

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Belleville, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Belleville Township School District

Belleville, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION



BELLEVILLE PUBLIC SCHOOLS

Office of the Superintendent

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

November 29, 2017

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, 2017 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 2016-2017 fiscal year with an enrollment of 4,465 students, which is 2.8% less than previous year's enrollment. The district's student enrollment over the last two years is 4,593 students in 2015-2016 and 4,666 students in 2014-2015.

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

3. MAJOR INITIATIVES: Curricula changes have been made to meet the New Jersey Student Learning Standards in all major content areas. The five-year curricula cycle has been followed to ensure continuity in programming and proper funding distribution to meet the needs of anticipated curricula changes and implementation of such. Curricula initiatives have been supported by continuous and ongoing professional development to support the integration of new curricula into classrooms, as needed. The district has purchased K-8 Science series (Dimensions); 6-12 English Language Arts (My perspectives); updated the Algebra I text series (Glenco); updated biology text series (Miller-Levine); and supported K-6 Social Studies curricula through supplemental series (Studies Weekly) that will all be implemented in the 2017-18 school year. To support 21st Century learning initiatives, the district has purchased technology devices (laptop carts, chrome books, interactive TVs) to prepare and support the 2017-18 one-to-one initiative beginning with the sixth and ninth grades. The district has also purchased a data collection program (OnCourse Analytics) that will compile information from our teacher lesson plans, teacher observations, student information system, discipline records, standardized test scores, and district benchmark assessments to present clear and unambiguous data streams to staff and administration to steer instruction and curricula. The purchase of a district-wide benchmark assessment tool (OnCourse Assessment) will allow for staff to monitor and adjust both individual and whole-class learning as per the date outputs. To support such, the district has secured funding for two full-time teacher coaches that will assist teachers, K-12, with data interpretation, ongoing individualized professional development, best practice modeling, and resource management strategies for the 2017-18 school year. To compliment any such academic elementary initiatives, all elementary schools have instituted a twenty-five minute “period” during their school day to meet the remedial needs of individual students (R.I.S.E. program). To meet the social-emotional needs of our high school students, Belleville High School will initiate a student “drop-in” center that will serve students that are struggling with social-emotional situations to allow the time needed for our high school guidance counselors to focus on student academic progress and growth. The high school guidance department will be, again, utilizing programs (Naviance) to compile academic records for students in an effort to expedite the college application process. Such will complement our SAT preparation classes that will, again, be offered beyond the traditional school day. Additional data collection programs will be initiated to track our upcoming graduation community service requirement (x2VOL). Credit recovery initiatives will continue at the high school level to allow students to progress towards graduation in addition to their school attendance (BUCS Program, Online Educere, Summer School-MS & HS). To enhance instruction, the district will be entering into formal partnerships with both Essex County Community College and Seton Hall University to allow students to accumulate college credits while in Belleville High School. Academic advancement beyond course offerings will be possible through Educere as well. Option II credit opportunities will continue to expand and work with community organizations to allow for student learning beyond curricula offerings. The district will also begin a Student Learning Experience (SLE) program to introduce students into the workforce.

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, 2017.

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, 2017.

The district submitted a Corrective Action Plan to the Executive County Superintendent dated December 19, 2016 regarding findings from the 2015-16 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 2016-17 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, 2017:

<u>Revenues</u>	<u>Amount</u>	<u>% of Total</u>
Local	\$39,006,313	52.9%
State Sources	34,520,252	46.8%
Federal Sources	<u>263,041</u>	<u>0.3%</u>
Total	<u>\$73,789,606</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, 2017:

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>
Current Expenditures:		
Instruction	\$44,035,395	60.4%
Support Services	26,765,374	36.7%
Capital Outlay	241,589	0.3%
Debt Service	<u>1,899,129</u>	<u>2.6%</u>
Total Expenditures	<u>\$ 72,941,487</u>	<u>100.0%</u>

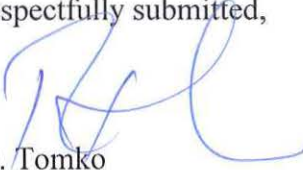
8. DEBT ADMINISTRATION: The District had no outstanding bonded debt issues (serial bonds) since September 1996. The district does have outstanding capital leases totaling \$4,125,259 at June 30, 2017.

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

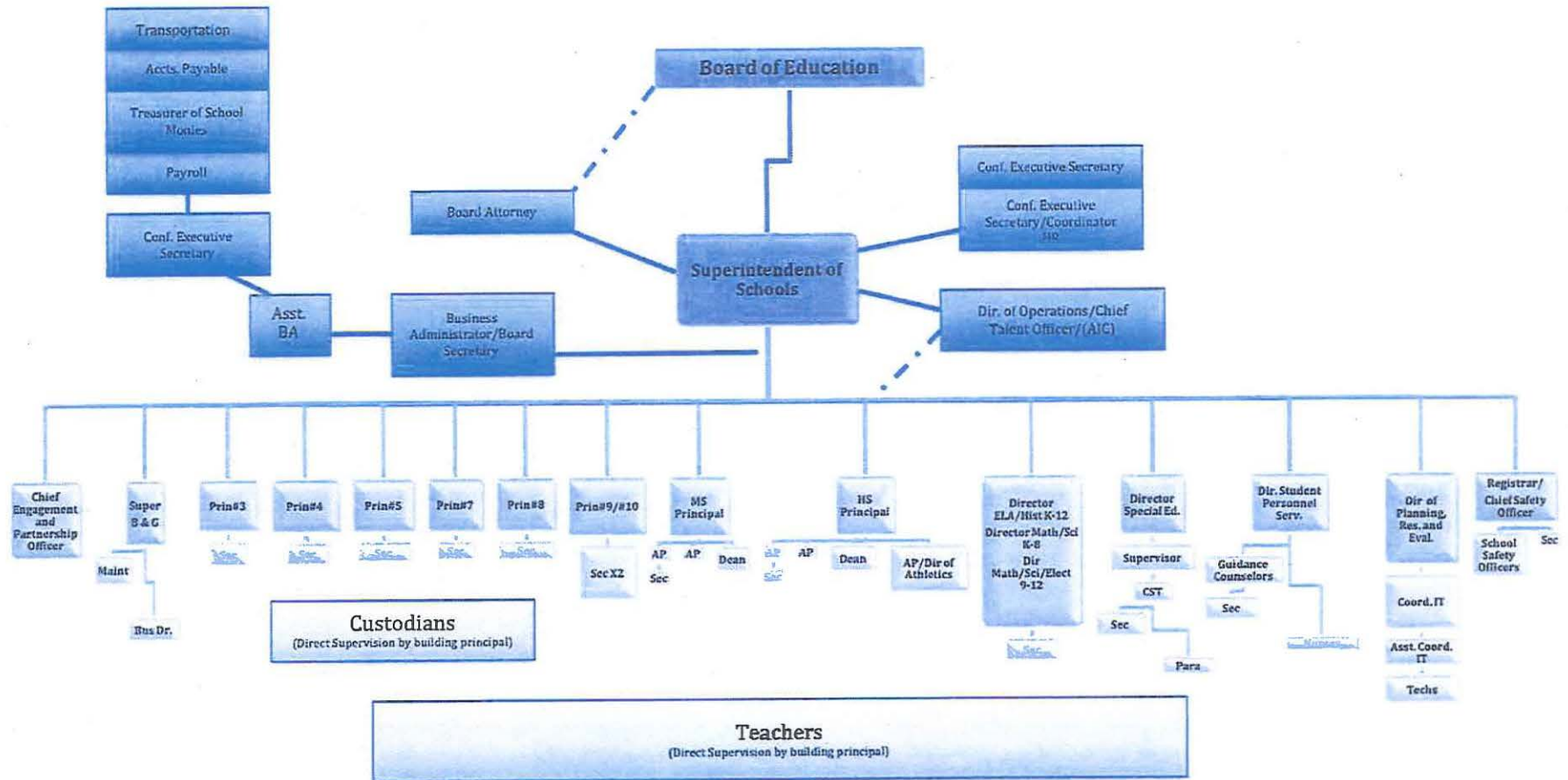
11. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board of Education. In addition to meeting the requirements set forth 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,



Dr. Tomko
Superintendent of Schools

POLICY 1110 Organizational Chart



1.1

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2017

Members of the Board of Education

Term Expires December 31

Christine Lamparello, President	2019
Ralph Vellon, Vice President	2018
Nelson Barrera	2019
Patricia Dolan	2018
Thomas Graziano	2020
Thomas Grolimond	2020
Liza Lopez	2020

Other Officials

Richard D. Tomko, Ph.D., Superintendent

Wayne Demikoff, Interim Board Secretary/Business Administrator (7/1/16-5/31/17)

Matthew Paladino, Acting Board Secretary, Business Administrator (6/1/17-6/30/17)

Debra Besold, Treasurer of School Monies

Schwartz Simon Edelstein Celso, Esqs., Board Attorney

Thomas Egan, State Monitor

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

CONSULTANTS & ADVISORS

JUNE 30, 2017

ARCHITECT

DiCara – Rubino Architects
30 Galesi Drive
Wayne, New Jersey 07470

ATTORNEY

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

AUDIT FIRM

Lerch, Vinci & Higgins LLP
17-17 Route 208
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, PSA

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, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017, 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 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.

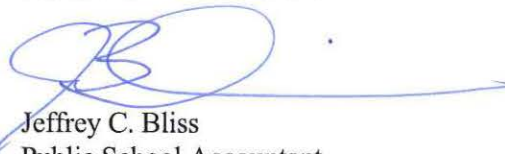
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2017 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 the effectiveness of the Belleville Township School District's 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 29, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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 2016-2017 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 \$13,642,021. (Net Position)
- The District's total net position increased by \$902,262 or 6%.
- Overall District revenues were \$92,890,864. General revenues accounted for \$61,352,868 or 66% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$31,537,996 or 34% of total revenues.
- The school district had \$89,814,281 in expenses for governmental activities; only \$29,458,655 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted state and federal aid) of \$61,352,332 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 \$1,382,250. Of this amount, \$2,141,257 is restricted for capital projects, \$193,656 is restricted for required maintenance projects, \$893,042 is assigned to year end encumbrances and the remaining amount is the unassigned fund deficit of \$1,845,705.
- The General Fund fund balance at June 30, 2017 was \$627,142, an increase of \$848,119 compared to the ending fund deficit at June 30, 2016 of \$220,977.
- The General Fund budgetary fund balance at June 30, 2017 was \$3,512,757, which represents an increase of \$859,457 compared to the ending budgetary fund balance at June 30, 2016 of \$2,653,300.
- The District's governmental activities capital assets, net increased by \$125,164 during the current fiscal year.
- The District's governmental activities long-term liabilities increased by \$309,876 during the current fiscal year.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

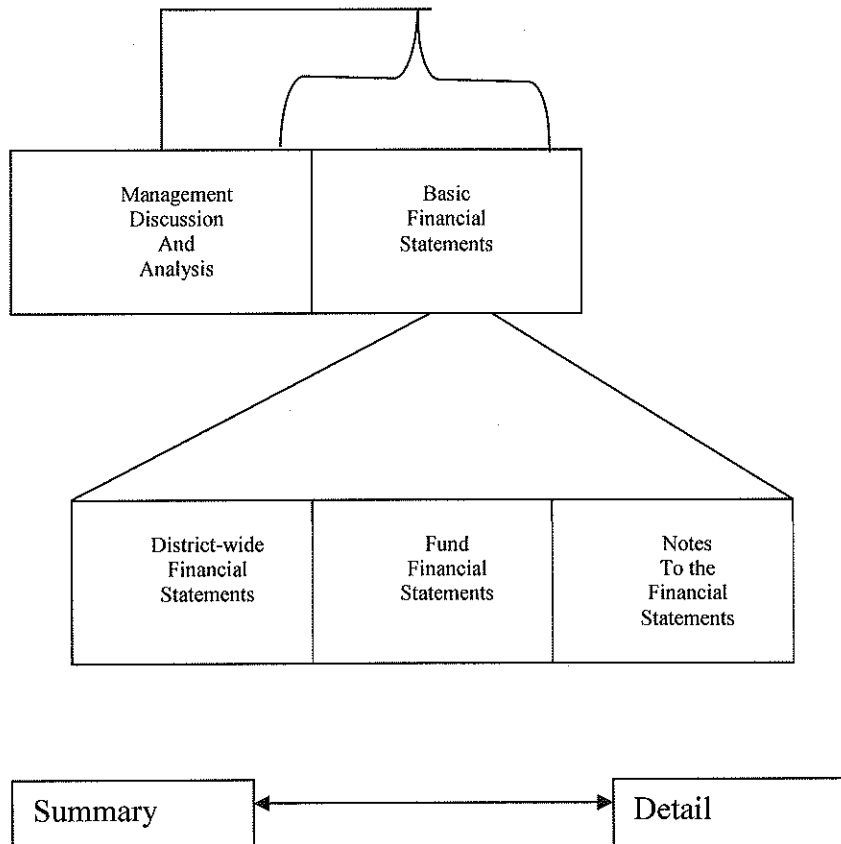
Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, 2017

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, 2017

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, 2017

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 \$13,642,021 on June 30, 2017 and \$14,544,283 on June 30, 2016 as follows:

Net Position
As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 3,109,906	\$ 5,197,203	\$ 309,618	\$ 272,766	\$ 3,419,524	\$ 5,469,969
Capital Assets	10,551,040	10,425,876	101,892	144,244	10,652,932	10,570,120
Total Assets	<u>13,660,946</u>	<u>15,623,079</u>	<u>411,510</u>	<u>417,010</u>	<u>14,072,456</u>	<u>16,040,089</u>
Deferred Outflows of Resources	<u>6,404,540</u>	<u>3,504,456</u>	<u>-</u>	<u>-</u>	<u>6,404,540</u>	<u>3,504,456</u>
Liabilities						
Long-Term Liabilities	30,192,673	29,882,797	-	-	30,192,673	29,882,797
Other Liabilities	1,763,851	3,799,991	186,145	92,434	1,949,996	3,892,425
Total Liabilities	<u>31,956,524</u>	<u>33,682,788</u>	<u>186,145</u>	<u>92,434</u>	<u>32,142,669</u>	<u>33,775,222</u>
Deferred Inflows of Resources	<u>1,969,331</u>	<u>301,822</u>	<u>7,017</u>	<u>11,784</u>	<u>1,976,348</u>	<u>313,606</u>
Net Position						
Net Investment in Capital Assets	7,066,551	6,536,372	101,892	144,244	7,168,443	6,680,616
Restricted	1,694,143	676,149	-	-	1,694,143	676,149
Unrestricted	(22,621,063)	(22,069,596)	116,456	168,548	(22,504,607)	(21,901,048)
Total Net Position	<u>\$ (13,860,369)</u>	<u>\$ (14,857,075)</u>	<u>\$ 218,348</u>	<u>\$ 312,792</u>	<u>\$ (13,642,021)</u>	<u>\$ (14,544,283)</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, 2017**

The District's deficit in total net position of \$13,642,021 at June 30, 2017 represents a \$902,262 or a 6% increase in net position from the prior year deficit of \$14,544,283. The following presents the changes in net position for the fiscal years ended June 30, 2017 and 2016.

**Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 181,435	\$ 230,509	\$ 650,743	\$ 666,206	\$ 832,178	\$ 896,715
Operating Grants and Contributions	29,122,236	23,332,011	1,428,598	1,355,359	30,550,834	24,687,370
Capital Grants and Contributions	154,984	87,646			154,984	87,646
General Revenues						
Property Taxes	38,667,832	37,665,506			38,667,832	37,665,506
State and Federal Aid - Unrestricted	22,523,414	22,214,027			22,523,414	22,214,027
Miscellaneous Income	161,086	286,923	536	477	161,622	287,400
Total Revenues	90,810,987	83,816,622	2,079,877	2,022,042	92,890,864	85,838,664
Expenses						
Instruction						
Regular	37,115,854	33,204,564			37,115,854	33,204,564
Special Education	15,165,972	14,015,994			15,165,972	14,015,994
Other Instruction	4,457,171	3,711,081			4,457,171	3,711,081
School Sponsored Activities and Athletics	1,125,987	942,304			1,125,987	942,304
Support Services						
Student and Instruction Related Services	10,249,971	9,317,872			10,249,971	9,317,872
General Administrative Services	2,305,809	2,737,192			2,305,809	2,737,192
School Administrative Services	7,664,156	6,331,181			7,664,156	6,331,181
Central Administrative Services	1,813,496	1,687,127			1,813,496	1,687,127
Plant Operations and Maintenance	6,853,846	6,350,149			6,853,846	6,350,149
Pupil Transportation	2,946,159	3,048,329			2,946,159	3,048,329
Interest on Long-Term Debt	115,860	108,879			115,860	108,879
Food Services	-	-	2,174,321	2,115,354	2,174,321	2,115,354
Total Expenses	89,814,281	81,454,672	2,174,321	2,115,354	91,988,602	83,570,026
Change in Net Position	996,706	2,361,950	(94,444)	(93,312)	902,262	2,268,638
Net Position, Beginning of Year	(14,857,075)	(17,219,025)	312,792	406,104	(14,544,283)	(16,812,921)
Net Position, End of Year	\$ (13,860,369)	\$ (14,857,075)	\$ 218,348	\$ 312,792	\$ (13,642,021)	\$ (14,544,283)

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

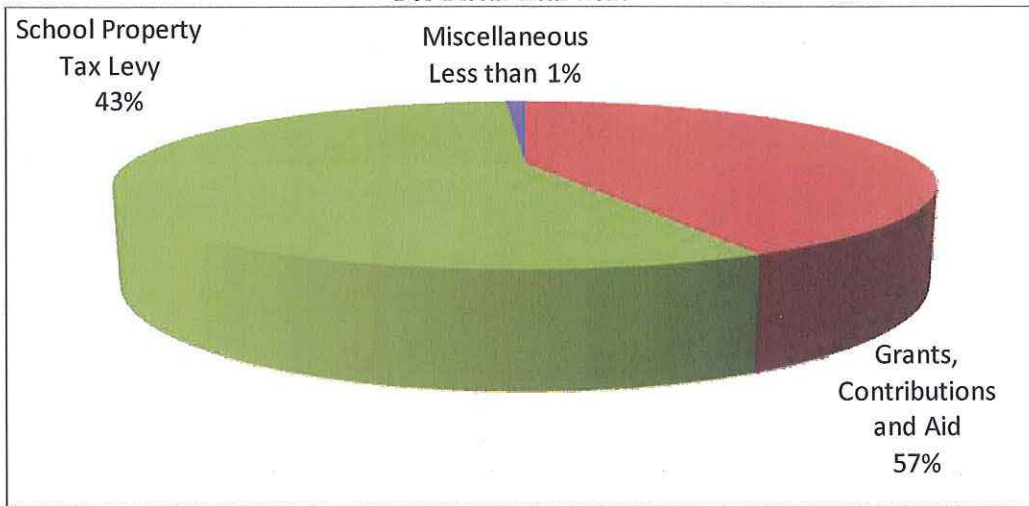
Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$90,810,987 for the fiscal year ended June 30, 2017, property taxes of \$38,667,832 represented 43% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state and federal aid which totaled \$51,800,634 or 57% of revenues. In addition, charges for services from tuition as well as general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

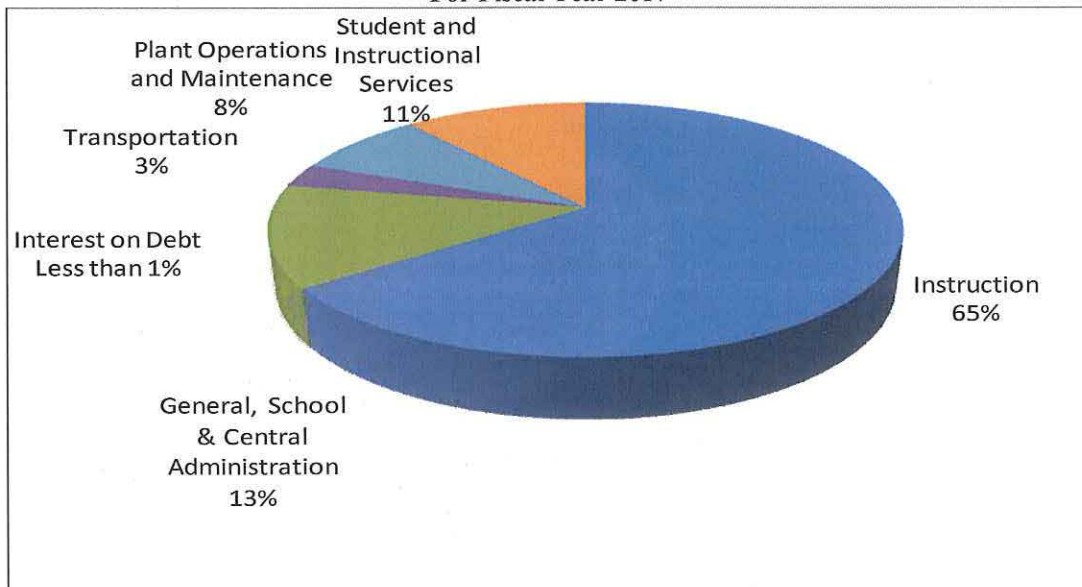
The total cost of all governmental activities programs and services was \$89,814,281 for the fiscal year ended June 30, 2017. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$57,864,984 (65%) of total expenses. Support services costs were \$31,833,437 (35%) of total expenses and interest on debt totaled \$115,860, (less than 1%) of total expenses.

For fiscal year 2017, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$999,706 from the previous year's balance.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2017**



**Expenses by Type-Governmental Activities
For Fiscal Year 2017**



BELLEVILLE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Net Cost of Governmental Activities. The District's total cost of services was \$89,814,281. After applying program revenues, derived from operating and capital grants and contributions of \$29,277,220 and charges for services of \$181,435, the net cost of services of the District was \$60,355,626 for the fiscal year ended June 30, 2017.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction:				
Regular	\$ 37,115,854	\$ 33,204,564	\$ 23,081,242	\$ 21,981,826
Special Education	15,165,972	14,015,994	7,840,206	7,255,988
Other Instruction	4,457,171	3,711,081	2,763,770	2,503,894
School Sponsored Activities and Athletics	1,125,987	942,304	1,125,987	942,304
Support Services:				
Student & Instruction Related Services	10,249,971	9,317,872	6,937,844	7,058,045
General Administrative Services	2,305,809	2,737,192	2,188,361	2,648,415
School Administrative Services	7,664,156	6,331,181	5,358,202	4,808,739
Central Administrative Services	1,813,496	1,687,127	1,759,133	1,660,758
Plant Operations and Maintenance	6,853,846	6,350,149	6,525,704	6,069,473
Pupil Transportation	2,946,159	3,048,329	2,659,317	2,766,185
Interest on Long Term Debt	115,860	108,879	115,860	108,879
Total	\$ 89,814,281	\$ 81,454,672	\$ 60,355,626	\$ 57,804,506

Business-Type Activities – The District's total business-type activities revenues were \$2,079,877 for the fiscal year ended June 30, 2017. Charges for services of \$650,743 accounted for 31% of total revenues and operating grants and contributions of \$1,428,598 accounted for 69% of total revenues.

Total cost of all business-type activities programs and services was \$2,174,321 for the fiscal year ended June 30, 2017.

For fiscal year 2017, total business-type activities expense exceeded revenues, decreasing net position by \$94,444 or 30% compared to the previous year.

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

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 \$1,382,250 at June 30, 2017, a decrease of \$47,269 from last year's fund balance of \$1,429,519.

Revenues for the District's governmental funds were \$76,386,057, while total expenditures were \$76,433,326 for the fiscal year ended June 30, 2017.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from Pre-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, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources:				
Property Tax Levy	\$ 38,667,832	\$ 37,665,506	\$ 1,002,326	3%
Tuition	181,435	230,509	(49,074)	329%
Miscellaneous	157,046	284,269	(127,223)	-45%
State Sources	34,520,252	33,307,496	1,212,756	4%
Federal Sources	<u>263,041</u>	<u>164,183</u>	<u>98,858</u>	60%
Total General Fund Revenues	<u>\$ 73,789,606</u>	<u>\$ 71,651,963</u>	<u>\$ 2,137,643</u>	3%

For fiscal year 2017, total General Fund revenues increased \$2,137,643 or 3% from the previous year. Property taxes increased \$1,002,326 or 3% to support increases in operating costs. As indicated, State aid increased 4% mainly attributable to on behalf pension contributions made by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 44,035,395	\$ 41,873,454	\$ 2,161,941	5%
Support Services	26,765,374	26,513,818	251,556	1%
Debt Service	1,899,129	2,023,993	(124,864)	-6%
Capital Outlay	<u>241,589</u>	<u>30,961</u>	<u>210,628</u>	680%
Total Expenditures	<u>\$ 72,941,487</u>	<u>\$ 70,442,226</u>	<u>\$ 2,499,261</u>	4%

BELLEVILLE TOWNSHIP SCHOOL DISTRICT

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

GENERAL FUND (Continued)

For fiscal year 2017, total General Fund expenditures increased \$2,499,261 or 4% over the previous year. Increases in instruction costs and capital outlay were offset by decreases in general administrative support services and student transportation costs in the current year.

In fiscal year 2017 General Fund revenues exceeded expenditures by \$848,119. Therefore, the total fund deficit of \$220,977 was eliminated to a fund balance of \$627,142 at June 30, 2017. After deducting restricted and assigned fund balances, the unassigned fund deficit decreased from \$1,863,401 at June 30, 2016 to \$1,845,705 at June 30, 2017.

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 2017 General Fund budgetary revenues exceeded budgetary expenditures increasing budgetary fund balance \$859,457 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$29,034, from a fund balance of \$1,010,876 at June 30, 2016 to a fund balance of \$1,039,910 at June 30, 2017. In addition, the District increased its restricted capital reserve fund balance by a total of \$710,000 at June 30, 2017, and established a maintenance reserve in the amount of \$193,656 at June 30, 2017.

CAPITAL ASSET

At the end of fiscal year 2017, the District had \$10,551,040 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$101,892 for business type activities. The following is a comparison of the June 30, 2017 and 2016 balances:

**Capital Assets
(Net of Accumulated Depreciation)
at June 30, 2017 and 2016**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 225,057	\$ 225,057			\$ 225,057	\$ 225,057
Construction in Progress	46,211	769,836			46,211	769,836
Land Improvements	10,938	11,621			10,938	11,621
Buildings and Improvements	9,266,426	8,415,370			9,266,426	8,415,370
Furniture, Equipment and Vehicles	<u>1,002,408</u>	<u>1,003,992</u>	\$ 101,892	\$ 144,244	<u>1,104,300</u>	<u>1,148,236</u>
Total Capital Assets, Net	<u>\$ 10,551,040</u>	<u>\$ 10,425,876</u>	<u>\$ 101,892</u>	<u>\$ 144,244</u>	<u>\$ 10,652,932</u>	<u>\$ 10,570,120</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, 2017

LONG TERM LIABILITIES

At June 30, 2017 the District had \$30,192,673 of total outstanding long-term liabilities for governmental activities. Of this amount, \$4,125,259 is for capital leases, \$1,549,016 is for compensated absences, \$3,329,940 is for the state aid advance loan payable and \$21,188,458 is for the District's net pension liability. The following is a comparison of the June 30, 2017 and 2016 balances:

Outstanding Long-Term Liabilities as of June 30, 2017 and 2016

	Governmental Activities	
	2017	2016
Capital Leases	\$ 4,125,259	\$ 5,540,000
Compensated Absences	1,549,016	1,824,366
State Aid Advance Loan Payable	3,329,940	3,746,183
Net Pension Liability	<u>21,188,458</u>	<u>18,772,248</u>
Total	<u>\$ 30,192,673</u>	<u>\$ 29,882,797</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 2017-2018. Budgeted expenditures in the General Fund increased approximately 2% to \$66,617,195 for fiscal year 2017-2018.

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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,725,105	\$ 185,243	\$ 1,910,348
Receivables, Net	584,503	120,887	705,390
Internal Balances	15,958	(15,958)	-
Inventory		19,446	19,446
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	784,340		784,340
Capital Assets, Not Being Depreciated	271,268		271,268
Capital Assets, Being Depreciated, Net	<u>10,279,772</u>	<u>101,892</u>	<u>10,381,664</u>
Total Assets	<u>13,660,946</u>	<u>411,510</u>	<u>14,072,456</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>6,404,540</u>	-	<u>6,404,540</u>
Total Deferred Outflows of Resources	<u>6,404,540</u>	-	<u>6,404,540</u>
Total Assets and Deferred Outflows of Resources	<u>20,065,486</u>	<u>411,510</u>	<u>20,476,996</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,569,597	176,670	1,746,267
Payable to Other Governments	92,815		92,815
Accrued Interest Payable	36,195		36,195
Unearned Revenue	65,244	9,475	74,719
Noncurrent Liabilities			
Due Within One Year	2,283,173		2,283,173
Due Beyond One Year	<u>27,909,500</u>	-	<u>27,909,500</u>
Total Liabilities	<u>31,956,524</u>	<u>186,145</u>	<u>32,142,669</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	1,969,331		1,969,331
Deferred Commodities Revenue	<u>-</u>	<u>7,017</u>	<u>7,017</u>
Total Deferred Inflows of Resources	<u>1,969,331</u>	<u>7,017</u>	<u>1,976,348</u>
Total Liabilities and Deferred Inflows of Resources	<u>33,925,855</u>	<u>193,162</u>	<u>34,119,017</u>
NET POSITION			
Net Investment in Capital Assets	7,066,551	101,892	7,168,443
Restricted for:			
Capital Projects	1,500,487		1,500,487
Plant Maintenance	193,656		193,656
Unrestricted	<u>(22,621,063)</u>	<u>116,456</u>	<u>(22,504,607)</u>
	<u>\$ (13,860,369)</u>	<u>\$ 218,348</u>	<u>\$ (13,642,021)</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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 37,115,854	\$ 86,985	\$ 13,816,352	\$ 131,275	(23,081,242)		\$ (23,081,242)
Special Education	15,165,972	94,450	7,231,316		(7,840,206)		(7,840,206)
Other Instruction	4,457,171		1,679,592	13,809	(2,763,770)		(2,763,770)
School Sponsored Activities and Athletics	1,125,987				(1,125,987)		(1,125,987)
Support Services:							
Student & Instruction Related Services	10,249,971		3,302,227	9,900	(6,937,844)		(6,937,844)
General Administrative Services	2,305,809		117,448		(2,188,361)		(2,188,361)
School Administrative Services	7,664,156		2,305,954		(5,358,202)		(5,358,202)
Central Administrative Services	1,813,496		54,363		(1,759,133)		(1,759,133)
Plant Operations and Maintenance	6,853,846		328,142		(6,525,704)		(6,525,704)
Pupil Transportation	2,946,159		286,842		(2,659,317)		(2,659,317)
Interest on Long Term Debt	115,860	-	-	-	(115,860)	-	(115,860)
Total Governmental Activities	89,814,281	181,435	29,122,236	154,984	(60,355,626)	-	(60,355,626)
Business-Type Activities:							
Food Service	2,174,321	650,743	1,428,598	-	-	\$ (94,980)	(94,980)
Total Business-Type Activities	2,174,321	650,743	1,428,598	-	-	(94,980)	(94,980)
Total Primary Government	\$ 91,988,602	\$ 832,178	\$ 30,550,834	\$ 154,984	(60,355,626)	(94,980)	(60,450,606)

