Total Security	449,780	56,849	506,629	504,095	2,534
Student Transportation Services					
Salaries of Non-Instructional Aides	346,000	(8,545)	337,455	328,834	8,621
Salaries for Pupil Transportation (Between Home and School) - Regular	222,855	(60,001)	162,854	155,969	6,885
Salaries for Pupil Transportation (Between Home and School) - Special	310,000	(60,000)	250,000	243,235	6,765
Salaries for Pupil Transportation (Other Than Between Home & School)	95,000	47,868	142,868	128,415	14,453
Management Fee - ESC & CTSA Trans. Prog.	36,500	23,540	60,040	55,077	4,963
Cleaning, Repair and Maintenance Services	100,000	(12,339)	87,661	87,411	250
Contracted Services - Aid in Lieu Payments - Non-Public	390,000	(28,768)	361,232	361,232	-
Contracted Services (Other Than Between Home and School) - Vendors	50,000	(32,000)	18,000	16,240	1,760
Contracted Services (Spec Ed) - Vendors		320	320	320	-
Contracted Services (Spec Ed) - Joint Agreements	17,000	(5,100)	11,900	9,984	1,916
Contracted Services (Spec Ed) - ESC's & CTSA's	1,000,000	159,783	1,159,783	1,159,782	1
Miscellaneous Purchased Services - Transportation	8,000	(2,827)	5,173	5,173	-
Transportation Supplies	75,000	17,280	92,280	9,533	82,747
Miscellaneous Expenditures	15,000	(2,113)	12,887	12,887	-
Total Student Transportation Services	2,665,355	37,098	2,702,453	2,574,092	128,361

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 400,000	\$ 379,058	\$ 779,058	\$ 777,879	\$ 1,179
Other Retirement Contributions - PERS	665,000	54,000	719,000	718,955	45
Other Retirement Contributions - Other	11,998	22,683	34,681	33,088	1,593
Unemployment Compensation	150,000	(45,000)	105,000	105,000	-
Workmen's Compensation	508,860	97,130	605,990	520,275	85,715
Health Benefits	8,120,066	(838,210)	7,281,856	7,031,425	250,431
Tuition Reimbursement	50,000	-	50,000	20,300	29,700
Other Employee Benefits	110,000	55,580	165,580	258,102	(92,522)
Unused Sick Payment to Terminated/Retired Staff	83,445	50,000	133,445	170,922	(37,477)
Total Unallocated Benefits	<u>10,099,369</u>	<u>(224,759)</u>	<u>9,874,610</u>	<u>9,635,946</u>	<u>238,664</u>
On Behalf TPAF Contributions (Non Budgeted)					
Pension Benefit Contribution		-		2,275,572	(2,275,572)
Pension -NCGI Premium				113,354	(113,354)
Post Retirement Medical Benefit Contribution		-		2,844,551	(2,844,551)
Reimbursed Social Security Contribution	-	-	-	2,097,428	(2,097,428)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,330,905</u>	<u>(7,330,905)</u>
Total Undistributed Expenditures	<u>35,520,844</u>	<u>942,892</u>	<u>36,463,736</u>	<u>42,483,596</u>	<u>(6,019,860)</u>
Total Expenditures - Current Expenditures	<u>62,704,281</u>	<u>575,843</u>	<u>63,280,124</u>	<u>68,838,331</u>	<u>(5,558,207)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instructional Equipment		5,799	5,799	5,799	-
Support Serv.-Students Child Study Teams		2,012	2,012	2,012	-
Custodial Services		12,150	12,150	12,150	-
School Buses - Special	-	11,000	11,000	11,000	-
Total Equipment	<u>-</u>	<u>30,961</u>	<u>30,961</u>	<u>30,961</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Lease Purchase Agreements - Principal	1,539,790	(39,645)	1,500,145	1,500,145	-
Assessment for Debt Service on SDA Funding	22,935	-	22,935	22,935	-
Total Facilities Acquisition and Construction Services	<u>1,562,725</u>	<u>(39,645)</u>	<u>1,523,080</u>	<u>1,523,080</u>	<u>-</u>
Total Capital Outlay	<u>1,562,725</u>	<u>(8,684)</u>	<u>1,554,041</u>	<u>1,554,041</u>	<u>-</u>
Transfer of Funds to Charter Schools	68,639	(16,100)	52,539	49,854	2,685
Total Expenditures	<u>64,335,645</u>	<u>551,059</u>	<u>64,886,704</u>	<u>70,442,226</u>	<u>(5,555,522)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(551,059)</u>	<u>(551,059)</u>	<u>1,472,081</u>	<u>2,023,140</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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)	-	\$ (551,059)	\$ (551,059)	\$ 1,472,081	\$ 2,023,140
Fund Balances, Beginning of Year	\$ 1,181,219	-	1,181,219	1,181,219	-
Fund Balances (Deficits), End of Year	\$ 1,181,219	\$ (551,059)	\$ 630,160	\$ 2,653,300	\$ 2,023,140
Recapitulation					
Restricted					
Capital Reserve				\$ 676,149	
Assigned					
Year End Encumbrances				966,275	
Unassigned				<u>1,010,876</u>	
Fund Balance Per State Budgetary Basis of Accounting				2,653,300	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(2,874,277)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ (220,977)</u>	

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 210,000	\$ (4,754)	\$ 205,246	\$ 118,238	\$ (87,008)
Federal	2,510,830	668,728	3,179,558	3,018,300	(161,258)
Local Sources					
Miscellaneous	-	22,474	22,474	809	(21,665)
Total Revenues	<u>2,720,830</u>	<u>686,448</u>	<u>3,407,278</u>	<u>3,137,347</u>	<u>(269,931)</u>
EXPENDITURES					
Instruction					
Salaries	1,198,021	(376,140)	821,881	760,636	61,245
Other Salaries for Instruction	22,748	(22,384)	364	364	-
Purchased Professional / Technical Services	152,163	105,869	258,032	159,846	98,186
Other Purchased Services	1,124,226	160,854	1,285,080	1,268,188	16,892
General Supplies	-	452,849	452,849	409,692	43,157
Textbooks	9,235	571	9,806	8,394	1,412
Total Instruction	<u>2,506,393</u>	<u>321,619</u>	<u>2,828,012</u>	<u>2,607,120</u>	<u>220,892</u>
Support Services - Instruction					
Salaries	122,455	(40,455)	82,000	56,820	25,180
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Purchased Professional / Technical Services	14,702	117,819	132,521	114,321	18,200
Other Purchased Services	19,938	4,968	24,906	24,093	813
Supplies and Materials	57,342	(40,704)	16,638	16,063	575
Total Support Services	<u>214,437</u>	<u>41,628</u>	<u>256,065</u>	<u>211,297</u>	<u>44,768</u>
Unallocated Employee Benefits	-	235,555	235,555	231,284	4,271
Capital Outlay					
Instructional Equipment	-	87,646	87,646	87,646	-
Total Capital Outlay	<u>-</u>	<u>87,646</u>	<u>87,646</u>	<u>87,646</u>	<u>-</u>
Total Expenditures	<u>2,720,830</u>	<u>686,448</u>	<u>3,407,278</u>	<u>3,137,347</u>	<u>269,931</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, 2016**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue 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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 71,914,307	\$ 3,137,347
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2015-2016)	(2,874,277)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2014-2015)	2,611,933	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2016	-	-
Encumbrances , June 30, 2015, net of cancellations	-	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 71,651,963</u>	<u>\$ 3,137,347</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 70,442,226	\$ 3,137,347
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, 2016	-	-
Encumbrances , June 30, 2015, net of cancellations	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 70,442,226</u>	<u>\$ 3,137,347</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 Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.08363%	.08023%	.07642 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,772,248	\$ 15,022,124	\$ 14,606,291
District's Covered-Employee Payroll	\$ 4,680,094	\$ 5,498,805	\$ 5,051,790
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	401.11%	273.19%	289.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	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 Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 718,955	\$ 661,443	\$ 575,845
Contributions in Relation to the Contractually Required Contribution	<u>718,955</u>	<u>661,443</u>	<u>575,845</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 4,680,094	\$ 5,498,805	\$ 5,051,790
Contributions as a Percentage of Covered-Employee Payroll	15.36%	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 Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>186,927,127</u>	<u>154,793,607</u>	<u>150,597,225</u>
Total	<u>\$ 186,927,127</u>	<u>\$ 154,793,607</u>	<u>\$ 150,597,225</u>
District's Covered-Employee Payroll	28,475,277	29,722,849	28,462,899
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

This schedule is presented to illustrate the requirement to show information for 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, 2016**

Change of Benefit Terms:

None.