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Continued

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 38,667,832	-	\$ 38,667,832
Unrestricted State & Federal Aid	22,523,414	-	22,523,414
Miscellaneous Income	161,086	\$ 536	161,622
Total General Revenues	61,352,332	536	61,352,868
Change in Net Position	996,706	(94,444)	902,262
Net Position, Beginning of Year,	(14,857,075)	312,792	(14,544,283)
Net Position, End of Year	\$ (13,860,369)	\$ 218,348	\$ (13,642,021)

FUND FINANCIAL STATEMENTS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,461,174	\$ 20,521		\$ 1,481,695
Receivables From Other Governments	178,006	354,013		532,019
Due from Other Funds	97,674			97,674
Restricted Assets				
Cash and Cash Equivalents with Fiscal Agent	-	-	\$ 784,340	784,340
Total Assets	<u>\$ 1,736,854</u>	<u>\$ 374,534</u>	<u>\$ 784,340</u>	<u>\$ 2,895,728</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,078,425	\$ 234,223	\$ -	1,312,648
Accrued Salaries and Wages	13,539			13,539
Due to Other Funds		-	29,232	29,232
Payable to State Government	7,924	68,281		76,205
Payable to Federal Government	-	16,610		16,610
Unearned Revenue	9,824	55,420	-	65,244
Total Liabilities	<u>1,109,712</u>	<u>374,534</u>	<u>29,232</u>	<u>1,513,478</u>
Fund Balances				
Restricted				
Capital Reserve	1,386,149			1,386,149
Maintenance Reserve	193,656			193,656
Capital Projects			755,108	755,108
Assigned				
Year End Encumbrances	893,042			893,042
Unassigned	<u>(1,845,705)</u>	<u>-</u>	<u>-</u>	<u>(1,845,705)</u>
Total Fund Balances	<u>627,142</u>	<u>-</u>	<u>755,108</u>	<u>1,382,250</u>
Total Liabilities and Fund Balances	<u>\$ 1,736,854</u>	<u>\$ 374,534</u>	<u>\$ 784,340</u>	<u>\$ 2,895,728</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 1,382,250

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 \$25,300,171 and the accumulated depreciation is \$14,749,131.

10,551,040

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 amortized over future years.

Deferred Outflows of Resources
Deferred Inflows of Resources

\$ 6,404,540
(1,969,331)

4,435,209

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:

(36,195)

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

4,125,259
3,329,940
1,549,016
21,188,458

(30,192,673)

Net Position of Governmental Activities (Exhibit A-1)

\$ (13,860,369)

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 38,667,832			\$ 38,667,832
Tuition	181,435			181,435
Miscellaneous	157,046	\$ 27,923	\$ 2,994	187,963
	<u>39,006,313</u>	<u>27,923</u>	<u>2,994</u>	<u>39,037,230</u>
Total - Local Sources				
State Sources	34,520,252	81,471		34,601,723
Federal Sources	263,041	2,484,063	-	2,747,104
	<u>34,783,293</u>	<u>2,565,534</u>	<u>-</u>	<u>37,348,827</u>
Total Revenues	<u>73,789,606</u>	<u>2,593,457</u>	<u>2,994</u>	<u>76,386,057</u>
EXPENDITURES				
Instruction				
Regular	27,593,371	1,153,129		28,746,500
Special Education	12,033,592	1,119,868		13,153,460
Other Instruction	3,365,514	62,462		3,427,976
School Sponsored Activities and Athletics	1,042,918			1,042,918
Support Services				
Student and Instruction Related Services	8,227,875	103,014		8,330,889
General Administrative Services	2,171,704			2,171,704
School Administrative Services	6,030,603			6,030,603
Central Administrative Services	1,702,511			1,702,511
Plant Operations and Maintenance	5,866,137			5,866,137
Pupil Transportation	2,766,544			2,766,544
Debt Service				
Principal	1,830,984			1,830,984
Interest	68,145		43,827	111,972
Capital Outlay	241,589	154,984	854,555	1,251,128
	<u>72,941,487</u>	<u>2,593,457</u>	<u>898,382</u>	<u>76,433,326</u>
Total Expenditures				
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	848,119	-	(895,388)	(47,269)
Fund Balance (Deficit), Beginning of Year	<u>(220,977)</u>	<u>-</u>	<u>1,650,496</u>	<u>1,429,519</u>
Fund Balance, End of Year	<u>\$ 627,142</u>	<u>\$ -</u>	<u>\$ 755,108</u>	<u>\$ 1,382,250</u>

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, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (47,269)

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	\$ 1,251,128	
Depreciation Expense	<u>(1,099,629)</u>	151,499

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

Loss on Disposal of Capital Assets		(26,335)
------------------------------------	--	----------

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	1,414,741	
State Aid Advance Loan Payable	<u>416,243</u>	1,830,984

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. (-) (3,888)

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	275,350	
Net Increase in Pension Expense	<u>(1,183,635)</u>	<u>(908,285)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 996,706

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	Business-Type Activities Enterprise Fund	Internal Service Fund Worker's Compensation Self-Insurance Fund
	Food Service	
ASSETS		
Cash and Cash Equivalents	\$ 185,243	\$ 243,410
Intergovernmental Receivable	105,255	
Other Accounts Receivable	15,632	
Inventories	<u>19,446</u>	<u>-</u>
Total Current Assets	<u>325,576</u>	<u>243,410</u>
Capital Assets		
Equipment	767,751	
Accumulated Depreciation	<u>(665,859)</u>	<u>-</u>
Total Capital Assets, Net	<u>101,892</u>	<u>-</u>
Total Assets	<u>427,468</u>	<u>243,410</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	176,670	
Due To Other Funds	15,958	
Claims and Judgements Payable		192,969
Accrued Liability for Insurance Claims		50,441
Unearned Revenue	<u>9,475</u>	<u>-</u>
Total Current Liabilities	<u>202,103</u>	<u>243,410</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue	<u>7,017</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>209,120</u>	<u>243,410</u>
NET POSITION		
Investment in Capital Assets	101,892	
Unrestricted	<u>116,456</u>	<u>-</u>
Total Net Position	<u>\$ 218,348</u>	<u>\$ -</u>

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, 2017**

	Business-Type Activities Enterprise Fund	Internal Service Fund Worker's Compensation Self-Insurance Fund
	Food Service	Fund
OPERATING REVENUES		
Local Sources		
Daily Sales - Reimbursable Programs	\$ 355,712	
Daily Sales - Non-Reimbursable Programs	291,504	
Special Events	3,527	-
Total Operating Revenues	650,743	-
OPERATING EXPENSES		
Salaries	707,718	
Employee Benefits	246,720	
Cost of Sales - Reimbursable Programs	765,614	
Cost of Sales - Non-Reimbursable Programs	136,701	
Repairs & Maintenance	15,813	
Supplies and Materials	81,015	
Other Purchased Services	44,702	
Management Fee	85,523	
Miscellaneous Expense	13,925	
Worker's Compensation Claims		1,046
Depreciation	76,590	-
Total Operating Expenses	2,174,321	1,046
Operating Loss	(1,523,578)	(1,046)
Nonoperating Revenues		
State Sources		
State School Lunch Program	23,475	
Federal Sources		
School Breakfast Program	99,885	
National School Lunch Program	1,155,546	
Food Distribution Program	149,692	
Interest Earnings	536	1,046
Total Nonoperating Revenues	1,429,134	1,046
Changes in Net Position	(94,444)	-
Total Net Position, Beginning of Year	312,792	-
Total Net Position, End of Year	\$ 218,348	\$ -

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, 2017**

	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	\$ 644,332	\$ -
Cash Received From District Contribution		-
Cash Payments for Employees Salaries and Benefits	(954,438)	
Cash Payments to Suppliers for Goods and Services	(790,830)	(115,561)
Net Cash (Used for) Operating Activities	(1,100,936)	(115,561)
Cash Flows from Noncapital Financing Activities		
Cash Received from (Paid to) Other Funds	(2,534)	-
Cash Received from State and Federal Subsidy Reimbursements	1,406,441	-
Net Cash Provided by Noncapital Financing Activities	1,403,907	-
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(34,238)	-
Net Cash (Used for) Capital and Related Financing Activities	(34,238)	-
Cash Flows from Investing Activities		
Interest Earnings Received	536	1,046
Net Cash Provided by Investing Activities	536	1,046
Net Increase (Decrease) in Cash and Cash Equivalents	269,269	(114,515)
Cash and Cash Equivalents (Overdraft), Beginning of Year	(84,026)	357,925
Cash and Cash Equivalents, End of Year	\$ 185,243	\$ 243,410
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Operating Loss	\$ (1,523,578)	\$ (1,046)
Adjustments to Reconcile Operating Loss to Net Cash (Used for) Operating Activities		
Depreciation	76,590	
Non-Cash Federal Assistance-Food Distribution Program	149,692	
Change in Assets, Liabilities and Deferred Inflows of Resources		
(Increase)/Decrease in Accounts Receivable	14,405	
(Increase)/Decrease in Inventory	8,985	
Increase/(Decrease) in Accounts Payable	176,670	
Increase/(Decrease) in Claims and Judgements Payable		(60,162)
Increase/(Decrease) in Accrued Liability for Insurance Claims	-	(54,353)
Increase/(Decrease) in Unearned Revenue	1,067	
Increase/(Decrease) in Deferred Commodities Revenue	(4,767)	-
Total Adjustments	422,642	(114,515)
Net Cash (Used For) Operating Activities	\$ (1,100,936)	\$ (115,561)
Non-Cash Invest, Capital and Financing Activities:		
Value Received - Food Distribution Program	\$ 144,925	

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, 2017**

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 19,049	\$ 597,463
Due from Other Funds	<u>19,024</u>	<u>-</u>
 Total Assets	 <u>\$ 38,073</u>	 <u>\$ 597,463</u>
LIABILITIES		
Due to Student Groups		\$ 175,002
Intergovernmental Payable - State	\$ 16,975	
Payroll Deductions and Withholdings		350,953
Due to Other Funds	<u>-</u>	<u>71,508</u>
 Total Liabilities	 <u>\$ 16,975</u>	 <u>\$ 597,463</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	 <u>\$ 21,098</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, 2017**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
District	\$ 15,000
Employee	62,256
Investment Earnings	
Interest	65
Total Additions	<u>77,321</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>130,239</u>
Total Deductions	<u>130,239</u>
Change in Net Position	(52,918)
Net Position, Beginning of Year	<u>74,016</u>
Net Position, End of Year	<u>\$ 21,098</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, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the District-wide financial statements to emphasize that it is legally separate from the District.

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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, 2017**

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 aid, federal and state grants for school-based budgeting 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, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, 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, 2017**

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

When both restricted and unrestricted resources are available for use, it is the 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, 2017**

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 acquisition 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
Heavy Equipment	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 arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated 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 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, government 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, 2017**

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.)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education (See Note 2E).

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, 2017**

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 2015-2016 and 2016-2017 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 District's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 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. 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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$2,014,902. The increase was funded by additional appropriation of restricted fund balance, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the State Monitor authorized and approved an appropriation of \$190,000 of capital reserve fund balance in the general fund.

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, 2017**

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			
General Administration			
Legal Services	\$ 742,387	\$ 765,500	\$(23,113)
Unallocated Benefits			
Health Benefits	7,607,736	7,677,901	(70,165)

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,845,705 in the General Fund as of June 30, 2017 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 2016/2017 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 \$1,845,705 in the General Fund is less than the delayed state aid payments at June 30, 2017.

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.

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 676,149
Increased by	
Approved by State Monitor	<u>900,000</u>
	1,576,149
Withdrawals	
Approved by State Monitor	<u>190,000</u>
Balance, June 30, 2017	<u>\$ 1,386,149</u>

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

E. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ -
Increased by	
Approved by State Monitor	<u>193,656</u>
Balance, June 30, 2017	<u>\$ 193,656</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,823,220.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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), National Credit Union Share Insurance Fund (NCUSIF), 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. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$3,311,200 and bank and brokerage firm balances of the Board's deposits amounted to \$4,029,256. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash and cash equivalent with Fiscal Agent" are categorized as:

Depository Account

Insured	\$ <u>4,029,256</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, 2017 none of the Board's bank balance was exposed to custodial credit risk.

Investments

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

As of June 30, 2017, the Board had no outstanding investments.

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

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

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2017 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				
Local		\$ 5,719		\$ 5,719
State	\$ 178,006	1,008	\$ 1,904	180,918
Federal		347,286	103,351	450,637
Accounts	-	-	15,632	15,632
	-----	-----	-----	-----
Gross Receivables	178,006	354,013	120,887	652,906
Less: Allowance for Uncollectibles	-	-	-	-
	-----	-----	-----	-----
Net Total Receivables	<u>\$ 178,006</u>	<u>\$ 354,013</u>	<u>\$ 120,887</u>	<u>\$ 652,906</u>

C. Unearned Revenue

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

General Fund	
Prepaid Tuition Charges	\$ 9,824
Special Revenue Fund	
Unencumbered Grant Draw Downs	33,336
Grant Draw Down Reserve for Encumbrances	22,084

Total Unearned Revenue for Governmental Funds	<u>\$ 65,244</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 225,057			\$ 225,057
Construction in Progress	<u>769,836</u>	<u>\$ 866,781</u>	<u>\$ (1,590,406)</u>	<u>46,211</u>
Total Capital Assets, Not Being Depreciated	<u>994,893</u>	<u>866,781</u>	<u>(1,590,406)</u>	<u>271,268</u>
Capital Assets, Being Depreciated:				
Land Improvements	13,670			13,670
Building and Building Improvements	19,651,307	1,590,406		21,241,713
Machinery and Equipment	<u>3,543,786</u>	<u>384,347</u>	<u>(154,613)</u>	<u>3,773,520</u>
Total Capital Assets Being Depreciated	<u>23,208,763</u>	<u>1,974,753</u>	<u>(154,613)</u>	<u>25,028,903</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,049)	(683)	-	(2,732)
Buildings and Improvements	(11,235,937)	(739,350)	-	(11,975,287)
Machinery and Equipment	<u>(2,539,794)</u>	<u>(359,596)</u>	<u>128,278</u>	<u>(2,771,112)</u>
Total Accumulated Depreciation	<u>(13,777,780)</u>	<u>(1,099,629)</u>	<u>128,278</u>	<u>(14,749,131)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,430,983</u>	<u>875,124</u>	<u>(26,335)</u>	<u>10,279,772</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,425,876</u>	<u>\$ 1,741,905</u>	<u>\$ (1,616,741)</u>	<u>\$ 10,551,040</u>
	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 733,513	\$ 34,238	-	\$ 767,751
Total Capital Assets Being Depreciated	<u>733,513</u>	<u>34,238</u>	<u>-</u>	<u>767,751</u>
Less Accumulated Depreciation for:				
Equipment	<u>(589,269)</u>	<u>(76,590)</u>	<u>-</u>	<u>(665,859)</u>
Total Accumulated Depreciation	<u>(589,269)</u>	<u>(76,590)</u>	<u>-</u>	<u>(665,859)</u>
Total Capital Assets, Being Depreciated, Net	<u>144,244</u>	<u>(42,352)</u>	<u>-</u>	<u>101,892</u>
Business-Type Activities Capital Assets, Net	<u>\$ 144,244</u>	<u>\$ (42,352)</u>	<u>\$ -</u>	<u>\$ 101,892</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 377,386
Special Education	7,359
Total Instruction	<u>384,745</u>
Support Services	
Student and Instruction Related Services	9,456
General Administrative Services	6,274
School Administrative Services	79,195
Plant Operations and Maintenance	557,721
Pupil Transportation	<u>62,238</u>
Total Support Services	<u>714,884</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,099,629</u>

Business-Type Activities:

Food Service Fund	<u>\$ 76,590</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 76,590</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Remaining Commitment</u>
Entry Portico Restoration at School No. 7	\$ 107,750
Roof Replacement Project at School No. 4	\$ 183,800

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	29,232
General Fund	Food Service Fund	15,958
General Fund	Payroll Agency Fund	52,484
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>19,024</u>
Total		<u>\$ 116,698</u>

The above balances are the result of revenues or receipts deposited in one fund which are due to another fund or expenditures paid by one fund on behalf of another fund.