Change of Assumptions:

Assumptions used in calculating the net pension liability and
statutorily required employer contribution are presented in Note 4D.

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, 2016

	Race to the Top	Title I	Title II A	Title III	Carl D. Perkins	Local Grants	IDEA		(Exhibit E-1a)	Total 2016
							Preschool Handicapped	Regular Program Part B		
REVENUES										
Intergovernmental										
State									\$ 118,238	\$ 118,238
Federal	\$ 48,807	\$ 1,389,028	\$ 214,129	\$ 73,054	\$ 40,617		\$ 22,402	\$ 1,230,263	-	\$ 3,018,300
Other Sources	-	-	-	-	-	\$ 809	-	-	-	809
Total Revenues	\$ 48,807	\$ 1,389,028	\$ 214,129	\$ 73,054	\$ 40,617	\$ 809	\$ 22,402	\$ 1,230,263	\$ 118,238	\$ 3,137,347
EXPENDITURES										
Instruction										
Salaries		\$ 693,358	\$ 5,044	\$ 39,902	\$ 294		\$ 22,038		-	760,636
Other Salaries for Instruction							364			364
Purchased Professional / Technical Services		56,947	\$ 32,000						\$ 70,899	159,846
Other Purchased Services			92,610					1,175,578		1,268,188
General Supplies		272,477	56,359	23,201	\$ 21,187	809		\$ 32,288	3,371	409,692
Textbooks	-	-	-	-	-	-	-	-	8,394	8,394
Total Instruction	-	1,022,782	186,013	63,103	21,481	809	22,402	1,207,866	82,664	2,607,120
Support Services										
Salaries		56,820							-	56,820
Personnel Services - Employee Benefits		221,333		9,951					-	231,284
Purchased Professional / Technical Services	48,807	24,387			5,500			22,397	13,230	114,321
Other Purchased Services		4,968							19,125	24,093
Supplies and Materials	\$ -	6,188	-	-	6,656	-	-	-	3,219	16,063
Total Support Services	48,807	313,696	-	9,951	12,156	-	-	22,397	35,574	442,581
Capital Outlay										
Instructional Equipment	-	52,550	28,116	-	6,980	-	-	-	-	87,646
Total Capital Outlay	-	52,550	28,116	-	6,980	-	-	-	-	87,646
Total Expenditures	\$ 48,807	\$ 1,389,028	\$ 214,129	\$ 73,054	\$ 40,617	\$ 809	\$ 22,402	\$ 1,230,263	\$ 118,238	\$ 3,137,347

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic Security	Nonpublic Technology	Nonpublic Nursing	Nonpublic Textbook	Chapter 192 Services			Chapter 193 Services			Total Exhibit E-1a
					Compensatory Education	ESL	Transportation	Examination & Classification	Corrective Speech	Supplemental Instruction	
REVENUES											
Intergovernmental											
State	\$ 3,219	\$ 3,371	\$ 13,230	\$ 8,394	\$ 43,793	\$ 2,801	\$ 19,125	\$ 9,054	\$ 6,819	\$ 8,432	\$ 118,238
Federal											
Other Sources	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 3,219</u>	<u>\$ 3,371</u>	<u>\$ 13,230</u>	<u>\$ 8,394</u>	<u>\$ 43,793</u>	<u>\$ 2,801</u>	<u>\$ 19,125</u>	<u>\$ 9,054</u>	<u>\$ 6,819</u>	<u>\$ 8,432</u>	<u>\$ 118,238</u>
EXPENDITURES											
Instruction											
Salaries											-
Other Salaries for Instruction											-
Purchased Professional / Technical Services					\$ 43,793	\$ 2,801		\$ 9,054	\$ 6,819	\$ 8,432	\$ 70,899
Other Purchased Services											-
General Supplies		\$ 3,371									3,371
Textbooks	-	-	-	\$ 8,394	-	-	-	-	-	-	8,394
Total Instruction	<u>-</u>	<u>3,371</u>	<u>-</u>	<u>8,394</u>	<u>43,793</u>	<u>2,801</u>	<u>-</u>	<u>9,054</u>	<u>6,819</u>	<u>8,432</u>	<u>82,664</u>
Support Services											
Salaries											-
Personnel Services - Employee Benefits											-
Purchased Professional / Technical Services			\$ 13,230								13,230
Other Purchased Services							\$ 19,125				19,125
Supplies and Materials	3,219	-	-	\$ -	-	-	-	-	-	-	3,219
Total Support Services	<u>3,219</u>	<u>-</u>	<u>13,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,574</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>	<u>-</u>
Total Expenditures	<u>\$ 3,219</u>	<u>\$ 3,371</u>	<u>\$ 13,230</u>	<u>\$ 8,394</u>	<u>\$ 43,793</u>	<u>\$ 2,801</u>	<u>\$ 19,125</u>	<u>\$ 9,054</u>	<u>\$ 6,819</u>	<u>\$ 8,432</u>	<u>\$ 118,238</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Project Balance June 30, 2016</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	\$ 1,025,174	\$ 877,156	-	\$ 148,018
Acquisition and Installation of Security System and Network Upgrades	1,950,033	1,949,916	-	117
IP Integration Services and Network Cabling and Refreshing	3,323,870	2,163,555	\$ 1,082,937	\$ 77,378
Boiler Replacement at School Number 8 and the Middle School	<u>2,400,990</u>	<u>-</u>	<u>769,836</u>	<u>\$ 1,631,154</u>
	<u>\$ 8,700,067</u>	<u>\$ 4,990,627</u>	<u>\$ 1,852,773</u>	<u>\$ 1,856,667</u>
<u>Reconciliation to GAAP Basis</u>				
Project Balance, June 30, 2016				\$ 1,856,667
Less: Capital Leases Authorized by Not Issued				<u>\$ (206,171)</u>
Fund Balance, June 30, 2016 - GAAP Basis				<u>\$ 1,650,496</u>
<u>Reconciliation to Fund Balance</u>				
Restricted for Capital Projects				
Year End Encumbrances				\$ 826,848
Available for Capital Projects				<u>823,648</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 1,650,496</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, 2016**

Revenues and Other Financing Sources

Capital Lease Proceeds	\$ 2,193,829
Interest on Investments	<u>1,198</u>
 Total Revenues and Other Financing Sources	 <u>2,195,027</u>

Expenditures and Other Financing Uses

Professional Services	118,796
Rentals	278,160
Equipment	259,785
Construction Services	<u>1,196,032</u>
 Total Expenditures and Other Financing Uses	 <u>1,852,773</u>

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	342,254
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Fund Balance- Beginning	<u>1,308,242</u>
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Fund Balance- Ending	<u>\$ 1,650,496</u>
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Reconciliation to GAAP

Fund Balance, End of Year - Budgetary Basis	<u>\$ 1,650,496</u>
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Fund Balance, June 30, 2016 - GAAP	<u>\$ 1,650,496</u>
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**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, 2016**

	<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	112	\$ 62	174	174
	<u>1,025,112</u>	<u>62</u>	<u>1,025,174</u>	<u>1,025,174</u>
Expenditures and Other Financing Uses				
Construction Services	875,656		875,656	1,023,674
Other Objects	1,500	-	1,500	1,500
	<u>877,156</u>	<u>-</u>	<u>877,156</u>	<u>1,025,174</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 147,956</u>	<u>\$ 62</u>	<u>\$ 148,018</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, 2016**

	<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
	<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
	<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, 2016**

	<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	\$ 146	358	358
	<u>3,323,724</u>	<u>146</u>	<u>3,323,870</u>	<u>3,323,870</u>
Expenditures and Other Financing Uses				
Equipment	47,714	259,785	307,499	356,909
Construction Services	2,115,841	823,152	2,938,993	2,966,961
	<u>2,163,555</u>	<u>1,082,937</u>	<u>3,246,492</u>	<u>3,323,870</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,160,169</u>	<u>\$ (1,082,791)</u>	<u>\$ 77,378</u>	<u>\$ -</u>