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, 2017 were \$55,936. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2018	\$ 67,124
2019	67,124
2020	67,124
2021	67,124
2022	<u>11,187</u>
Total	<u>\$ 279,683</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 \$7,920,214 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	\$ 46,211
Building Improvements	6,780,360
Machinery and Equipment	<u>452,873</u>
	<u>\$ 7,279,444</u>

The unexpended proceeds from capital leases in the amount of \$640,770 at June 30, 2017 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, 2017 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2018	\$ 1,809,015
2019	1,220,797
2020	522,529
2021	522,529
2022	261,265
2013	<u>-</u>
Total minimum lease payments	4,336,135
Less: amount representing interest	<u>(210,876)</u>
Present value of minimum lease payments	<u>\$ 4,125,259</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 is being repaid by the school district through automatic reductions in the State aid provided to the school district in each year. The term of the loan repayment is ten (10) years which began 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 2016/2017 school year.

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

Governmental Activities:

Year Ended June 30,	State Aid Advance Loan		Total
	Principal	Interest	
2018	\$ 416,243		\$ 416,243
2019	416,243		416,243
2020	416,243		416,243
2021	416,243		416,243
2022	416,243		416,243
2023-2025	<u>1,248,725</u>	<u>-</u>	<u>1,248,725</u>
Totals	<u>\$ 3,329,940</u>	<u>\$ -</u>	<u>\$ 3,329,940</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 109,971,672
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 109,971,672</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, was as follows:

	Balance, <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental Activities:					
Capital Leases	\$ 5,540,000		\$ 1,414,741	\$ 4,125,259	\$ 1,712,030
Compensated Absences	1,824,366	\$ 64,033	339,383	1,549,016	154,900
State Aid Advance Loan Payable	3,746,183		416,243	3,329,940	416,243
Net Pension Liability	<u>18,772,248</u>	<u>3,051,772</u>	<u>635,562</u>	<u>21,188,458</u>	<u>-</u>
Governmental Activity Long-term Liabilities	<u>\$ 29,882,797</u>	<u>\$ 3,115,805</u>	<u>\$ 2,805,929</u>	<u>\$ 30,192,673</u>	<u>\$ 2,283,173</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.

J. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2017 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, 2017 was as follows:

<u>General Fund</u>	Rate %	Maturity Date	Balance, <u>July 1, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	Balance, <u>June 30, 2017</u>
Delayed State Aid	3.25%	7/8/2016	\$ 2,449,473	-	\$ 2,449,473	-
			<u>\$ 2,449,473</u>	<u>\$ -</u>	<u>\$ 2,449,473</u>	<u>\$ -</u>

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.

Prior to July 1, 2014, the District established a worker's compensation plan for its employees. Transactions related to the plan are accounted for in the Internal Services 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2017, 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 \$243,410 reported at June 30, 2017 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, 2017 and 2018 are as follows:

Governmental Activities:

	<u>Fiscal Year Ended</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Unpaid Claims, Beginning of Year	\$ 357,925	\$ 416,893
Incurred Claims (Including IBNR)	1,046	58,995
Claim Payments	<u>(115,561)</u>	<u>(117,963)</u>
Unpaid Claims, End of Year	<u>\$ 243,410</u>	<u>\$ 357,925</u>

The District is a member of the New Jersey School Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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 nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2017	\$ 15,000	\$ 62,256	\$ 130,239	\$ 21,098
2016	105,000	60,133	175,631	74,016
2015	422,729	55,956	480,001	84,405

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

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, except for the following pending litigation.

Pending Litigation – Former Employee vs. Belleville Board of Education: This is an employment litigation in the United States District Court for the District of New Jersey that, although partly covered by insurance, contains significant uncovered claims. The former employee's complaint alleges, among other things, age and gender discrimination, political retaliation and an improper transfer. According to the expert report served by the plaintiff's attorneys, claim damages of \$1.7 million much of which would be uninsured. Discovery is nearing an end at the date of audit but no trial date has yet been set. In the opinion of the Board Attorney it is estimated the potential liability to the District in this case could exceed \$500,000. The District has encumbered \$475,000 in the general fund at June 30, 2017 for any potential liability that may arise from an unfavorable outcome to 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, 2017, 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, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

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/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 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 7.06% for PERS, 7.06% 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, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively 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>
2017	\$ 635,562	\$ 3,212,266	\$ 23,655
2016	718,955	2,388,926	27,407
2015	661,443	1,598,937	19,793

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

In addition for fiscal year 2016/2017 the District contributed \$1,648 for PERS and the State contributed \$5,962 for TPAF for Long Term Disability Insurance Premium (LTDI).

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 \$2,208,564 during the fiscal year ended June 30, 2017 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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$21,188,458 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was 0.07154 percent, which was a decrease of 0.01209 percent from its proportionate share measured as of June 30, 2015 of 0.08363 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,819,197 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 394,041	
Changes of Assumptions	4,389,117	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	807,935	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>813,447</u>	<u>\$ 1,969,331</u>
Total	<u>\$ 6,404,540</u>	<u>\$ 1,969,331</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 1,059,443
2019	1,059,443
2020	1,283,252
2021	923,668
2022	<u>109,403</u>
	<u>\$ 4,435,209</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$17,636,150 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$234,722,770. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was 0.29838 percent, which was an increase of 0.00263 percent from its proportionate share measured as of June 30, 2015 of 0.29575 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 280,311,442</u>	<u>\$ 234,722,770</u>	<u>\$ 197,493,736</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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.

Actuarial Methods and Assumptions

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$2,676,549, \$2,844,551 and \$2,538,314, 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.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Belleville Township School District, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