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
BOILER REPLACEMENT AT SCHOOL NUMBER EIGHT AND THE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	-	\$ 2,193,829	\$ 2,193,829	\$ 2,400,000
Interest Earnings	-	990	990	990
Total Revenues and Other Financing Sources	-	2,194,819	2,194,819	2,400,990
Expenditures and Other Financing Uses				
Professional Fees	-	118,796	118,796	396,956
Rentals	-	278,160	278,160	278,150
Construction Services	-	372,880	372,880	1,211,793
Other Objects	-	-	-	514,091
Total Expenditures and Other Financing Uses	-	769,836	769,836	2,400,990
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 1,424,983	\$ 1,424,983	\$ -

PROPRIETARY FUNDS

EXHIBIT G-1

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

FIDUCIARY FUNDS

AGENCY FUNDS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash	\$ 210,123	\$ 194,728	\$ 404,851
Total Assets	<u>\$ 210,123</u>	<u>\$ 194,728</u>	<u>\$ 404,851</u>
LIABILITIES			
Due to Student Groups	\$ 210,123		\$ 210,123
Payroll Deductions and Withholdings		\$ 6,251	6,251
Due to Other Funds	<u>-</u>	<u>188,477</u>	<u>188,477</u>
Total Liabilities	<u>\$ 210,123</u>	<u>\$ 194,728</u>	<u>\$ 404,851</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2016**

	Restated July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2016</u>
Elementary Schools:				
Summer Program	\$ 3,001	\$ 5,663	3,879	\$ 4,785
Middle School :	9,792	38,251	18,482	29,561
Senior High School:	<u>157,577</u>	<u>201,595</u>	<u>183,395</u>	<u>175,777</u>
Total All Schools	<u>\$ 170,370</u>	<u>\$ 245,509</u>	<u>\$ 205,756</u>	<u>\$ 210,123</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
AGENCY FUNDS
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,667	\$ 42,731,487	\$ 42,539,426	\$ 194,728
Due from General Fund	<u>3,664</u>	<u>-</u>	<u>3,664</u>	<u>-</u>
Total Assets	<u>\$ 6,331</u>	<u>\$ 42,731,487</u>	<u>\$ 42,543,090</u>	<u>\$ 194,728</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 2,375	\$ 18,124,870	\$ 18,120,994	\$ 6,251
Accrued Salaries and Wages		24,403,681	24,403,681	-
Due to Other Funds	<u>3,956</u>	<u>202,936</u>	<u>18,415</u>	<u>188,477</u>
Total Liabilities	<u>\$ 6,331</u>	<u>\$ 42,731,487</u>	<u>\$ 42,543,090</u>	<u>\$ 194,728</u>

LONG-TERM DEBT

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
<u>CAPITAL LEASES</u>						
5 School Buses	\$ 452,873	2.63%	\$ 287,254		\$ 54,556	\$ 232,698
Roof Projects	1,025,000	3.92%	417,427		204,697	212,730
Trucks, Mowers and Technology	460,000	1.68%	185,988		92,219	93,769
Acquisition and Installation of Security System and Network Upgrades	1,950,000	1.12%	1,194,317		393,675	800,642
IP Integration Services and Network Cabling and Refreshing	3,323,512	2.189%	2,646,665		640,333	2,006,332
Boiler Replacement at School No. 8 and the Middle School	2,193,829	2.82%	-	\$ 2,193,829	-	2,193,829
Subtotal - Capital Leases			4,731,651	2,193,829	1,385,480	5,540,000
<u>LEASE PURCHASE AGREEMENTS</u>						
Purchase of Computers (Supplies)	236,035	3.63%	114,665	-	114,665	-
			<u>\$ 4,846,316</u>	<u>\$ 2,193,829</u>	<u>\$ 1,500,145</u>	<u>\$ 5,540,000</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

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,									
	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016
Governmental activities										
Net Investment in Capital Assets	\$ 6,045,712	\$ 5,920,405	\$ 5,980,916	\$ 6,103,240	\$ 5,960,277	\$ 5,476,606	\$ 5,505,798	\$ 5,513,725	\$ 5,984,419	\$ 6,536,372
Restricted	528,454	80,038	447,023	90,310	90,310	90,310				676,149
Unrestricted	(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)	(22,069,596)
Total governmental activities net position	<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>\$ (17,219,025)</u>	<u>\$ (14,857,075)</u>
Business-type activities										
Net Investment in Capital Assets	\$ 102,267	\$ 115,498	\$ 98,679	\$ 134,953	\$ 158,249	\$ 139,998	\$ 107,347	\$ 79,214	\$ 203,689	\$ 144,244
Restricted	102,910	100,937	156,596	234,957	310,712	413,791				
Unrestricted							261,874	170,029	202,415	168,548
Total business-type activities net position	<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>\$ 406,104</u>	<u>\$ 312,792</u>
District-wide										
Net Investment in Capital Assets	\$ 6,147,979	\$ 6,035,903	\$ 6,079,595	\$ 6,238,193	\$ 6,118,526	\$ 5,616,604	\$ 5,613,145	\$ 5,592,939	\$ 6,188,108	\$ 6,680,616
Restricted	631,364	180,975	603,619	325,267	401,022	504,101	-	-	-	676,149
Unrestricted	(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)	(21,901,048)
Total district net position	<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>\$ (16,812,921)</u>	<u>\$ (14,544,283)</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 33,204,564
Special Education	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	14,015,994
Other Education	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	3,711,081
School Sponsored Activities and Athletics	1,014,320	1,037,391	1,058,623	1,074,939	752,773	752,773	858,266	901,700	939,711	942,304
Community Services						854				
Support Services:										
Tuition	2,886,910	3,258,755	3,355,392	3,337,206	2,808,929	4,056,220	-			
Student & Instruction Related Services	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	9,317,872
General Administrative Services	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	2,737,192
School Administrative Services	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	6,331,181
Central Administrative Services								1,314,961	1,652,492	1,687,127
Plant Operations and Maintenance	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	6,350,149
Pupil Transportation	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	3,048,329
Special Schools	104,284	84,465	107,962							
Charter Schools	17,054	882		19,910	13,881	76,130				
Unallocated Depreciation	469,970	463,278	462,081	408,581	411,836	394,881	640,723			
Interest on Long Term Debt								79,305	88,069	108,879
Total Governmental Activities Expenses	<u>\$ 59,359,676</u>	<u>\$ 61,026,675</u>	<u>\$ 62,401,431</u>	<u>\$ 65,931,410</u>	<u>\$ 63,490,461</u>	<u>\$ 64,897,900</u>	<u>\$ 68,547,297</u>	<u>\$ 75,086,390</u>	<u>\$ 77,212,666</u>	<u>\$ 81,454,672</u>
Business-Type Activities:										
Food service	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	2,115,354
Total Business-Type Activities Expense	<u>1,606,954</u>	<u>1,647,043</u>	<u>1,745,759</u>	<u>1,814,275</u>	<u>1,850,369</u>	<u>2,053,616</u>	<u>2,069,270</u>	<u>2,128,248</u>	<u>2,114,192</u>	<u>2,115,354</u>
Total District Expenses	<u>\$ 60,966,630</u>	<u>\$ 62,673,718</u>	<u>\$ 64,147,190</u>	<u>\$ 67,745,685</u>	<u>\$ 65,340,830</u>	<u>\$ 66,951,516</u>	<u>\$ 70,616,567</u>	<u>\$ 77,214,638</u>	<u>\$ 79,326,858</u>	<u>\$ 83,570,026</u>
Program Revenues										
Governmental Activities:										
Charges for Services								35,448	151,999	230,509
Operating Grants and Contributions	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	23,332,011
Capital Grants and Contributions	-	-	-	-	-	-	-	5,637	8,697	87,646
Total Governmental Activities Program Revenues	<u>9,384,642</u>	<u>9,847,957</u>	<u>4,352,348</u>	<u>5,619,617</u>	<u>6,068,699</u>	<u>5,492,802</u>	<u>8,800,769</u>	<u>11,494,852</u>	<u>19,607,678</u>	<u>23,650,166</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges for Services										
Food Service	\$ 824,451	\$ 725,809	\$ 734,506	\$ 700,377	\$ 657,873	\$ 655,259	\$ 613,357	\$ 706,289	\$ 673,996	\$ 666,206
Operating Grants and Contributions	527,866	657,307	805,502	976,316	1,022,207	1,206,613	1,271,126	1,301,807	1,337,727	1,355,359
Total Business Type Activities Program Revenues	<u>1,352,317</u>	<u>1,383,116</u>	<u>1,540,008</u>	<u>1,676,693</u>	<u>1,680,080</u>	<u>1,861,872</u>	<u>1,884,483</u>	<u>2,008,096</u>	<u>2,011,723</u>	<u>2,021,565</u>
Total District Program Revenues	<u>\$ 10,736,959</u>	<u>\$ 11,231,073</u>	<u>\$ 5,892,356</u>	<u>\$ 7,296,310</u>	<u>\$ 7,748,779</u>	<u>\$ 7,354,674</u>	<u>\$ 10,685,252</u>	<u>\$ 13,502,948</u>	<u>\$ 21,619,401</u>	<u>\$ 25,671,731</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (57,804,506)
Business-Type Activities	(254,637)	(263,927)	(205,751)	(137,582)	(170,289)	(191,744)	(184,787)	(120,152)	(102,469)	(93,789)
Total District-Wide Net Expense	<u>\$ (50,229,671)</u>	<u>\$ (51,442,645)</u>	<u>\$ (58,254,834)</u>	<u>\$ (60,449,375)</u>	<u>\$ (57,592,051)</u>	<u>\$ (59,596,842)</u>	<u>\$ (59,931,315)</u>	<u>\$ (63,711,690)</u>	<u>\$ (57,707,457)</u>	<u>\$ (57,898,295)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 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	\$ 37,665,506
Unrestricted Grants and Contributions	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	22,214,027
Restricted Grants and Contributions	5,638			13,245	439,295		69,485			
Tuition Received	60,376	117,413	93,616	94,998	61,355	26,699	-			
Investment Earnings	22,974	20,915	14,473	16,266	8,586	4,900				
Miscellaneous Income	153,264	211,544	104,955	156,407	175,589	171,780	93,266	91,045	113,690	286,923
Capital Assets Retired Net of Accumulated Depreciation			(71,845)		(56,000)	(9,329)				
State Aid Receivable Cancelled	(31,431)									
Transfers	(275,000)	(275,000)	(244,293)	(251,872)	(269,014)	(276,383)			(105,000)	
Total Governmental Activities	<u>49,340,599</u>	<u>50,780,284</u>	<u>56,691,186</u>	<u>59,768,216</u>	<u>58,906,779</u>	<u>60,146,770</u>	<u>59,196,759</u>	<u>56,521,404</u>	<u>59,241,153</u>	<u>60,166,456</u>
Business-Type Activities:										
Investment Earnings	297	186	298	345	326	189	219	174	176	477
Transfers	275,000	275,000	244,293	251,872	269,014	276,383			105,000	
Total Business-Type Activities	<u>275,297</u>	<u>275,186</u>	<u>244,591</u>	<u>252,217</u>	<u>269,340</u>	<u>276,572</u>	<u>219</u>	<u>174</u>	<u>105,176</u>	<u>477</u>
Total District-Wide	<u>\$ 49,615,896</u>	<u>\$ 51,055,470</u>	<u>\$ 56,935,777</u>	<u>\$ 60,020,433</u>	<u>\$ 59,176,119</u>	<u>\$ 60,423,342</u>	<u>\$ 59,196,978</u>	<u>\$ 56,521,578</u>	<u>\$ 59,346,329</u>	<u>\$ 60,166,933</u>
Change in Net Position										
Governmental Activities	\$ (634,435)	\$ (398,434)	\$ (1,357,897)	\$ (543,577)	\$ 1,485,017	\$ 741,672	\$ (549,769)	\$ (7,070,134)	\$ 1,636,165	\$ 2,361,950
Business-Type Activities	20,660	11,259	38,840	114,635	99,051	84,828	(184,568)	(119,978)	2,707	(93,312)
Total District	<u>\$ (613,775)</u>	<u>\$ (387,175)</u>	<u>\$ (1,319,057)</u>	<u>\$ (428,942)</u>	<u>\$ 1,584,068</u>	<u>\$ 826,500</u>	<u>\$ (734,337)</u>	<u>\$ (7,190,112)</u>	<u>\$ 1,638,872</u>	<u>\$ 2,268,638</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 912,720	\$ 478,332	\$ 1,288,262	\$ 562,265						
Unreserved	(94,501)	189,432	(1,775,829)	(1,719,713)						
Restricted										676,149
Committed										
Assigned					\$ 1,066,348	\$ 1,783,404	\$ 411,044	\$ 584,066	\$ 551,059	\$ 966,275
Unassigned					(1,753,025)	(1,262,908)	(1,640,025)	(6,920,154)	(1,981,773)	(1,863,401)
Total General Fund	\$ 818,219	\$ 667,764	\$ (487,567)	\$ (1,157,448)	\$ (686,677)	\$ 520,496	\$ (1,228,981)	\$ (6,336,088)	\$ (1,430,714)	\$ (220,977)
All Other Governmental Funds										
Reserved	\$ 444,865	\$ 463,508								
Unreserved, Reported in:										
Special Revenue Fund	(16,964)	(68,268)								
Capital Projects Fund										
Restricted for:										
Capital Projects Fund							898,000	148,543	1,308,242	1,650,496
Total all other governmental funds	\$ 427,901	\$ 395,240	\$ -	\$ -	\$ -	\$ -	\$ 898,000	\$ 148,543	\$ 1,308,242	\$ 1,650,496

94

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 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	\$ 37,665,506
Tuition	60,376	117,413	93,616	94,998	61,355	26,899		21,168	151,649	230,509
Transportation Fees								14,280	350	
Interest Earnings								-		
Miscellaneous	176086	231,254	119,132	171,238	183,586	176,528	93,266	116,401	144,339	286,276
State Sources	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	33,425,734
Federal Sources	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	3,182,483
Private Sources	24,760	44,599	33,048	22,004	16,300	28,618	69,485	-	-	-
Total revenue	<u>59,031,520</u>	<u>60,902,036</u>	<u>61,359,375</u>	<u>65,638,270</u>	<u>65,299,903</u>	<u>65,925,231</u>	<u>67,997,528</u>	<u>68,016,256</u>	<u>72,220,071</u>	<u>74,790,508</u>
Expenditures										
Instruction										
Regular Instruction	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	27,776,518
Special Education Instruction	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	12,883,573
Other Instruction	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	3,125,208
School Sponsored Activities and Athletics	767,887	786,142	833,596	815,271	650,230	570,048	663,163	871,950	922,027	909,795
Community Service Programs						854				
Support Services:										
Instruction - Tuition	2,886,910	3,258,755	3,335,392	3,337,206	2,808,929	4,056,220				
Student & Inst. Related Services	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	8,081,925
General Administrative								1,702,703	2,085,684	2,665,188
School Administrative Services	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	5,471,386
Central Administrative Services								1,280,768	1,523,341	1,624,441
Other Administrative Services	1,731,067	1,657,267	1,803,518	1,831,341	1,844,179	1,918,343	2,229,402	-		
Operations and Maintenance	4,158,457	4,518,468	4,522,597	4,427,767	4,406,715	4,376,102	4,762,829	7,500,158	5,368,915	5,981,135
Pupil Transportation	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	2,917,804
Unallocated Benefits	13,378,281	13,930,329	12,792,767	14,286,043	14,837,925	15,320,377	16,611,562			
Special Schools	104,284	84,465								
Transfer to Charter Schools	17,054	882	107,962	19,910	13,881	76,130				
Debt Service										
Principal							375,339	734,819	1,490,947	1,916,388
Interest								54,313	82,028	107,605
Capital Outlay	1,057,434	545,333	801,263	713,785	522,994	97,287	1,334,449	2,751,170	2,238,017	1,971,380
Total Governmental Fund Expenditures	<u>59,296,066</u>	<u>60,644,985</u>	<u>62,514,654</u>	<u>65,515,864</u>	<u>63,947,913</u>	<u>64,023,128</u>	<u>70,786,877</u>	<u>76,058,855</u>	<u>73,535,936</u>	<u>75,432,346</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(264,546)</u>	<u>257,051</u>	<u>(1,155,279)</u>	<u>122,406</u>	<u>1,351,990</u>	<u>1,902,103</u>	<u>(2,789,349)</u>	<u>(8,042,599)</u>	<u>(1,315,865)</u>	<u>(641,838)</u>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing sources (uses)										
Capital Leases (Non-Budgeted)							\$ 1,937,873	\$ 2,186,035	\$ 3,323,512	\$ 2,193,829
Transfers in	\$ 36,570	\$ 148,551	\$ 33,015	356,713				-	-	
Transfers out	(432,229)	(586,720)	(428,306)	(1,149,001)	\$ (881,220)	\$ (694,930)		-	(105,000)	
State Aid Cancelled	(31,431)									
State Aid Advance Loan Proceeds								-	4,162,426	
Total other financing sources (uses)	<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>7,380,938</u>	<u>2,193,829</u>
Net change in fund balances	<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>\$ 6,065,073</u>	<u>\$ 1,551,991</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.54%	1.08%	2.21%	2.76%