G. Subsequent Event

On November 7, 2017, the voters of the Belleville Township School District approved a \$48,536,610 referendum authorizing the District to issue bonds and/or notes to finance various capital improvements and upgrades to all District schools, consisting of safety and security improvements, enhancement of exterior structures, improvements and upgrade to infrastructure and building systems and other improvements to create long-term efficiencies throughout the District. The referendum project includes \$24,148,600 of project costs eligible for State of New Jersey debt service aid. As of the date of audit, the Board has not sold Bonds or Notes in conjunction with these projects.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 38,667,832		\$ 38,667,832	\$ 38,667,832	
Tuition From Individuals	245,700		245,700	86,985	\$ (158,715)
Tuition From Other LEAs Within the State	-		-	94,450	94,450
Unrestricted Miscellaneous Revenues	27,000	-	27,000	157,046	130,046
Total Local Revenues	<u>38,940,532</u>	<u>-</u>	<u>38,940,532</u>	<u>39,006,313</u>	<u>65,781</u>
State Sources					
Special Education Aid	2,880,246		2,880,246	2,880,246	-
Equalization Aid	21,896,193		21,896,193	21,896,193	-
Security Aid	332,971		332,971	332,971	-
Transportation Aid	221,550		221,550	221,550	-
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	-
Professional Learning Community Aid	45,960		45,960	45,960	-
Extraordinary Special Education Costs Aid	531,771		531,771	389,131	(142,640)
Nonpublic School Transportation Costs				67,338	67,338
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				3,099,948	3,099,948
Pension - NCGI Premium				112,318	112,318
Post Retirement Medical Benefit Contribution				2,676,549	2,676,549
Long Term Disability Insurance				5,962	5,962
Reimbursed Social Security Contribution	-	-	-	2,208,564	2,208,564
Total State Revenues	<u>26,503,551</u>	<u>-</u>	<u>26,503,551</u>	<u>34,531,590</u>	<u>8,028,039</u>
Federal Sources					
FEMA				14,891	14,891
Special Education Medicaid Initiative Reimbursement	87,144	-	87,144	242,935	155,791
SEMI-ARRA	-	-	-	5,215	5,215
	<u>87,144</u>	<u>-</u>	<u>87,144</u>	<u>263,041</u>	<u>175,897</u>
Total Revenues	<u>65,531,227</u>	<u>-</u>	<u>65,531,227</u>	<u>73,800,944</u>	<u>8,269,717</u>
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	1,152,084	\$ (17,726)	1,134,358	1,126,386	7,972
Grades 1-5	5,930,183	(295,451)	5,634,732	5,610,004	24,728
Grades 6-8	3,273,939	155,123	3,429,062	3,415,240	13,822
Grades 9-12	7,335,955	60,325	7,396,280	7,393,869	2,411
Regular Programs - Home Instruction					
Salaries of Teachers	125,000	98,955	223,955	223,955	-
Purchased Professional-Educational Services	100,000	(37,400)	62,600	54,510	8,090
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	44,151	6,829	50,980	50,611	369
Purchased Technical Services	5,000	-	5,000	5,000	-
Other Purchased Services	2,080	321	2,401	2,401	-
General Supplies	338,640	83,583	422,223	394,784	27,439
Textbooks	335,570	215,761	551,331	551,331	-
Other Objects	20	5,934	5,954	5,954	-
Total Regular Programs	<u>18,642,622</u>	<u>276,254</u>	<u>18,918,876</u>	<u>18,834,045</u>	<u>84,831</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 562,609	\$ 62,693	\$ 625,302	\$ 625,302	-
Other Salaries for Instruction	312,047	134,122	446,169	446,169	-
General Supplies	4,000	(2,574)	1,426	1,426	-
Total Learning / Language Disabilities	<u>878,656</u>	<u>194,241</u>	<u>1,072,897</u>	<u>1,072,897</u>	<u>-</u>
Behavioral Disabilities					
Salaries of Teachers	138,647	3,103	141,750	140,185	\$ 1,565
Other Salaries for Instruction	77,866	22,764	100,630	100,630	-
General Supplies	2,000	(625)	1,375	1,375	-
Total Behavioral Disabilities	<u>218,513</u>	<u>25,242</u>	<u>243,755</u>	<u>242,190</u>	<u>1,565</u>
Multiple Disabilities					
Salaries of Teachers	181,041	39,484	220,525	220,525	-
Other Salaries for Instruction	154,131	(11,238)	142,893	142,893	-
General Supplies	1,500	(1,500)	-	-	-
Total Multiple Disabilities	<u>336,672</u>	<u>26,746</u>	<u>363,418</u>	<u>363,418</u>	<u>-</u>
Resource Room / Resource Center					
Salaries of Teachers	2,390,741	(25,594)	2,365,147	2,365,147	-
Other Salaries for Instruction	479,903	(19,916)	459,987	459,987	-
General Supplies	17,500	(11,796)	5,704	5,704	-
Total Resource Room / Resource Center	<u>2,888,144</u>	<u>(57,306)</u>	<u>2,830,838</u>	<u>2,830,838</u>	<u>-</u>
Autism					
Salaries of Teachers	196,219	98,866	295,085	294,860	225
Other Salaries for Instruction	155,863	129,268	285,131	284,564	567
General Supplies	3,000	12,517	15,517	12,259	3,258
Total Autism	<u>355,082</u>	<u>240,651</u>	<u>595,733</u>	<u>591,683</u>	<u>4,050</u>
Preschool Disabilities - Part - Time					
General Supplies	1,800	4,871	6,671	4,907	1,764
Total Preschool Disabilities - Part - Time	<u>1,800</u>	<u>4,871</u>	<u>6,671</u>	<u>4,907</u>	<u>1,764</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	171,053	145,486	316,539	316,057	482
Other Salaries for Instruction	381,599	(73,095)	308,504	307,854	650
General Supplies	500	760	1,260	445	815
Total Preschool Disabilities - Full - Time	<u>553,152</u>	<u>73,151</u>	<u>626,303</u>	<u>624,356</u>	<u>1,947</u>
Home Instruction					
Salaries of Teachers	60,000	31,963	91,963	91,963	-
Total Home Instruction	<u>60,000</u>	<u>31,963</u>	<u>91,963</u>	<u>91,963</u>	<u>-</u>
Total Special Education	<u>5,292,019</u>	<u>539,559</u>	<u>5,831,578</u>	<u>5,822,252</u>	<u>9,326</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 1,212,580	\$ 209,085	\$ 1,421,665	\$ 1,420,161	\$ 1,504
General Supplies	1,000	(244)	756	-	756
Total Basic Skills/Remedial	<u>1,213,580</u>	<u>208,841</u>	<u>1,422,421</u>	<u>1,420,161</u>	<u>2,260</u>
Bilingual Education					
Salaries of Teachers	897,426	(18,119)	879,307	877,371	1,936
General Supplies	6,869	-	6,869	-	6,869
Total Bilingual Education	<u>904,295</u>	<u>(18,119)</u>	<u>886,176</u>	<u>877,371</u>	<u>8,805</u>
School Sponsored Co-Curricular Activities					
Salaries	134,782	30,448	165,230	165,065	165
Purchased Services	-	4,993	4,993	4,993	-
Other Objects	385	359	744	744	-
Total School Sponsored Co-Curricular Activities	<u>135,167</u>	<u>35,800</u>	<u>170,967</u>	<u>170,802</u>	<u>165</u>
School Sponsored Athletics - Instruction					
Salaries	397,579	65,163	462,742	460,258	2,484
Purchased Services	113,745	(48,284)	65,461	65,321	140
Supplies and Materials	48,873	14,307	63,180	61,813	1,367
Other Objects	48,893	(1,956)	46,937	41,775	5,162
Total School Sponsored Athletics - Instruction	<u>609,090</u>	<u>29,230</u>	<u>638,320</u>	<u>629,167</u>	<u>9,153</u>
Total - Instruction	<u>26,796,773</u>	<u>1,071,565</u>	<u>27,868,338</u>	<u>27,753,798</u>	<u>114,540</u>
Undistributed Expenditures					
Instruction (Tuition)					
Tuition - Other LEA's Within State - Reg.	-	1,733	1,733	1,177	556
Tuition - Other LEA's Within State - Special	420,807	87,247	508,054	483,165	24,889
Tuition to County Vocational School District-Reg.	156,760	11,112	167,872	167,872	-
Tuition to County Vocational School/Dist.-Spec.	32,501	26,676	59,177	59,177	-
Tuition to County Special Services - School Districts & Regional Day Schools	16,550	319,639	336,189	336,189	-
Tuition to Private Schools - Disabled Within State	3,733,197	(980,049)	2,753,148	2,739,749	13,399
Tuition - State Facilities	4,500	-	4,500	4,500	-
Tuition - Other	32,000	29,409	61,409	54,083	7,326
Total Undistributed Expenditures - Instruction	<u>4,396,315</u>	<u>(504,233)</u>	<u>3,892,082</u>	<u>3,845,912</u>	<u>46,170</u>
Attendance and Social Work Services					
Salaries	56,942	(56,942)	-	-	-
Total Attendance and Social Work Services	<u>56,942</u>	<u>(56,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 840,874	\$ 62,712	\$ 903,586	\$ 903,077	\$ 509
Purchased Professional and Technical Services	46,915	12,792	59,707	58,055	1,652
Other Purchased Services	5,892	(3,042)	2,850	2,850	-
Supplies and Materials	18,960	(7,702)	11,258	9,812	1,446
Total Health Services	<u>912,641</u>	<u>64,760</u>	<u>977,401</u>	<u>973,794</u>	<u>3,607</u>
Speech, OT, PT and Related Services					
Salaries	663,075	23,621	686,696	686,438	258
Purchased Professional - Educational Services	678,707	(100,000)	578,707	574,265	4,442
Supplies and Materials	80	-	80	-	80
Total Speech, OT, PT and Related Services	<u>1,341,862</u>	<u>(76,379)</u>	<u>1,265,483</u>	<u>1,260,703</u>	<u>4,780</u>
Other Support Services-Students-Extra Services					
Salaries	192,000	(93,228)	98,772	98,099	673
Purchased Professional-Educational Services	794,097	(59,256)	734,841	703,187	31,654
Total Other Support Services-Extra	<u>986,097</u>	<u>(152,484)</u>	<u>833,613</u>	<u>801,286</u>	<u>32,327</u>
Guidance					
Salaries of Other Professional Staff	900,103	(42,029)	858,074	856,718	1,356
Salaries of Secretarial and Clerical Assistants	144,748	8,301	153,049	152,885	164
Purchased Professional-Educational Services	35,520	(2,260)	33,260	33,260	-
Supplies and Materials	12,461	(5,785)	6,676	5,868	808
Total Guidance	<u>1,092,832</u>	<u>(41,773)</u>	<u>1,051,059</u>	<u>1,048,731</u>	<u>2,328</u>
Child Study Team					
Salaries of Other Professional Staff	1,409,464	77,174	1,486,638	1,477,776	8,862
Salaries of Secretarial and Clerical Assistants	162,527	(274)	162,253	162,253	-
Other Purchased Professional and Technical Services	20,192	(334)	19,858	31	19,827
Residential Costs	593	(593)	-	-	-
Other Purchased Services	-	1,171	1,171	1,171	-
Miscellaneous Purchased Services	12,725	-	12,725	12,205	520
Supplies and Materials	20,687	16,508	37,195	37,195	-
Other Objects	29,177	(26,242)	2,935	2,935	-
Total Child Study Team	<u>1,655,365</u>	<u>67,410</u>	<u>1,722,775</u>	<u>1,693,566</u>	<u>29,209</u>
Improvement of Instruction Services					
Salaries of Other Professional Staff	5,600	36,000	41,600	30,264	11,336
Total Improvement of Instruction Services	<u>5,600</u>	<u>36,000</u>	<u>41,600</u>	<u>30,264</u>	<u>11,336</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 293,338	\$ (18,698)	\$ 274,640	\$ 273,959	\$ 681
Supplies and Materials	37,500	(3,349)	34,151	32,642	1,509
Total Educational Media Services/School Library	<u>330,838</u>	<u>(22,047)</u>	<u>308,791</u>	<u>306,601</u>	<u>2,190</u>
Instructional Staff Training Services					
Purchased Professional - Educational Services	23,500	(23,500)	-	-	-
Other Purchased Services	12,000	(12,000)	-	-	-
Total Instructional Staff Training Services	<u>35,500</u>	<u>(35,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services General Administration					
Salaries	462,072	(23,536)	438,536	438,536	-
Salaries of Fiscal Monitors	146,520	(18,024)	128,496	128,496	-
Repayment of Principal -NJ DOE Loan	416,243	-	416,243	416,243	-
Legal Services	380,000	362,387	742,387	765,500	(23,113)
Audit Fees	110,000	4,176	114,176	68,189	45,987
Architectural/Engineering Services	110,000	(6,500)	103,500	57,059	46,441
Other Purchased Professional Services	60,030	(16,995)	43,035	43,035	-
Communications/Telephone	90,900	(35,000)	55,900	37,330	18,570
BOE Other Purchased Services	3,800	(153)	3,647	3,647	-
Miscellaneous Purchased Services	287,590	(10,561)	277,029	276,589	440
General Supplies	4,806	(747)	4,059	4,042	17
BOE In-House Training/Meeting Supplies	700	(650)	50	50	-
Judgments Against the School District	164,515	371,100	535,615	40,993	494,622
Miscellaneous Expenditures	8,598	14,441	23,039	23,039	-
BOE Membership Dues and Fees	29,953	544	30,497	30,497	-
Total Support Services General Administration	<u>2,275,727</u>	<u>640,482</u>	<u>2,916,209</u>	<u>2,333,245</u>	<u>582,964</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	2,222,003	(254,550)	1,967,453	1,928,585	38,868
Salaries of Other Professional Staff	692,477	751,637	1,444,114	1,411,760	32,354
Salaries of Secretarial and Clerical Assistants	883,065	(125,486)	757,579	754,704	2,875
Other Purchased Services	40,197	50,978	91,175	90,395	780
Supplies and Materials	39,000	(4)	38,996	29,049	9,947
Other Objects	2,819	(2,819)	-	-	-
Total Support Services School Administration	<u>3,879,561</u>	<u>419,756</u>	<u>4,299,317</u>	<u>4,214,493</u>	<u>84,824</u>
Central Services					
Salaries	523,349	(75,558)	447,791	447,752	39
Purchased Technical Services	32,760	(13,608)	19,152	19,152	-
Miscellaneous Purchased Services	36,500	(1,263)	35,237	29,413	5,824
Supplies and Materials	7,500	3,888	11,388	11,388	-
Interest on Lease Purchase Agreements	118,005	(49,860)	68,145	68,145	-
Miscellaneous Expenditures	5,150	35,009	40,159	39,774	385
Total Central Services	<u>723,264</u>	<u>(101,392)</u>	<u>621,872</u>	<u>615,624</u>	<u>6,248</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Administration Information Technology					
Salaries	\$ 256,919	\$ (48,469)	\$ 208,450	\$ 208,399	\$ 51
Purchased Technical Services	400,000	202,152	602,152	601,738	414
Other Purchased Services	75,000	(32,117)	42,883	36,058	6,825
Supplies and Materials	65,000	(13,801)	51,199	48,604	2,595
Total Administration Information Technology	796,919	107,765	904,684	894,799	9,885
Required Maintenance for School Facilities					
Salaries	406,550	78,775	485,325	485,325	-
Cleaning, Repair & Maintenance Services	149,319	(16,793)	132,526	127,811	4,715
General Supplies	140,000	47,593	187,593	154,649	32,944
Total Required Maintenance for School Facilities	695,869	109,575	805,444	767,785	37,659
Custodial Services					
Salaries	2,003,896	7,466	2,011,362	2,011,362	-
Purchased Professional and Technical Services	4,220	621	4,841	4,841	-
Cleaning, Repair and Maintenance Services	144,039	20,620	164,659	131,189	33,470
Other Purchased Property Services	65,400	(2,950)	62,450	62,070	380
Insurance	314,838	(18,559)	296,279	296,279	-
Miscellaneous Purchased Services	563	(313)	250	250	-
General Supplies	62,344	23,022	85,366	60,915	24,451
Energy (Natural Gas)	230,000	4,548	234,548	201,109	33,439
Energy (Electricity)	600,000	(106,000)	494,000	490,334	3,666
Other Objects	3,169	(175)	2,994	2,614	380
Total Custodial Services	3,428,469	(71,720)	3,356,749	3,260,963	95,786
Care and Upkeep of Grounds					
Salaries	92,774	1,012	93,786	93,786	-
Cleaning, Repair and Maintenance Services	-	6,672	6,672	5,792	880
General Supplies	-	3,166	3,166	3,166	-
Total Care and Upkeep of Grounds	92,774	10,850	103,624	102,744	880
Security					
Salaries	352,280	97,560	449,840	448,107	1,733
Purchased Professional and Technical Services	90,000	12,000	102,000	102,000	-
General Supplies	1,341	2,766	4,107	3,999	108
Total Security	443,621	112,326	555,947	554,106	1,841
Student Transportation Services					
Salaries of Non-Instructional Aides	346,000	18,572	364,572	337,205	27,367
Salaries for Pupil Transportation (Between Home and School) - Regular	195,445	(49,458)	145,987	144,256	1,731
Salaries for Pupil Transportation (Between Home and School) - Special	275,000	(7,461)	267,539	267,539	-
Salaries for Pupil Transportation (Other Than Between Home & School)	103,318	42,538	145,856	134,573	11,283
Management Fee - ESC & CTSA Trans. Prog.	60,040	4,963	65,003	42,948	22,055
Cleaning, Repair and Maintenance Services	46,455	18,776	65,231	64,075	1,156
Contracted Services - Aid in Lieu Payments - Non-Public	367,082	(30,402)	336,680	322,791	13,889
Contracted Services (Other Than Between Home and School) - Vendors	50,000	-	50,000	42,705	7,295
Contracted Services (Spec Ed) - Joint Agreements	17,000	(6,116)	10,884	10,884	-
Contracted Services (Spec Ed) - ESC's & CTSA's	1,202,571	-	1,202,571	988,268	214,303
Miscellaneous Purchased Services - Transportation	8,000	(8,000)	-	-	-
Transportation Supplies	115,000	60,058	175,058	61,443	113,615
Miscellaneous Expenditures	11,500	(4,026)	7,474	6,574	900
Total Student Transportation Services	2,797,411	39,444	2,836,855	2,423,261	413,594

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 770,472	\$ 113,891	\$ 884,363	\$ 878,652	\$ 5,711
Other Retirement Contributions - PERS	719,000	(81,790)	637,210	637,210	-
Other Retirement Contributions - Regular	34,681	(4,942)	29,739	29,031	708
Unemployment Compensation	105,000	(78,567)	26,433	15,000	11,433
Workmen's Compensation	466,621	(53,362)	413,259	400,819	12,440
Health Benefits	8,673,028	(1,065,292)	7,607,736	7,677,901	(70,165)
Tuition Reimbursement	50,000	(10,879)	39,121	39,121	-
Other Employee Benefits	247,753	(195,253)	52,500	52,500	-
Unused Sick Payment to Terminated/Retired Staff	83,445	411,809	495,254	339,383	155,871
Total Unallocated Benefits	<u>11,150,000</u>	<u>(964,385)</u>	<u>10,185,615</u>	<u>10,069,617</u>	<u>115,998</u>
On Behalf TPAF Contributions (Non Budgeted)					
Pension Benefit Contribution		-		3,099,948	(3,099,948)
Pension -NCGI Premium				112,318	(112,318)
Post Retirement Medical Benefit Contribution		-		2,676,549	(2,676,549)
Long Term Disability Insurance				5,962	(5,962)
Reimbursed Social Security Contribution	-	-	-	2,208,564	(2,208,564)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,103,341</u>	<u>(8,103,341)</u>
Total Undistributed Expenditures	<u>37,097,607</u>	<u>(418,487)</u>	<u>36,679,120</u>	<u>43,300,835</u>	<u>(6,621,715)</u>
Total Expenditures - Current Expenditures	<u>63,894,380</u>	<u>653,078</u>	<u>64,547,458</u>	<u>71,054,633</u>	<u>(6,507,175)</u>
CAPITAL OUTLAY					
Equipment					
Instructional Equipment		2,341	2,341	2,341	-
Grades 1-5		7,095	7,095	7,095	
Grades 9-12		-	-	-	-
Undistributed Expenditures		-	-	-	
School Buses - Special	-	278,150	278,150	219,927	58,223
Total Equipment	<u>-</u>	<u>287,586</u>	<u>287,586</u>	<u>229,363</u>	<u>58,223</u>
Facilities Acquisition and Construction Services					
Architectural / Engineering Services		24,000	24,000	12,226	11,774
Construction Services	-	166,000	166,000	-	166,000
Lease Purchase Agreements - Principal	1,562,668	(130,736)	1,431,932	1,414,741	17,191
Assessment for Debt Service on SDA Funding	22,935	-	22,935	22,935	-
Total Facilities Acquisition and Construction Services	<u>1,585,603</u>	<u>59,264</u>	<u>1,644,867</u>	<u>1,449,902</u>	<u>194,965</u>
Total Capital Outlay	<u>1,585,603</u>	<u>346,850</u>	<u>1,932,453</u>	<u>1,679,265</u>	<u>253,188</u>
SUMMER SCHOOL - INSTRUCTION					
Salaries of Teachers	-	16,134	16,134	16,134	-
Total Summer School - Instruction	<u>-</u>	<u>16,134</u>	<u>16,134</u>	<u>16,134</u>	<u>-</u>
Transfer of Funds to Charter Schools	51,244	140,211	191,455	191,455	-
Total Expenditures	<u>65,531,227</u>	<u>1,156,273</u>	<u>66,687,500</u>	<u>72,941,487</u>	<u>(6,253,987)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(1,156,273)</u>	<u>(1,156,273)</u>	<u>859,457</u>	<u>2,015,730</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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)	\$ -	\$ (1,156,273)	\$ (1,156,273)	\$ 859,457	\$ 2,015,730
Fund Balances, Beginning of Year	<u>2,653,300</u>	<u>-</u>	<u>2,653,300</u>	<u>2,653,300</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,653,300</u>	<u>\$ (1,156,273)</u>	<u>\$ 1,497,027</u>	<u>\$ 3,512,757</u>	<u>\$ 2,015,730</u>
Recapitulation					
Restricted					
Capital Reserve				\$ 1,386,149	
Maintenance Reserve				193,656	
Assigned					
Year End Encumbrances				893,042	
Unassigned				<u>1,039,910</u>	
Fund Balance Per State Budgetary Basis of Accounting				3,512,757	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(2,885,615)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 627,142</u>	