* Noncapital expenditures are total expenditures less capital outlay.

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

97

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Interest on Investments</u>	<u>Gate Receipts</u>	<u>Miscellaneous Fees</u>	<u>Refunds</u>	<u>Voided Outstanding Checks</u>	<u>Other Misc.</u>	<u>Total</u>
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
2016	230,509	850	12,454	\$ 9,423	8,342	126,738	84,144	42,318	514,778

**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
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
2016	51,164,380	1,990,272,550		301,983,200	123,162,150	212,165,950	2,678,748,230	5,912,200	2,684,960,430	2,781,981,547	1.440

Source: County Abstract of Ratables

a Tax rates are per \$100

EXHIBIT J-7

**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	
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
2016	1.440	1.850	0.544	3.834

Source: Municipal Tax Collector

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

Taxpayer	2016		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	1.24%
432 Owners, Inc	17,250,000	0.64%		
Belleville Industrial Center C/O Heron	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 Center LLC	10,804,200	0.40%	12,052,300	0.35%
Belleville Industrial Properties Bldg 12	9,797,700	0.36%	11,695,300	0.34%
Clara Maass Health Systems	8,807,200	0.33%	16,312,800	0.48%
SH726 LLC	7,900,000	0.29%		
Venture, Draisin-Levco Blville Assoc	7,664,500	0.29%		
Belleville Equities LLC	7,125,000	0.27%		
Route 21 Assoc of Belleville LLC		0.00%	22,115,000	0.65%
Arbor Hills		0.00%	33,000,000	0.97%
Rouche Diagnostics		0.00%	29,856,100	0.88%
K-Mart		0.00%	10,745,100	0.32%
	<u>\$ 93,253,600</u>	<u>3.47%</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	
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%	
2016	37,665,506	37,665,506	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	Capital Leases	Lease Purchase Agreements			
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			-	35,924	-
2012			-	36,062	-
2013	1,937,873		1,937,873	36,048	53.76
2014	2,815,293	\$ 198,458	3,013,751	36,155	83.36
2015	4,731,651	114,665	4,846,316	36,291	133.54
2016	5,540,000		5,540,000	36,354	152.39

Source: District records

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
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, 2015
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Belleville Township School District	\$ -
Township of Belleville	<u>24,756,713</u>
	<u>24,756,713</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County:	
County of Essex (A)	16,172,656
Passaic Valley Sewerage Authority (B)	<u>4,142,496</u>
Total Overlapping Debt	<u>20,315,152</u>
Total Direct and Overlapping Debt	<u>\$ 45,071,865</u>

Source:

(1) Township's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to the municipality by dividing the municipality's 2015 equalized value by the total 2015 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 2016

	Equalized valuation basis	
	2015	\$ 2,784,862,544
	2014	2,764,535,576
	2013	2,818,980,843
		<u>\$ 8,368,378,963</u>
	Average equalized valuation of taxable property	<u>\$ 2,789,459,654</u>
	Debt limit (4 % of average equalization value)	111,578,386
	Total Net Debt Applicable to Limit	-
	Legal debt margin	<u>\$ 111,578,386</u>

	Fiscal Year Ending June 30,								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 113,346,134	\$ 130,500,971	\$ 141,863,264	\$ 145,875,347	\$ 143,752,537	\$ 135,233,184	\$ 125,924,316	\$ 113,753,774	\$ 111,578,386
Total net debt applicable to limit								-	-
Legal debt margin	<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>	<u>\$ 111,578,386</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>
2007	33,899	\$ 58,319	4.90%
2008	33,820	55,692	6.30%
2009	33,755	55,404	10.70%
2010	33,842	55,014	11.10%
2011	35,924	52,324	10.70%
2012	36,062	51,288	10.80%
2013	36,048	53,136	9.50%
2014	36,155	51,568	7.90%
2015	36,291	49,158	6.30% (E)
2016	36,354	45,535	6.30% (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>2016</u>		<u>2007</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>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>2016</u>
Instruction										
Regular	260.0	257.0	243.0	241.0	230.0	242.0	327.0	249.0	270.0	293.0
Special Education	59.0	91.0	90.0	88.0	83.0	84.0	45.0	144.0	138.0	45.0
Other Special Education	30.0	41.0	40.0	36.0	36.0	40.0	28.0	29.0	29.0	44.0
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	63.0	68.0	77.0	68.0	74.0	57.0	56.0	69.0	67.0	33.0
General Administrative Services	7.0	5.0	5.0	5.0	7.0	6.0	5.0	5.0	5.0	5.0
School Administrative Services	38.0	34.0	34.0	34.0	29.0	32.0	27.0	39.0	42.0	21.0
Central Services	7.0	7.0	7.0	6.0	6.0	6.0	8.0	6.0	7.0	7.0
Administrative Information Technology	2.0	5.0	5.0	5.0	3.0	2.0	1.0	1.0	1.0	4.0
Plant Operations and Maintenance	39.0	40.0	40.0	40.0	38.0	42.0	59.0	50.0	47.0	36.0
Pupil Transportation	8.0	18.0	20.0	18.0	2.0	2.0	15.0	36.0	35.0	15.0
Other Support Services	2.0	1.0					18.0	23.0	23.0	16.0
Total	<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>	<u>520.0</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				
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%
2016	4,642	71,436,973	15,389	5.08%	338	14.0	13.8	12.3	4,593.4	3,977.8	-1.56%	86.60%

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	42,852	42,852
Capacity Students	299	299	299	299	299	299	299	299	299	299
Enrollment	349	340	379	379	379	379	388	342	341	338
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	347	369	364	382	382	382	410	368	374	360
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	363	386	401	393	393	393	413	339	347	308
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	404	379	342	383	383	383	378	364	370	396
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	498	490	524	533	533	533	542	465	447	430
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	140	147	152	141	141	141	156	119	114	116
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	144	148	167	184	184	184	214	166	163	148

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

	<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>2016</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	682	687	683	708	708	708	667	1,046	1,046	1,024
<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	1,560	1,495	1,453	1,454	1,454	1,454	1,443	1,510	1,460	1,404
<u>Other</u>										
School One										
Square Feet	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, 2016										
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>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>2016</u>
School Facilities										
School Three	\$ 49,497	\$ 74,464	\$ 36,702	\$ 29,035	\$ 81,151	\$ 94,660	\$ 90,411	\$ 115,324	\$ 76,151	\$ 65,827
School Four	15,668	44,233	20,821	43,851	29,228	104,830	74,583	95,135	62,820	54,303
School Five	55,346	37,439	38,130	78,430	105,709	53,009	51,547	65,751	43,417	37,531
School Seven	82,099	96,599	42,395	62,067	111,017	47,811	95,438	121,736	80,385	69,487
School Eight	48,440	80,842	75,102	83,178	153,380	80,265	102,985	131,363	86,742	74,982
School Nine	15,739	24,377	39,546	10,097	13,336	101,867	63,923	81,537	53,841	46,541
School Ten	64,841	87,402	70,626	19,191	99,919	48,564	42,567	54,297	35,854	30,993
Middle School	71,923	290,513	124,669	81,592	111,740	137,154	146,166	186,443	123,113	106,422
High School	430,690	361,625	492,188	359,380	227,664	378,733	307,111	391,736	258,672	223,602
Grand Total	<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>	<u>\$ 709,688</u>