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 153,317	\$ (4,573)	\$ 148,744	\$ 81,471	\$ (67,273)
Federal	1,908,139	804,777	2,712,916	2,498,735	(214,181)
Local Sources					
Miscellaneous	-	58,425	58,425	35,335	(23,090)
Total Revenues	<u>2,061,456</u>	<u>858,629</u>	<u>2,920,085</u>	<u>2,615,541</u>	<u>(304,544)</u>
EXPENDITURES					
Instruction					
Salaries	995,903	(324,709)	671,194	639,707	31,487
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional / Technical Services	114,122	89,854	203,976	165,134	38,842
Other Purchased Services	881,684	305,976	1,187,660	1,166,841	20,819
General Supplies	34,272	433,066	467,338	334,754	132,584
Textbooks	6,926	1,490	8,416	8,107	309
Total Instruction	<u>2,032,907</u>	<u>505,677</u>	<u>2,538,584</u>	<u>2,314,543</u>	<u>224,041</u>
Support Services - Instruction					
Salaries	-	54,154	54,154	54,154	-
Purchased Professional / Technical Services	11,026	22,136	33,162	24,070	9,092
Other Purchased Services	-	2,796	2,796	-	2,796
Contracted Services - Transportation	14,954	22,682	37,636	-	37,636
Supplies and Materials	2,569	28,579	31,148	19,010	12,138
Other Objects	-	2,620	2,620	1,700	920
Total Support Services	<u>28,549</u>	<u>132,967</u>	<u>161,516</u>	<u>98,934</u>	<u>62,582</u>
Unallocated Benefits:					
Personnel Services - Employee Benefits	-	130,300	130,300	47,080	83,220
Capital Outlay					
Facilities Acquisition and Construction Services	-	-	-	-	-
Instructional Equipment	-	79,785	79,785	145,084	(65,299)
Non-Instructional Equipment	-	9,900	9,900	9,900	-
Total Capital Outlay	<u>-</u>	<u>89,685</u>	<u>89,685</u>	<u>154,984</u>	<u>(65,299)</u>
Total Expenditures	<u>2,061,456</u>	<u>858,629</u>	<u>2,920,085</u>	<u>2,615,541</u>	<u>304,544</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2017**

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.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 73,800,944	\$ 2,615,541
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2016-2017)	(2,885,615)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2015-2016)	2,874,277	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2017		(22,084)
Encumbrances , June 30, 2016, net of cancellations	-	-
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 73,789,606</u>	 <u>\$ 2,593,457</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 72,941,487	\$ 2,615,541
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, 2017		(22,084)
Encumbrances , June 30, 2016, net of cancellations	-	-
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 72,941,487</u>	 <u>\$ 2,593,457</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 Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.07154%	.08363%	.08023%	.07642%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,188,458	\$ 18,772,248	\$ 15,022,124	\$ 14,606,291
District's Covered-Employee Payroll	\$ 5,027,264	\$ 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	421.47%	401.11%	273.19%	289.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 635,562	\$ 718,955	\$ 661,443	\$ 573,845
Contributions in Relation to the Contractually Required Contribution	<u>635,562</u>	<u>718,955</u>	<u>661,443</u>	<u>573,845</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,027,264	\$ 4,680,094	\$ 5,498,805	\$ 5,051,790
Contributions as a Percentage of Covered-Employee Payroll	12.64%	15.36%	12.03%	11.36%

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 Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>234,722,770</u>	<u>186,927,127</u>	<u>154,793,607</u>	<u>150,597,225</u>
Total	<u>\$ 234,722,770</u>	<u>\$ 186,927,127</u>	<u>\$ 154,793,607</u>	<u>\$ 150,597,225</u>
District's Covered-Employee Payroll	28,765,071	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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	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, 2017**

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, 2017**

	Local Grants	Title I	Title II A	Title III	Title III Immigrant	Carl D. Perkins	IDEA			(Exhibit) E-1a)	Total 2017
							Preschool Handicapped	Regular Program Part B			
REVENUES											
Intergovernmental											
State										\$ 81,471	\$ 81,471
Federal		\$ 1,096,500	\$ 151,579	\$ 67,360	\$ 8,659	\$ 46,839	\$ 20,550		1,107,248	-	2,498,735
Other Sources	\$ 35,335	-	-	-	-	-	-	-	-	-	35,335
Total Revenues	\$ 35,335	\$ 1,096,500	\$ 151,579	\$ 67,360	\$ 8,659	\$ 46,839	\$ 20,550	\$ 1,107,248	\$ 81,471	\$ 2,615,541	
EXPENDITURES											
Instruction											
Salaries		\$ 559,512	\$ 14,645	\$ 45,000			\$ 20,550			-	639,707
Purchased Professional / Technical Services		42,063	73,442	-						\$ 49,629	165,134
Other Purchased Services	\$ 5,718	12,551	49,254	-			-		1,099,318	-	1,166,841
General Supplies	27,917	247,342	14,238	6,803	\$ 8,659	\$ 26,195				3,600	334,754
Textbooks	-	-	-	-	-	-	-	-	-	8,107	8,107
Total Instruction	33,635	861,468	151,579	51,803	8,659	26,195	20,550	1,099,318	61,336	2,314,543	
Support Services											
Salaries		54,154	-							-	54,154
Personnel Services - Employee Benefits		45,332	-	1,748	-					-	47,080
Purchased Professional / Technical Services		-	-	-		3,000		7,930		13,140	24,070
Supplies and Materials		7,167	-	-	-	4,848		-		6,995	19,010
Other Objects	1,700	-	-	-	-	-		-		-	1,700
Total Support Services	1,700	106,653	-	1,748	-	7,848	-	7,930	20,135	146,014	
Capital Outlay											
Instructional Equipment	-	128,379	-	13,809	-	2,896	-	-	-	-	145,084
Non-Instructional Equipment	-	-	-	-	-	9,900	-	-	-	-	9,900
Total Capital Outlay	-	128,379	-	13,809	-	12,796	-	-	-	154,984	
Total Expenditures	\$ 35,335	\$ 1,096,500	\$ 151,579	\$ 67,360	\$ 8,659	\$ 46,839	\$ 20,550	\$ 1,107,248	\$ 81,471	\$ 2,615,541	

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Nonpublic Security	Nonpublic Technology	Nonpublic Nursing	Nonpublic Textbook	Chapter 192 Services			Chapter 193 Services		Total Exhibit E-1a
					Compensatory Education	ESL	Home Instruction	Corrective Speech	Supplemental Instruction	
REVENUES										
Intergovernmental										
State	\$ 6,995	\$ 3,600	\$ 13,140	\$ 8,107	\$ 33,851	\$ 1,553	\$ 1,008	\$ 7,671	\$ 5,546	\$ 81,471
Federal	-	-	-	-	-	-	-	-	-	-
Other Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 6,995	\$ 3,600	\$ 13,140	\$ 8,107	\$ 33,851	\$ 1,553	\$ 1,008	\$ 7,671	\$ 5,546	\$ 81,471
EXPENDITURES										
Instruction										
Salaries										-
Purchased Professional / Technical Services					\$ 33,851	\$ 1,553	\$ 1,008	\$ 7,671	\$ 5,546	\$ 49,629
Other Purchased Services										-
General Supplies		\$ 3,600								3,600
Textbooks	-	-	-	\$ 8,107	-	-	-	-	-	8,107
Total Instruction	-	3,600	-	8,107	33,851	1,553	1,008	7,671	5,546	61,336
Support Services										
Salaries										-
Personnel Services - Employee Benefits										-
Purchased Professional / Technical Services			\$ 13,140	-						13,140
Supplies and Materials	\$ 6,995									6,995
Other Objects	-	-	-	\$ -	-	-	-	-	-	-
Total Support Services	6,995	-	13,140	-	-	-	-	-	-	20,135
Capital Outlay										
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Non - Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 6,995	\$ 3,600	\$ 13,140	\$ 8,107	\$ 33,851	\$ 1,553	\$ 1,008	\$ 7,671	\$ 5,546	\$ 81,471

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Project Balance June 30, 2017</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	\$ 1,025,477	\$ 877,156	\$ 33,983	\$ 114,338
Acquisition and Installation of Security System and Network Upgrades	1,950,033	1,949,916	-	117
IP Integration Services and Network Cabling and Refreshing	3,324,031	3,246,492	-	77,539
Boiler Replacement at School Number 8 and the Middle School	<u>2,403,520</u>	<u>769,836</u>	<u>864,399</u>	<u>769,285</u>
	<u>\$ 8,703,061</u>	<u>\$ 6,843,400</u>	<u>\$ 898,382</u>	<u>\$ 961,279</u>
<u>Reconciliation to GAAP Basis</u>				
Project Balance, June 30, 2017				\$ 961,279
Less: Capital Leases Authorized by Not Issued				<u>(206,171)</u>
Fund Balance, June 30, 2017 - GAAP Basis				<u>\$ 755,108</u>
<u>Reconciliation to Fund Balance</u>				
Restricted for Capital Projects				
Year End Encumbrances				\$ 100,250
Available for Capital Projects				<u>654,858</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 755,108</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, 2017**

Revenues and Other Financing Sources

Interest on Investments	2,994
 Total Revenues and Other Financing Sources	2,994

Expenditures and Other Financing Uses

Purchased Professional/Technical Services	45,474
Rentals	41,525
Construction Services	767,556
Other Objects - Interest	43,827
 Total Expenditures and Other Financing Uses	898,382

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(895,388)
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Fund Balance- Beginning	1,650,496
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Fund Balance- Ending	\$ 755,108
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Reconciliation to GAAP

Fund Balance, End of Year - Budgetary Basis	\$ 755,108
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Fund Balance, June 30, 2017- GAAP	\$ 755,108
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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, 2017**

	<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	174	\$ 303	477	477
	<u>1,025,174</u>	<u>303</u>	<u>1,025,477</u>	<u>1,025,477</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses				
Purchased Professional/Technical Services		29,233	29,233	36,733
Construction Services	875,656	4,750	880,406	987,244
Other Objects	1,500	-	1,500	1,500
	<u>877,156</u>	<u>33,983</u>	<u>911,139</u>	<u>1,025,477</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 148,018</u>	<u>\$ (33,680)</u>	<u>\$ 114,338</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, 2017**

	<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, 2017

	<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	<u>358</u>	<u>\$ 161</u>	<u>519</u>	<u>519</u>
Total Revenues and Other Financing Sources	<u>3,323,870</u>	<u>161</u>	<u>3,324,031</u>	<u>3,324,031</u>
Expenditures and Other Financing Uses				
Equipment	307,499	-	307,499	356,909
Construction Services	<u>2,938,993</u>	<u>-</u>	<u>2,938,993</u>	<u>2,967,122</u>
Total Expenditures and Other Financing Uses	<u>3,246,492</u>	<u>-</u>	<u>3,246,492</u>	<u>3,324,031</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 77,378</u>	<u>\$ 161</u>	<u>\$ 77,539</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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	2,193,829.00	\$ -	\$ 2,193,829	\$ 2,400,000
Interest Earnings	<u>990</u>	<u>2,530</u>	<u>3,520</u>	<u>3,520</u>
Total Revenues and Other Financing Sources	<u>2,194,819</u>	<u>2,530</u>	<u>2,197,349</u>	<u>2,403,520</u>
Expenditures and Other Financing Uses				
Purchased Professional/Technical Services	118,796	16,241	135,037	396,956
Rentals	278,160	41,525	319,685	278,150
Construction Services	372,880	762,806	1,135,686	1,214,323
Other Objects - Interest	<u>-</u>	<u>43,827</u>	<u>43,827</u>	<u>514,091</u>
Total Expenditures and Other Financing Uses	<u>769,836</u>	<u>864,399</u>	<u>1,634,235</u>	<u>2,403,520</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,424,983</u>	<u>\$ (861,869)</u>	<u>\$ 563,114</u>	<u>\$ -</u>

PROPRIETARY FUNDS

EXHIBIT G-1

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

FIDUCIARY FUNDS

AGENCY FUNDS

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
 AS OF JUNE 30, 2017**

	Agency		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash	\$ 175,002	\$ 422,461	\$ 597,463
Total Assets	<u>\$ 175,002</u>	<u>\$ 422,461</u>	<u>\$ 597,463</u>
LIABILITIES			
Due to Student Groups	\$ 175,002		\$ 175,002
Payroll Deductions and Withholdings		\$ 350,953	350,953
Due to Other Funds	<u>-</u>	<u>71,508</u>	<u>71,508</u>
Total Liabilities	<u>\$ 175,002</u>	<u>\$ 422,461</u>	<u>\$ 597,463</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN
 FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
Elementary Schools:				
Summer Program	\$ 4,785	\$ 6,548	6,034	\$ 5,299
Middle School :	29,561	54,377	64,031	19,907
Senior High School:	<u>175,777</u>	<u>178,886</u>	<u>204,867</u>	<u>149,796</u>
Total All Schools	<u>\$ 210,123</u>	<u>\$ 239,811</u>	<u>\$ 274,932</u>	<u>\$ 175,002</u>

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
AGENCY FUNDS
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance, July 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2017</u>
ASSETS				
Cash and Cash Equivalents	\$ 194,728	\$ 44,061,877	\$ 43,834,144	\$ 422,461
Total Assets	<u>\$ 194,728</u>	<u>\$ 44,061,877</u>	<u>\$ 43,834,144</u>	<u>\$ 422,461</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 6,251	\$ 18,567,312	\$ 18,222,610	\$ 350,953
Accrued Salaries and Wages		25,429,771	25,429,771	-
Due to Other Funds	<u>188,477</u>	<u>64,794</u>	<u>181,763</u>	<u>71,508</u>
Total Liabilities	<u>\$ 194,728</u>	<u>\$ 44,061,877</u>	<u>\$ 43,834,144</u>	<u>\$ 422,461</u>

LONG-TERM DEBT

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
<u>CAPITAL LEASES</u>						
5 School Buses	\$ 452,873	2.63%	\$ 232,698		\$ 55,804	\$ 176,894
Roof Projects	1,025,000	3.92%	212,730		212,730	-
Trucks, Mowers and Technology	460,000	1.68%	93,769		93,769	-
Acquisition and Installation of Security System and Network Upgrades	1,950,000	1.12%	800,642		398,089	402,553
IP Integration Services and Network Cabling and Refreshing	3,323,512	2.189%	2,006,332		654,349	1,351,983
Boiler Replacement at School No. 8 and the Middle School	2,193,829	2.82%	<u>2,193,829</u>	<u>\$ -</u>	<u>-</u>	<u>2,193,829</u>
			<u>\$ 5,540,000</u>	<u>\$ -</u>	<u>\$ 1,414,741</u>	<u>\$ 4,125,259</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