Source: District Records

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - N.J. Schools Insurance Group		
Property:		
Real and Personal Property	\$ 400,000,000	\$ 5,000
Extra Expense	50,000,000	5,000
Valuable Papers and Records	10,000,000	5,000
Demolition and Increased Costs of Construction	25,000,000	
Fire Department Service Charge/Arson Reward	10,000	
Pollutant Cleanup and Removal	250,000	
Flood - Zones SFHA	20,000,000	500,000
All Flood Zones	75,000,000	10,000
Earthquake	50,000,000	
Terrorism	1,000,000	
Liability:		
Comprehensive General Liability	11,000,000	N/A
Bodily Injury from Products and Completed Operations	11,000,000	
Sexual Abuse	11,000,000	
Premises Medical Payments	10,000	
Employee Benefits Liability	11,000,000	1,000 / claim
Electronic Data Processing:		
Hardware/Software	3,500,000	1,000
Crime:		
Employee Dishonesty	500,000	1,000
Forgery or Alteration	100,000	1,000
Money and Securities	100,000	1,000
Money Order/Counterfeit	100,000	1,000
Computer Fraud	500,000	1,000
Public Officials Bond:		
Board Secretary	350,000	1,000
Treasurer	35,000	1,000
Automobile:		
Comprehensive Automobile Liability	11,000,000	1,000
Uninsured/Underinsured 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



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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

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 Education
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, 2016 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 November 30, 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 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 2016-001, 2016-002 and 2016-003 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 2016-004 and 2016-005 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 2016-001 through 2016-005.

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 November 30, 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
November 30, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE U.S. UNIFORM GUIDANCE
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 Education
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) 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, 2016. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance 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; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular 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.

Opinion on Each Major Federal and State Program

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 major federal and state programs for the fiscal year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2016-006 through 2016-010. 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 the U.S. Uniform Guidance 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-006 that we consider to be a significant deficiency.

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


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. Uniform Guidance 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 the U.S. Uniform Guidance 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, 2016 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 November 30, 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 the U.S. Uniform Guidance 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

Fair Lawn, New Jersey
November 30, 2016

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance, June 30, 2015			Carryover/ (Walkover) Amount Def. Rev.	Carryover/ (Walkover) Amount A/R	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Adjustments	Balance, June 30, 2016			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	16161NU304N1099	7/1/15-6/30/16						\$ 155,616	\$ 143,832				\$ 11,784			
National School Lunch Program - Non Cash	10.555		7/1/14-6/30/15	\$		\$ 7,012				7,012							
National School Lunch Program	10.555	16161NU304N1099	7/1/15-6/30/16	1,106,572					892,772	1,106,572				\$ (213,800)	\$	(213,800)	
National School Lunch Program	10.555		7/1/14-6/30/15	1,101,784	\$ (79,406)				79,406							(14,456)	
National School Breakfast Program	10.555	16161NU304N1099	7/1/15-6/30/16	73,586					59,130	73,586				(14,456)		(14,456)	
National School Breakfast Program	10.555		7/1/14-6/30/15	67,744	(6,183)				6,183								
Total Child Nutrition Cluster / Enterprise Fund					(85,589)	7,012			1,193,107	1,331,002				(228,256)	11,784	(228,256)	
U.S. Department of Health and State Department of Education																	
General Fund																	
Medical Assistance Program (SEMI)	93.778	1605NUSMAP	7/1/15-6/30/16	164,183					164,183	164,183							
Total General Fund									164,183	164,183							
Special Revenue Fund																	
Title I, Part A	84.010A	S010A150030	7/1/15-6/30/16	1,082,307			\$ (362,856)	\$ 362,856	841,596	1,389,028				(603,567)	56,135	(547,432)	
Title I, Part A	84.010A		7/1/14-6/30/15	1,099,057	(641,375)	362,856		362,856	278,519								
Total NCLB Title I					(641,375)	362,856			1,120,115	1,389,028				(603,567)	56,135	(547,432)	
IDEA Part B, Basic	84.027	H027A150100	7/1/15-6/30/16	1,195,689			(52,611)	52,611	1,109,456	1,230,263				(138,844)	18,037	(120,807)	
IDEA Part B, Basic	84.027		7/1/14-6/30/15	1,115,224	(162,470)	52,610		52,611	(52,611)	109,859		\$ 1					
IDEA Part B, Preschool Handicapped	84.173	H173A150114	7/1/15-6/30/16	24,523			(1,616)	1,616	22,038	22,402				(4,101)	3,737	(364)	
IDEA Part B, Preschool Handicapped	84.173		7/1/14-6/30/15	22,748	(1,616)	1,616		1,616	(1,616)								
IDEA Part B, Preschool Handicapped	84.173		9/1/12-8/31/13	24,772			\$ 1,729								\$ 1,729		
Total Special Education Cluster					(164,086)	54,226	1,729		1,241,353	1,252,665			1	(142,945)	21,774	(121,171)	
Carl D. Perkins Vocation Education	84.048A	V048A140030	7/1/15-6/30/16	40,736					33,229	40,617				(7,507)	119	(7,388)	
Carl D. Perkins Vocation Education	84.048A		7/1/14-6/30/15	52,382	(39,699)	4,139			39,699				3,983		8,122		
Total Carl D. Perkins Vocation Education					(39,699)	4,139			72,928	40,617				(7,507)	119	(7,388)	
Title II, Part A	84.367A	S367A150029	7/1/15-6/30/16	140,336			(142,355)	142,355	65,423	214,129				(217,268)	68,562	(148,706)	
Title II, Part A	84.367A		7/1/14-6/30/15	145,458	(198,143)	179,704			18,459								
Title II, Part A	84.367A		7/1/13-6/30/14	141,728			2,709								2,709		
Total NCLB Title II					(198,143)	179,704	2,709		83,862	214,129				(217,268)	68,562	(148,706)	
Title III - Language	84.365A	S365A150030	7/1/15-6/30/16	61,883			(25,839)	25,839	50,191	73,054				(37,531)	14,668	(22,863)	
Title III - Language	84.365A		7/1/14-6/30/15	75,961	(39,526)	25,839		25,839	13,687				453		453		
Title III - Language	84.365A		7/1/13-6/30/14	75,463			37,149								37,149		
Title III - Immigrant	84.365A		9/1/12-8/31/13	47,932			2,783								2,783		
Total NCLB Title III					(39,526)	25,839	39,932		63,878	73,054			453	(37,531)	14,668	(22,863)	
Race to the Top Phase 3	84.413A		9/1/11-11/30/15	149,947	(149,947)	61,147			145,642	48,807					8,055		
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					(1,232,776)	705,938	44,370		2,727,778	3,018,300			4,437	(1,008,818)	179,285	60,980	
Total Federal Awards					\$ (1,318,365)	\$ 712,950	\$ 44,370	\$ -	\$ -	\$ 4,085,068	\$ 4,513,485	\$ -	\$ 4,437	\$ (1,237,074)	\$ 191,069	\$ 60,980	
																\$ (1,075,816)	