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,									
	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017
Governmental activities										
Net Investment in Capital Assets	\$ 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	\$ 7,066,551
Restricted	80,038	447,023	90,310	90,310	90,310				676,149	1,694,143
Unrestricted	(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)	(22,621,063)
Total governmental activities net position	<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>	<u>\$ (13,860,369)</u>
Business-type activities										
Net Investment in Capital Assets	\$ 115,498	\$ 98,679	\$ 134,953	\$ 158,249	\$ 139,998	\$ 107,347	\$ 79,214	\$ 203,689	\$ 144,244	\$ 101,892
Restricted	100,937	156,596	234,957	310,712	413,791					
Unrestricted						261,874	170,029	202,415	168,548	116,456
Total business-type activities net position	<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>	<u>\$ 218,348</u>
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 7,168,443
Restricted	180,975	603,619	325,267	401,022	504,101	-	-	-	676,149	1,694,143
Unrestricted	(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)	(22,504,607)
Total district net position	<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>	<u>\$ (13,642,021)</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 37,115,854
Special Education	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	15,165,972
Other Education	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	4,457,171
School Sponsored Activities and Athletics	1,037,391	1,058,623	1,074,939	752,773	752,773	858,266	901,700	939,711	942,304	1,125,987
Community Services					854					
Support Services:										
Tuition	3,258,755	3,335,392	3,337,206	2,808,929	4,056,220	-				
Student & Instruction Related Services	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	10,249,971
General Administrative Services	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	2,305,809
School Administrative Services	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	7,664,156
Central Administrative Services										
Plant Operations and Maintenance	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	6,853,846
Pupil Transportation	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	2,946,159
Special Schools	84,465	107,962								
Charter Schools	882		19,910	13,881	76,130					
Unallocated Depreciation	463,278	462,081	408,581	411,836	394,881	640,723				
Interest on Long Term Debt							79,305	88,069	108,879	115,860
Total Governmental Activities Expenses	<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>	<u>89,814,281</u>
Business-Type Activities:										
Food service	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	2,174,321
Total Business-Type Activities Expense	<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>	<u>2,174,321</u>
Total District Expenses	<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>	<u>\$ 91,988,602</u>
Program Revenues										
Governmental Activities:										
Charges for Services							35,448	151,999	230,509	181,435
Operating Grants and Contributions	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	29,122,236
Capital Grants and Contributions	-	-	-	-	-	-	5,657	8,697	87,646	154,984
Total Governmental Activities Program Revenues	<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>	<u>29,458,655</u>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type Activities:										
Charges for Services										
Food Service	\$ 725,809	\$ 734,506	\$ 700,377	\$ 657,873	\$ 655,259	\$ 613,357	\$ 706,289	\$ 673,996	\$ 666,206	\$ 650,743
Operating Grants and Contributions	657,307	805,502	976,316	1,022,207	1,206,613	1,271,126	1,301,807	1,337,727	1,355,359	1,428,598
Total Business Type Activities Program Revenues	1,383,116	1,540,008	1,676,693	1,680,080	1,861,872	1,884,483	2,008,096	2,011,723	2,021,565	2,079,341
Total District Program Revenues	\$ 11,231,073	\$ 5,892,356	\$ 7,296,310	\$ 7,748,779	\$ 7,354,674	\$ 10,685,252	\$ 13,502,948	\$ 21,619,401	\$ 25,671,731	\$ 31,537,996
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (60,355,626)
Business-Type Activities	(263,927)	(205,751)	(137,582)	(170,289)	(191,744)	(184,787)	(120,152)	(102,469)	(93,789)	(94,980)
Total District-Wide Net Expense	\$ (51,442,645)	\$ (58,254,834)	\$ (60,449,375)	\$ (57,592,051)	\$ (59,596,842)	\$ (59,931,315)	\$ (63,711,690)	\$ (57,707,457)	\$ (57,898,295)	\$ (60,450,606)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 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	\$ 38,667,832
Unrestricted Grants and Contributions	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	22,523,414
Restricted Grants and Contributions			13,245	439,295		69,485				
Tuition Received	117,413	93,616	94,998	61,355	26,699					
Investment Earnings	20,915	14,473	16,266	8,586	4,900					
Miscellaneous Income	211,544	104,955	156,407	175,589	171,780	93,266	91,045	113,690	286,923	161,086
Capital Assets Retired Net of Accumulated Depreciation		(71,845)		(56,000)	(9,329)					
State Aid Receivable Cancelled										
Transfers	(275,000)	(244,293)	(251,872)	(269,014)	(276,383)			(105,000)		
Total Governmental Activities	50,780,284	56,691,186	59,768,216	58,906,779	60,146,770	59,196,759	56,521,404	59,241,153	60,166,456	61,352,332
Business-Type Activities:										
Investment Earnings	186	298	345	326	189	219	174	176	477	536
Transfers	275,000	244,293	251,872	269,014	276,383			105,000		
Total Business-Type Activities	275,186	244,591	252,217	269,340	276,572	219	174	105,176	477	536
Total District-Wide	\$ 51,055,470	\$ 56,935,777	\$ 60,020,433	\$ 59,176,119	\$ 60,423,342	\$ 59,196,978	\$ 56,521,578	\$ 59,346,329	\$ 60,166,933	\$ 61,352,868
Change in Net Position										
Governmental Activities	\$ (398,434)	\$ (1,357,897)	\$ (543,577)	\$ 1,485,017	\$ 741,672	\$ (549,769)	\$ (7,070,134)	\$ 1,636,165	\$ 2,361,950	\$ 996,706
Business-Type Activities	11,259	38,840	114,635	99,051	84,828	(184,568)	(119,978)	2,707	(93,312)	(94,444)
Total District	\$ (387,175)	\$ (1,319,057)	\$ (428,942)	\$ 1,584,068	\$ 826,500	\$ (734,337)	\$ (7,190,112)	\$ 1,638,872	\$ 2,268,638	\$ 902,262

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 478,332	\$ 1,288,262	\$ 562,265							
Unreserved	189,432	(1,775,829)	(1,719,713)							
Restricted							-		\$ 676,149	\$ 1,579,805
Committed										
Assigned				\$ 1,066,348	\$ 1,783,404	\$ 411,044	\$ 584,066	\$ 551,059	966,275	893,042
Unassigned				(1,753,025)	(1,262,908)	(1,640,025)	(6,920,154)	(1,981,773)	(1,863,401)	(1,845,705)
Total General Fund	\$ 667,764	\$ (487,567)	\$ (1,157,448)	\$ (686,677)	\$ 520,496	\$ (1,228,981)	\$ (6,336,088)	\$ (1,430,714)	\$ (220,977)	\$ 627,142
All Other Governmental Funds										
Reserved	\$ 463,508									
Unreserved, Reported in:										
Special Revenue Fund	(68,268)									
Capital Projects Fund										
Restricted for:										
Capital Projects Fund						898,000	148,543	1,308,242	1,650,496	755,108
Total all other governmental funds	\$ 395,240	\$ -	\$ -	\$ -	\$ -	\$ 898,000	\$ 148,543	\$ 1,308,242	\$ 1,650,496	\$ 755,108

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)

	For Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 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	\$ 38,667,832
Tuition	117,413	93,616	94,998	61,355	26,899		21,168	151,649	230,509	181,435
Transportation Fees							14,280	350		
Interest Earnings							-			
Miscellaneous	231,254	119,132	171,238	183,586	176,528	93,266	116,401	144,339	286,276	187,963
State Sources	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	34,601,723
Federal Sources	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	2,747,104
Private Sources	44,599	33,048	22,004	16,300	28,618	69,485	-	-	-	-
Total revenue	60,902,036	61,359,375	65,638,270	65,299,903	65,925,231	67,997,528	68,016,256	72,220,071	74,790,508	76,386,057
Expenditures										
Instruction										
Regular Instruction	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	28,746,500
Special Education Instruction	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	13,153,460
Other Instruction	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	3,427,976
School Sponsored Activities and Athletics	786,142	833,596	815,271	650,230	570,048	663,163	871,950	922,027	909,795	1,042,918
Community Service Programs					854					
Support Services:										
Instruction - Tuition	3,258,755	3,335,392	3,337,206	2,808,929	4,056,220					
Student & Inst. Related Services	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	8,330,889
General Administrative							1,702,703	2,085,684	2,665,188	2,171,704
School Administrative Services	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	6,030,603
Central Administrative Services							1,280,768	1,523,341	1,624,441	1,702,511
Other Administrative Services	1,657,267	1,803,518	1,831,341	1,844,179	1,918,343	2,229,402	-			
Operations and Maintenance	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	5,866,137
Pupil Transportation	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	2,766,544
Unallocated Benefits	13,930,329	12,792,767	14,286,043	14,837,925	15,320,377	16,611,562				
Special Schools	84,465									
Transfer to Charter Schools	882	107,962	19,910	13,881	76,130					
Debt Service										
Principal						375,339	734,819	1,490,947	1,916,388	1,830,984
Interest							54,313	82,028	107,605	111,972
Capital Outlay	545,333	801,263	713,785	522,994	97,287	1,334,449	2,751,170	2,238,017	1,971,380	1,251,128
Total Governmental Fund Expenditures	60,644,985	62,514,654	65,515,864	63,947,913	64,023,128	70,786,877	76,058,855	73,535,936	75,432,346	76,433,326
Excess (Deficiency) of revenues over (under) expenditures	257,051	(1,155,279)	122,406	1,351,990	1,902,103	(2,789,349)	(8,042,599)	(1,315,865)	(641,838)	(47,269)

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

	For Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing sources (uses)										
Capital Leases (Non-Budgeted)						\$ 1,937,873	\$ 2,186,035	\$ 3,323,512	\$ 2,193,829	\$ -
Transfers in	\$ 148,551	\$ 33,015	356,713				-	-		
Transfers out	(586,720)	(428,306)	(1,149,001)	\$ (881,220)	\$ (694,930)		-	(105,000)		
State Aid Cancelled										
State Aid Advance Loan Proceeds								4,162,426		
Total other financing sources (uses)	<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>	<u>-</u>
Net change in fund balances	<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>	<u>\$ (47,269)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.54%	1.08%	2.21%	2.76%	2.58%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Tuition	Transportation Fees	Interest on Investments	Gate Receipts	Miscellaneous Fees	Refunds	Voided Outstanding Checks	Other Misc.	Total
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
2017	181,435	-	19,086	\$ 8,538	6,301	35,860	-	87,261	338,481

**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
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
2017	41,897,880	1,993,404,400		296,131,350	128,147,550	209,359,250	2,668,940,430	6,505,628	2,675,446,058	2,719,414,127	1.486

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

Calendar Year	Total Direct School Tax Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Belleville Local School District	Municipality of Belleville	County of Essex		
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
2017	1.486	1.867	0.524		3.877

Source: Municipal Tax Collector

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

Taxpayer	2017		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%
Clara Maass Health Systems	23,521,600	0.88%	16,312,800	0.48%
432 Owners, Inc	17,250,000	0.64%		
Route 21 Assoc of Belleville LLC	14,435,000	0.54%	22,115,000	0.65%
Belleville Industrial Center C/O Heron	12,505,600	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%
SROA Belleville Property LLC	9,797,700	0.36%		
SH726 LLC	7,900,000	0.29%		
Venture, Draisin-Levco Blville Assoc	7,661,500	0.29%		
Belleville Industrial Properties Bldg 12	-	0.00%	11,695,300	0.34%
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>\$ 91,759,000</u>	<u>3.42%</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	
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%	
2017	38,667,832	38,667,832	100.00%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>Capital Leases</u>	<u>Lease Purchase Agreements</u>			
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
2017	4,125,259		4,125,259	36,203	113.95

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	<u>Per Capita</u>
	<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, 2016
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Belleville Township School District	\$ -
Township of Belleville	<u>26,851,866</u>
	<u>26,851,866</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County:	
County of Essex (A)	14,231,252
Passaic Valley Sewerage Authority (B)	<u>5,437,249</u>
Total Overlapping Debt	<u>19,668,501</u>
Total Direct and Overlapping Debt	<u>\$ 46,520,367</u>

Source:

(1) Township's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to the municipality by dividing the municipality's 2016 equalized value by the total 2016 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 2017

	Equalized valuation basis
	2016 \$ 2,698,477,266
	2015 \$ 2,784,862,544
	2014 <u>2,764,535,576</u>
	<u>\$ 8,247,875,386</u>
Average equalized valuation of taxable property	<u>\$ 2,749,291,795</u>
Debt limit (4 % of average equalization value)	109,971,672
Total Net Debt Applicable to Limit	-
Legal debt margin	<u>\$ 109,971,672</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 130,500,971	\$ 141,863,264	\$ 145,875,347	\$ 143,752,537	\$ 135,233,184	\$ 125,924,316	\$ 113,753,774	\$ 111,578,386	\$ 109,971,672
Total net debt applicable to limit							-	-	-
Legal debt margin	<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>	<u>\$ 109,971,672</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>
2008	33,820	\$ 49,158	6.30%
2009	33,755	51,568	10.70%
2010	33,842	53,136	11.10%
2011	35,924	51,288	10.70%
2012	36,062	52,324	10.80%
2013	36,048	55,014	9.50%
2014	36,155	55,404	7.90%
2015	36,291	5,569	6.30%
2016	36,354	58,319	5.40% (E)
2017	36,203	60,030	5.40% (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>2017</u>		<u>2008</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>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>2017</u>
Instruction										
Regular	257.0	243.0	241.0	230.0	242.0	327.0	249.0	270.0	293.0	238.0
Special Education	91.0	90.0	88.0	83.0	84.0	45.0	144.0	138.0	45.0	70.0
Other Special Education	41.0	40.0	36.0	36.0	40.0	28.0	29.0	29.0	44.0	104.0
Other Instruction	1.0	1.0	1.0	1.0			1.0	1.0	1.0	-
Support Services:										
Student and Instruction Related Services	68.0	77.0	68.0	74.0	57.0	56.0	69.0	67.0	33.0	51.0
General Administrative Services	5.0	5.0	5.0	7.0	6.0	5.0	5.0	5.0	5.0	11.0
School Administrative Services	34.0	34.0	34.0	29.0	32.0	27.0	39.0	42.0	21.0	17.0
Central Services	7.0	7.0	6.0	6.0	6.0	8.0	6.0	7.0	7.0	10.0
Administrative Information Technology	5.0	5.0	5.0	3.0	2.0	1.0	1.0	1.0	4.0	3.0
Plant Operations and Maintenance	40.0	40.0	40.0	38.0	42.0	59.0	50.0	47.0	36.0	39.0
Pupil Transportation	18.0	20.0	18.0	2.0	2.0	15.0	36.0	35.0	15.0	14.0
Other Support Services	1.0					18.0	23.0	23.0	16.0	15.0
Total	<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>	<u>572.0</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				
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	-1.32%	338	14.0	13.8	12.3	4,593.4	3,977.8	-1.56%	86.60%
2017	4,587	73,239,242	15,967	9.02%	342	14.2	14.0	12.7	4,464.6	4,047.9	-2.80%	90.67%

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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	42,852	42,852	42,852
Capacity Students	299	299	299	299	299	299	299	299	299	299
Enrollment	340	379	379	379	379	388	342	341	338	306
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	369	364	382	382	382	410	368	374	360	349
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	386	401	393	393	393	413	339	347	308	328
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	379	342	383	383	383	378	364	370	396	388
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	490	524	533	533	533	542	465	447	430	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	147	152	141	141	141	156	119	114	116	127
School Ten										
Square Feet	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401	24,401
Capacity Students	169	169	169	169	169	169	169	169	169	169
Enrollment	148	167	184	184	184	214	166	163	148	166

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	687	683	708	708	708	667	1,046	1,046	1,024	974
<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	1,495	1,453	1,454	1,454	1,454	1,443	1,510	1,460	1,404	1,388
<u>Other</u>										
School One										
Square Feet	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, 2017										
Elementary	7									
Middle School	1									
High School	1									
Other	3									
	12									

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>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>2017</u>
School Facilities										
School Three	\$ 74,464	\$ 36,702	\$ 29,035	\$ 81,151	\$ 94,660	\$ 90,411	\$ 115,324	\$ 76,151	\$ 65,827	\$ 71,216
School Four	44,233	20,821	43,851	29,228	104,830	74,583	95,135	62,820	54,303	58,749
School Five	37,439	38,130	78,430	105,709	53,009	51,547	65,751	43,417	37,531	40,603
School Seven	96,599	42,395	62,067	111,017	47,811	95,438	121,736	80,385	69,487	75,175
School Eight	80,842	75,102	83,178	153,380	80,265	102,985	131,363	86,742	74,982	81,120
School Nine	24,377	39,546	10,097	13,336	101,867	63,923	81,537	53,841	46,541	50,351
School Ten	87,402	70,626	19,191	99,919	48,564	42,567	54,297	35,854	30,993	33,530
Middle School	290,513	124,669	81,592	111,740	137,154	146,166	186,443	123,113	106,422	115,134
High School	361,625	492,188	359,380	227,664	378,733	307,111	391,736	258,672	223,602	241,907
Grand Total	<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>	<u>\$ 767,785</u>

Source: District Records

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - N.J. Schools Insurance Group		
Property:		
Blanket Building and Contents	\$ 156,103,442	
Boiler and Machinery	100,000,000	\$ 5,000
Real and Personal Property	450,000	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	
Special Flood Hazard Area Flood Zones	25,000,000	500,000
All Flood Zones	75,000,000	10,000
Accounts Receivable	250,000	
Earthquake	50,000,000	
Terrorism	1,000,000	
General Liability		
Bodily Injury from Products and Completed Operations	11,000,000	N/A
Product & Completed Operations	11,000,000	
Personal & Advertising Injury	11,000,000	
Premises Medical Payments	10,000	
Sexual Molestation / Abuse	11,000,000	
Employee Benefits Liability	11,000,000	
Electronic Data Processing:		
Hardware/Software	3,500,000	1,000
Crime:		
Blanket Dishonest	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
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, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of 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, 2017 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 29, 2017.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

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 an instance of noncompliance or other matter that is 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 is described in the accompanying schedule of findings and questioned costs as item 2017-001.