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, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2016			Memo	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
Current Expense:												
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 21,802,381		\$ 19,726,404	\$ 21,802,381		\$ (2,075,977)				\$ 21,802,381
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	21,802,381	\$ (1,713,471)	1,713,471							-
Under Adequacy Aid	16-495-034-5120-096	7/1/15-6/30/16	500,000		452,391	500,000		(47,609)				500,000
Under Adequacy Aid	15-495-034-5120-096	7/1/14-6/30/15	500,000	(39,295)	39,295							-
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	2,840,089		2,569,662	2,840,089		(270,427)				2,840,089
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	2,840,089	(223,205)	223,205							-
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	285,421		258,244	285,421		(27,177)				285,421
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	285,421	(22,432)	22,432							-
Choice School Aid	16-495-034-5120-068	7/1/15-6/30/16	25,000		25,000	25,000						25,000
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	47,430		42,914	47,430		(4,516)				47,430
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	47,430	(3,728)	3,728							-
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	47,430		42,914	47,430		(4,516)				47,430
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	47,430	(3,728)	3,728							-
Total State Aid Public Cluster				(2,005,859)	25,123,388	25,547,751	-	(2,430,222)	-	-	-	25,547,751
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	202,174		182,923	202,174		(19,251)				202,174
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	202,174	(15,889)	15,889							-
Non-Public School Transportation	16-495-034-5120-014	7/1/15-6/30/16	64,206		-	64,206		(64,206)			\$ (64,206)	64,206
Non-Public School Transportation	15-495-034-5120-014	7/1/14-6/30/15	55,694	(55,694)	55,694	-	-	-	-	-	-	-
Total Transportation Aid Cluster				(71,583)	254,506	266,380	-	(83,457)	-	-	(64,206)	266,380
Extraordinary Special Ed Costs Aid	16-100-034-5120-044	7/1/15-6/30/16	424,804		-	424,804		(424,804)				424,804
Extraordinary Special Ed Costs Aid	15-100-034-5120-044	7/1/14-6/30/15	590,185	(590,185)	590,185							-
On Behalf Payments												-
TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	2,097,428		1,992,658	2,097,428		(104,770)			(104,770)	2,097,428
TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	2,130,405	(97,905)	105,829				\$ 7,924			-
TPAF Pension												-
Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	113,354		113,354	113,354						113,354
Pension Benefit Contribution	16-495-034-5094-002	7/1/15-6/30/16	2,275,572		2,275,572	2,275,572						2,275,572
Post Retirement Medical Benefit Contribution	16-495-034-5094-001	7/1/15-6/30/16	2,844,551	-	2,844,551	2,844,551	-	-	-	-	-	2,844,551
Total General Fund				(2,765,532)	33,300,043	33,569,840	-	(3,043,253)	-	7,924	(168,976)	33,569,840
Special Revenue:												
New Jersey Nonpublic Aid:												
Auxiliary Services:												
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	65,144		65,144	43,793				21,351		43,793
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	93,163	38,161	-		38,161					-
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	86,952	26,146	-		26,146					-
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	15,530		15,530	2,801				12,729		2,801
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	26,492	19,001	-		19,001					-
English as a Second Language	13-100-034-5120-067	7/1/12-6/30/13	24,725	7,435	-		7,435					-
Transportation	16-100-034-5120-068	7/1/15-6/30/16	21,250		21,250	19,125				2,125		19,125
Transportation	13-100-034-5120-068	7/1/12-6/30/13	22,153	6,661	-		6,661					-
Total Auxiliary Services (Chapter 192) Cluster				97,404	101,924	65,719	97,404	-	-	36,205	-	65,719

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2016				
								(Accounts Receivable)	Deferred Revenue	Due to Grantor		
Handicapped Services:												
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	\$ 23,188		\$ 23,188	\$ 9,054				\$ 14,134	9,054	
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	8,443	\$ 2,539			\$ 2,539			-	-	
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	10,033		10,033	6,819				3,214	6,819	
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	8,835	1,679			1,679			-	-	
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	7,812	2,349			2,349			-	-	
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	21,535		21,535	8,432				13,103	8,432	
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	14,125	6,200			6,200			-	-	
Supplemental Instruction	13-100-034-5120-066	7/1/12-6/30/13	10,824	3,254			3,254			-	-	
Total Handicapped Services (Chapter 193) Cluster				16,021	54,756	24,305	16,021	-	-	30,451	-	24,305
Textbook Aid												
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	8,394		8,394	8,394				-	8,394	
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	9,235	258			\$ 258			-	-	
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	13,230		13,230	13,230				-	13,230	
Nonpublic Technology	16-100-034-5120-373	7/1/15-6/30/16	3,822		3,822	3,371				451	3,371	
Nonpublic Technology	15-100-034-5120-373	7/1/14-6/30/15	4,960	288			288			-	-	
Nonpublic Security	16-100-034-5120-084	7/1/15-6/30/16	3,675		3,675	3,219				456	3,219	
Total Special Revenue Fund				113,971	185,801	118,238	113,971	-	-	67,563	-	118,238
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	23,625		19,091	23,625		(4,534)			\$ (4,534)	\$ 23,625
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	24,857	(1,755)	2,487	732					-	732
Total Food Service Fund				(1,755)	21,578	24,357	-	(4,534)	-	-	(4,534)	24,357
Total State Financial Assistance Subject to Single Audit Determination				(2,653,316)	33,507,422	33,712,435	113,971	(3,047,787)	-	75,487	(173,510)	33,712,435
State Financial Assistance Not Subject to Major Program Determination												
General Fund												
On-Behalf TPAF Pension System Contributions-NCGI	16-495-034-5094-004	7/1/15-6/30/16	113,354		(113,354)	(113,354)						(113,354)
On-Behalf TPAF Pension System Contributions- Normal	16-495-034-5094-002	7/1/15-6/30/16	2,275,572		(2,275,572)	(2,275,572)						(2,275,572)
On-Behalf TPAF Post-Retirement Medical Contribution	16-495-034-5094-001	7/1/15-6/30/16	2,844,551		(2,844,551)	(2,844,551)						(2,844,551)
Total State Financial Assistance Subject to Major Program Determination				\$ (2,653,316)	\$ 28,273,945	\$ 28,478,958	\$ 113,971	\$ (3,047,787)	\$ -	\$ 75,487	\$ (173,510)	\$ 28,478,958

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, 2016**

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 the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) 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 in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$262,344 for the general 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	\$ 164,183	\$ 33,307,496	\$ 33,471,679
Special Revenue Fund	3,018,300	118,238	3,136,538
Food Service Fund	<u>1,331,002</u>	<u>24,357</u>	<u>1,355,359</u>
Total Financial Assistance	<u>\$ 4,513,485</u>	<u>\$ 33,450,091</u>	<u>\$ 37,963,576</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, 2016**

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 Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,097,428 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$2,388,926 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,844,551 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 8 STATE LOAN OUTSTANDING

The District's state loan outstanding at June 30, 2016, which is not required to be reported on the schedule of state financial assistance, is as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Total</u>
State Aid Advance Loan	100-034-5120-489	<u>\$ 3,746,183</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 Title 2 Part 200 of U.S. Uniform Guidance? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>16161NJ304N1099</u>	<u>National School Breakfast Program</u>
<u>84.010A</u>	<u>S010A150030</u>	<u>Title I, Part A</u>
<u>84.367A</u>	<u>S367A150029</u>	<u>Title II, Part A</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

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, 2016**

Part I – Summary of Auditor's Results

State 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 weakness(es)?

_____ yes X none reported

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

Unmodified _____

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

 X yes _____ no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>16-495-034-5120-084</u>	<u>Security Aid</u>
<u>16-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>16-495-034-5120-068</u>	<u>Choice School Aid</u>
<u>16-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>16-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>16-495-034-5094-003</u>	<u>TPAF Social Security</u>

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

\$ 854,369

Auditee qualified as low-risk auditee?

_____ yes X no

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016-001

Our review of the June 2016 Treasurer's report and supporting bank account reconciliations revealed they were not in agreement.

Criteria or specific requirement

State Department of Education's GAAP Technical System Manual, Generally Accepted Accounting Principles

Condition

The Treasurer's Report cash account balances for the Capital Projects Fund were not in agreement with the bank reconciliation balances for several months during the year.

Context

A difference of \$782,757 was noted between the Treasurer's Report for the Capital Projects Fund and the bank reconciliations balance at year end.

Effect

The cash balance in the Capital Projects Fund was misstated at year end.

Cause

Unknown

Recommendation

Internal control procedures be revised to ensure the Treasurer's monthly reports are in agreement with the supporting reconciled bank account balances and all discrepancies be reviewed and resolved accordingly.

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, 2016**

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 2016-002

We noted certain bank account reconciliations at year end were incomplete as a number of significant invalid reconciling items were noted during the audit that were not properly accounted for in the District's internal records.

Criteria or specific requirement

State Department of Education GAAP Technical Systems Manual, Generally Accepted Accounting Principles

Condition

Bank account reconciling items were not verified for their validity or adjusted in the records accordingly.

Context

Bank reconciliations contained deposits in transit deemed invalid, outstanding checks cancelled by Board resolution, and invalid outstanding checks due to the checks generated on the incorrect check stock.

Effect

Various financial statement balances were over (under) stated at June 30, 2016.

Cause

Unknown.

Recommendation

Greater care be taken when preparing monthly bank account reconciliations to ensure all reconciling items are properly reviewed for validity and appropriately accounted for in the District's internal records.

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, 2016**

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 2016-003

Our audit of payments made subsequent to June 30, 2016 revealed unrecorded liabilities and encumbrances that were not reflected in the District's accounting records at year end.

Criteria or specific requirement:

Internal controls over year end closing procedures.

Condition

Certain encumbrances and accounts payable were not recorded at year end.

Context

Liabilities for retiree compensated absence payout, estimated retroactive salary payment for District Administrators, TPAF FICA and pension reimbursement, judgements against the school district, Superintendent merit pay, and the audit fee were not recorded as of June 30, 2016.

Total Unrecorded Payables	\$411,063
Total Unrecorded Reserve for Encumbrances	158,170

Effect

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

Cause

Unknown.

Recommendation

Greater care be taken at year end to ensure all liabilities and encumbrances are recorded in the District's accounting records at June 30.

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, 2016**

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 2016-004

Our review of the June 30, 2016 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, 2016 were backdated to June 28 through June 30, 2016.

Context

Approximately 300 checks totaling \$2.38 million were processed and issued in the months of July through September 2016 that were backdated to June 30, 2016.

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, 2016 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, 2016**

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 2016-005

We noted several of the financial transactions of a \$2,150,000 capital lease with First Hope Bank for the boiler replacement at School Number Eight and the Middle School were not being recorded in the District's accounting records.

Criteria or specific requirement:

State Department of Education's GAAP Technical Accounting Manual.

Condition:

Several transactions relating to the boiler replacement capital lease bank accounts maintained by the Fiscal Agents were not reported on the District's accounting records or accurately included in the Treasurer's report.

Context:

Transactions related to the \$2,150,000 boiler replacement were not reflected in the District's records during the year and, therefore, were not accurately included in the Treasurer's report.

Effect:

Accounting records did not reflect all financial transactions of the District.

Cause:

Unknown.

Recommendation:

The District record all transactions of its capital lease bank accounts in their financial accounting records.

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, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-006

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

- Time and effort calculations were not specifically completed to support salary allocations for the Title I program for certain employees.
- Time sheets for certain hourly employees charged to the Title I program were not available for our review.

Federal Program Information:

Title I 84.010A

Criteria or Specific Requirement

Federal Grant Compliance Supplement – Employee Time and Effort

Condition:

In some instances time records were unavailable to support salary charges reported. The time and effort records were not provided for certain individuals.

Questioned Costs:

Undeterminable.

Context:

We noted the time and effort report was not provided for eleven (11) salaried individuals. Four (4) timesheets were unavailable for audit.

Effect:

Personnel charged to Federal grants may not be allowable grant charges.

Cause:

Unknown.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-006 (Continued)

Recommendation:

With respect to the salary amounts charged to the Title I grant program:

- Internal controls be enhanced to ensure hourly employees charged to the Title I grant program be supported with approved timesheets.
- Time and effort calculations be completed to support individual's salary allocations to the grant program for all employees.

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, 2016

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 U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-007

Our audit of Title I and Title II grant programs revealed expenditures for supplies and equipment were not charged to the proper expenditure lines.

Federal Program Information:

Title I 84.010A

Criteria or Specific Requirement

Federal Grant Compliance Supplement – Allowable Costs/Cost Principles, Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Condition:

See Finding 2016-008.

Questioned Costs:

Unknown.

Context:

- Disbursements for equipment to three (3) vendors totaling \$52,550 were not incorrectly charged to supply expenditure line.
- Disbursements for supplies to one (1) vendor totaling \$6,188 were incorrectly charged to the purchased technical service expenditure line.

Effect:

Expenditures charged to Federal grants may not be for allowable grant charges.

Cause:

Unknown.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-007 (Continued)

Recommendation:

Greater care be exercised over classifying payments to ensure amounts are budgeted and charged to the proper budget lines in accordance with Uniform Minimum Chart of Accounts.

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, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-008

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

- One (1) application approved as free did not meet the eligibility requirement for free meals. This application should have been approved for reduced priced meals.
- One (1) application approved as free did not meet eligibility requirements for free 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.
- Seven (7) applications were not located and, therefore, were unavailable for audit.
- Two (2) applications approved were not signed by the parent or guardian.

Federal Program Information:

National School Lunch Program	10.555
National School Breakfast Program	10.553

Criteria or Specific Requirement

Federal Grant Compliance Supplement – Eligibility.

Condition:

See Finding 2016-011.

Questioned Costs:

Unknown.

Context:

Four (4) of the two-hundred ninety one (291) students selected were reported in a category different from the category the individual was determined to be eligible. Additionally, the District was unable to locate the lunch applications for seven (7) students selected, and two (2) applications did not have the required signatures.

Effect:

Meals claimed for reimbursement may be inaccurately reported.

Cause:

Eligibility of individuals was not properly determined or supported by the District.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-008 (Continued)

Recommendation:

Greater care be exercised when reviewing applications for determination of eligibility for free and reduced price meals of the child nutrition programs.

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, 2016**

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 U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2016-009

Our audit of the District’s Application for State School Aid (ASSA) revealed several discrepancies between the ASSA enrollment counts, District workpapers and the supporting District records.

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
School Choice Aid	495-034-5120-068
PARCC Readiness	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public - Eligibility

Condition:

Enrollment counts reported on the ASSA were not in agreement with the District workpapers or supporting District records.

Questioned Costs:

Unknown.

Context:

We noted District workpapers for Special Education enrollment categories included students who were not classified. Discrepancies were also noted between the ASSA reported counts and the District workpapers for Resident Low Income, LEP Low Income and Resident LEP Not Low Income. Additionally, several Low Income students sampled were either reported in the incorrect category or no Low Income application was provided to support inclusion on the ASSA as Low Income.

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, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2016-009 (Continued)

Recommendation:

Internal control procedures be strengthened over the reporting of information on the Application for State School Aid (ASSA) to ensure District workpapers, class registers and related records support student counts and classification reported 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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2016-010:

One audit of travel reimbursements revealed the following:

- Total travel expenses exceed the Board approved maximum for 2015/16.
- Purpose and relevance statements were not attached to the travel reimbursement requests or purchase orders as required by Board policy.
- Noted 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.
- In certain instances, travel expenses are not being charged to the correct budget account line.

State Program Information:

Equalization Aid	495-034-5120-078	School Choice Aid	495-034-5120-068
Education Adequacy Aid	495-034-5120-083	PARCC Readiness Aid	495-034-5120-098
Special Education Aid	495-034-5120-089	Per Public Growth Aid	495-034-5120-097
Security Aid	495-034-5120-084		

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition:

Certain travel expense procedures and policies are not in accordance with Board policy and State travel expense guidelines.

Questioned Costs:

Unknown.

Context:

See Finding 2016-014.

Effect:

Certain travel expense reimbursements and costs may not be allowable per Board policy and State travel expense guidelines.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2016-010: (Continued)

Cause:

Unknown.

Recommendation:

Procedures be reviewed and revised to ensure travel expenditures are made and accounted for in accordance with Board policy and State guidelines.

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001

Condition

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.

Current Status

Corrective action was taken.

Finding 2015-002

Condition

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

Current Status

Corrective action was taken.

Finding 2015-003

Condition

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.

Current Status

Partial corrective action was taken. See general findings.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-004

Condition

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

Current Status

See Finding 2016-004.

Finding 2015-005

Condition

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

Current Status

Corrective action was taken.

Finding 2015-006

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

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-007

Condition

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.

Current Status

Corrective action was taken.

Finding 2015-008

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 District staff other than staff specific to approved Title I staff members.

Current Status

Corrective action was taken.

Finding 2015-009

Condition

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).

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-010

Condition

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.

Current Status

Corrective action was taken.

Finding 2015-011

Condition

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.

Current Status

Corrective action was taken.