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 29, 2017.

Belleville Township School District's Response to Finding

The Belleville Township School District's response to the 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 the financial statements and accordingly, we express no opinion on the response.

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 29, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**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, 2017. 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 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-005. Our opinion on each major federal and state program is not modified with respect to these matters.

The Belleville Township School District's response to the noncompliance findings 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.

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 2017-004 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, 2017 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 29, 2017, 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 29, 2017

BELLEVILLE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	Federal/Comar/Pass-Through Grantor/ Program Title	EAIN Number	Grant Period	Award Amount	Balance, June 30, 2016		Carryover (Waiver) Amount Rpt. Bal.	Budgetary Expenditures	Period of Prior Years Balance	Adjustments	Balance, June 30, 2017		Memo CLIP Receivable
					(Account Receivable)	Due to Grantee					(Account Receivable)	Due to Grantee	
10.555	National School Lunch Program - Non Cash	171N0304N1099	7/1/16-6/30/17	\$ 144,925	\$ 11,784	\$ 144,925	\$ 137,908				\$ 7,017	\$ (93,881)	
10.555	National School Lunch Program - Non Cash	16161N0304N1099	7/1/15-6/30/16	155,616			11,784						
10.555	National School Lunch Program	171N0304N1099	7/1/16-6/30/17	1,155,546		1,061,665	1,155,546				\$ (93,881)		
10.555	National School Lunch Program	16161N0304N1099	7/1/15-6/30/16	1,106,572	\$ (213,809)		213,800				(9,470)	(9,470)	
10.553	National School Breakfast Program	171N0304N1099	7/1/16-6/30/17	99,885		96,415	99,885						
10.553	National School Breakfast Program	16161N0304N1099	7/1/15-6/30/16	75,586	(14,456)		14,456						
	Total Child Nutrition Cluster / Enterprise Fund			(228,256)	11,784	1,525,261	1,405,123				(103,551)	7,017	(103,551)
	General Fund												
97.056	U.S. Department of Homeland Security FEMA-Public Asst. Grant	N/A	7/1/16-6/30/17	14,891		14,891	14,891						
	U.S. Department of Health and Human Services												
93.778	Medical Assistance Program (SEMI)	1605N5MAP	7/1/16-6/30/17	242,935		242,935	242,935						
93.778	SEMI/ARRA	1705N5MAP	7/1/16-6/30/17	5,215		5,215	5,215						
	Total SEMI Cluster			248,150		248,150	248,150						
	Total General Fund			263,041		263,041	263,041						
	Special Revenue Fund												
84.010	Title I, Part A	S010A150030	7/1/16-6/30/17	1,085,080	\$ (56,135)	\$ 56,135	929,940				42,715	(166,560)	
84.010	Title I, Part A	S010A150030	7/1/15-6/30/16	1,082,307	56,135	(56,135)	1,096,500			(209,275)	42,715	(166,560)	
	Total INCLB Title I			(603,557)	56,135	(56,135)	1,477,372			(209,275)	42,715	(166,560)	
84.027	IDEA Part B, Basic	H027A160100	7/1/16-6/30/17	1,110,340		(17,795)	1,024,548				26,887	(81,700)	
84.027	IDEA Part B, Basic	H027A150100	7/1/15-6/30/16	1,195,689	18,037	(17,795)	1,195,689						
84.173	IDEA Part B, Preschool Handicapped	H173A160114	7/1/16-6/30/17	24,694		(3,737)	20,957				7,881	(20,550)	
84.173	IDEA Part B, Preschool Handicapped	H173A150114	7/1/15-6/30/16	24,523	4,101	(3,737)	3,64						
	Total Special Education Cluster			1,455,246	31,774	(17,729)	1,437,798				34,768	(102,250)	
84.048	Carl D. Perkins Vocational Education	V048A160030	7/1/16-6/30/17	46,929			46,819				90	(4,371)	
84.048	Carl D. Perkins Vocational Education	V048A150030	7/1/15-6/30/16	40,736	119	(7,507)	7,389			(1)		8,122	
	Total Carl D. Perkins Vocational Education			87,665	119	(7,507)	54,208				90	(4,371)	
84.367A	Title II, Part A	S367A160029	7/1/16-6/30/17	137,035		(68,562)	151,579				44,018	(51,025)	
84.367A	Title II, Part A	S367A150029	7/1/15-6/30/16	140,336	68,562	(68,562)	148,706						
	Total INCLB Title II			(317,268)	68,562	(68,562)	349,285			(93,043)	44,018	(51,025)	
84.365	Title III - Language	S365A160030	7/1/16-6/30/17	53,622		(14,668)	47,097				930	(20,263)	
84.365	Title III - Language	S365A150030	7/1/15-6/30/16	61,883	37,531	(14,668)	22,863						
84.365	Title III - Language	N/A	7/1/14-6/30/15	75,961							453		
84.365	Title III - Language	N/A	7/1/13-6/30/14	75,463									
84.365	Title III - Immigrant	S365A160010	7/1/16-6/30/17	14,796			6,842				6,137	(1,817)	
84.365	Title III - Immigrant	N/A	9/1/12-8/31/15	47,952			76,802				2,067	(23,680)	
	Total INCLB Title III			(37,531)	14,668	(40,955)	76,802				2,067	(23,680)	
84.413A	Race to the Top Phase 3	N/A	9/1/11-1/30/15	149,947		8,035					8,035		
	U.S. Department of Homeland Security												
97.036	Passed Through State Department of Law and Public Safety FEMA - Hurricane Sandy	N/A	9/01/12-8/31/13	14,001		14,001					14,001		
	U.S. Department of Education												
17.265	Summer Youth Employment Training	N/A	7/01/12-6/30/13	4,667		4,026					4,026		
	Total Special Revenue Fund			179,285		179,285	2,498,735			(475,944)	146,685	16,610	
	Total Federal Awards			1,237,074	191,069	60,980	4,166,899			44,370	153,702	16,610	

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, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2017			Memo	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
Current Expense:												
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	21,802,381		\$ 19,791,466	\$ 21,896,193		\$ (2,104,727)				\$ 21,896,193
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 21,802,381	(2,075,977)	2,075,977			-				
Under Adequacy Aid	17-495-034-5120-096	7/1/16-6/30/17	500,000		451,939	500,000		(48,061)				500,000
Under Adequacy Aid	16-495-034-5120-096	7/1/15-6/30/16	500,000	(47,609)	47,609			-				-
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,880,246		2,603,388	2,880,246		(276,858)				2,880,246
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	2,840,089	(270,427)	270,427			-				-
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	322,971		300,965	332,971		(32,006)				332,971
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	285,421	(27,177)	27,177			-				-
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	47,430		42,871	47,430		(4,559)				47,430
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	47,430	(4,516)	4,516			-				-
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	47,430		42,871	47,430		(4,559)				47,430
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	47,430	(4,516)	4,516			-				-
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	45,960		41,542	45,960		(4,418)				45,960
Total State Aid Public Cluster				(2,430,222)	25,705,264	25,750,230		(2,475,188)				25,750,230
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	221,550		200,254	221,550		(21,296)				221,550
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	202,174	(19,251)	19,251			-				-
Non-Public School Transportation	17-495-034-5120-014	7/1/16-6/30/17	67,338		-	67,338		(67,338)			\$ (67,338)	67,338
Non-Public School Transportation	16-495-034-5120-014	7/1/15-6/30/16	64,206	(64,206)	64,206			-			-	-
Total Transportation Aid Cluster				(83,457)	283,711	288,888		(88,634)			(67,338)	288,888
Extraordinary Special Ed Costs Aid	17-100-034-5120-044	7/1/16-6/30/17	389,131		-	389,131		(389,131)				389,131
Extraordinary Special Ed Costs Aid	16-100-034-5120-044	7/1/15-6/30/16	424,804	(424,804)	424,804			-				-
On Behalf Payments												
TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	2,208,564		2,097,896	2,208,564		(110,668)			(110,668)	2,208,564
TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	2,097,428	(104,770)	104,770			-			-	-
TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	2,130,405	7,924					\$ 7,924			-
TPAF Pension												
Pension - NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	112,318		112,318	112,318						112,318
Pension Benefit Contribution	17-495-034-5094-002	7/1/16-6/30/17	3,099,948		3,099,948	3,099,948						3,099,948
Long Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	5,962		5,962	5,962						5,962
Post Retirement Medical Benefit Contribution	17-495-034-5094-001	7/1/16-6/30/17	2,676,549		2,676,549	2,676,549						2,676,549
Total General Fund				(3,035,329)	34,511,222	34,531,590		(3,063,621)		7,924	(178,006)	34,531,590
Special Revenue:												
New Jersey Nonpublic Aid:												
Auxiliary Services:												
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	48,373		48,373	33,851				14,522		33,851
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	65,144	21,351			21,351					-
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	8,222		8,222	1,553				6,669		1,553
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	15,530	12,729			12,729					-
Transportation	17-100-034-5120-068	7/1/16-6/30/17	37,636		37,636					37,636		-
Transportation	16-100-034-5120-068	7/1/15-6/30/16	21,250	2,125			2,125					-
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	1,008			1,008		(1,008)			(1,008)	1,008
Total Auxiliary Services (Chapter 192) Cluster				36,205	94,231	36,412	36,205	(1,008)		58,827	(1,008)	36,412

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2017			Memo	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Handicapped Services:												
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	\$ 3,610		\$ 3,610					\$ 3,610		-
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	23,188	\$ 14,134			\$ 14,134					-
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	8,835		8,835	7,671				1,164		7,671
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	10,033	3,214			3,214					-
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	9,416		9,416	5,546				3,870		5,546
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	21,535	13,103			13,103					-
Total Handicapped Services (Chapter 193) Cluster				30,451	21,861	13,217	30,451	-	-	8,644	-	13,217
Textbook Aid												
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	8,416	-	8,416	8,107				309		8,107
Nursing Services												
Nursing Services	17-100-034-5120-070	4/1/16-6/30/17	13,140	-	13,140	13,140						13,140
Nonpublic Technology												
Nonpublic Technology	17-100-034-5120-373	7/1/16-6/30/17	3,796		3,796	3,600				196		3,600
Nonpublic Technology	16-100-034-5120-373	7/1/15-6/30/16	3,822	451			451					-
Nonpublic Security												
Nonpublic Security	17-100-034-5120-084	7/1/16-6/30/17	7,300		7,300	6,995				305		6,995
Nonpublic Security	16-100-034-5120-084	7/1/15-6/30/16	3,675	456			456					-
Total Special Revenue Fund				67,563	148,744	81,471	67,563	(1,008)	-	68,281	(1,008)	81,471
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	23,475		21,571	23,475	-	(1,904)			\$ (1,904)	\$ 23,475
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	23,625	(4,534)	4,534							-
Total Food Service Fund				(4,534)	26,105	23,475	-	(1,904)	-	-	(1,904)	23,475
Total State Financial Assistance Subject to Single Audit Determination				(2,972,300)	34,686,071	34,636,536	67,563	(3,066,533)	-	76,205	(180,918)	34,636,536
State Financial Assistance Not Subject to Major Program Determination												
General Fund												
On-Behalf TPAF Pension System												
Contributions-NCGI	17-495-034-5094-004	7/1/16-6/30/17	112,318	-	(112,318)	(112,318)	-	-	-	-	-	(112,318)
On-Behalf TPAF Pension System												
Contributions- Pension Benefit	17-495-034-5094-002	7/1/16-6/30/17	3,099,948		(3,099,948)	(3,099,948)						(3,099,948)
On-Behalf TPAF Long Term												
Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	5,962		(5,962)	(5,962)						(5,962)
On-Behalf TPAF Post-Retirement Medical												
Contribution	17-495-034-5094-001	7/1/16-6/30/17	2,676,549	-	(2,676,549)	(2,676,549)	-	-	-	-	-	(2,676,549)
Total State Financial Assistance Subject to Major Program Determination				\$ (2,972,300)	\$ 28,791,294	\$ 28,741,759	\$ 67,563	\$ (3,066,533)	\$ -	\$ 76,205	\$ (180,918)	\$ 28,741,759

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, 2017**

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 Title 2 U.S. Code of Federal Regulations Part 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 \$11,338 for the general fund and a decrease of \$22,084 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 263,041	\$ 34,520,252	\$ 34,783,293
Special Revenue Fund	2,484,063	81,471	2,565,534
Food Service Fund	<u>1,405,123</u>	<u>23,475</u>	<u>1,428,598</u>
Total Financial Assistance	<u>\$ 4,152,227</u>	<u>\$ 34,625,198</u>	<u>\$ 38,777,425</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, 2017**

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 STATE LOANS OUTSTANDING

The District's state loan outstanding at June 30, 2017, 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>3,329,940</u>

NOTE 6 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 \$2,208,564 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$3,212,266, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,676,549 and TPAF Long-Term Disability Insurance in the amount of \$5,962 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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 8 DE MINIMIS INDIRECT COST RATE

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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? yes X 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? 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 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>84.010</u>	<u>S010A160030</u>	<u>Title I, Part A</u>
<u>84.027/84.173</u>	<u>H027A160100/H173A160114</u>	<u>IDEA Part B Basic / Preschool</u>
<u>93.778</u>	<u>1705NJSMAP</u>	<u>Medical Assistance Program</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, 2017**

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)?

 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 N.J. Circular Letter 15-08?

 X yes _____ no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5094-003</u>	<u>TPAF Social Security</u>

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

\$ 862,253

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, 2017**

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 2017-001

Our review of the June 2017 Board Secretary's and Treasurer's reports revealed they were not in agreement when approved by the Board.

Criteria or specific requirement

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

Condition

The Board Secretary's Report cash account balances were not in agreement with the Treasurer's report cash balances at June 30, 2017.

Context

A difference of \$612,251 was noted between the Board Secretary's and Treasurer's Reports at year end.

Effect

The cash balances in the District's accounting records were misstated at year end.

Cause

Unknown

Recommendation

Internal control procedures be revised to ensure the Board Secretary's and Treasurer's monthly reports are in agreement prior to submission and approval by the Board.

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, 2017**

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 2017-002

Our audit of the NCLB Title I grant program revealed expenditures for equipment were not charged to the proper budget line account.

Federal Program Information:

Title I	84.010
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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 2017-003.

Questioned Costs:

Unknown.

Context:

Multiple disbursements for equipment to one (1) vendor totaling \$69,046 were incorrectly charged to the supply expenditure line.

Effect:

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

Cause:

Unknown.

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, 2017**

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 2017-003

We noted the salaries charged to the IDEA Preschool grant program were not charged by pay period. The salary amount charged was made through a one-time redistribution of salaries previously recorded to budget account child study team – salaries of other professional staff.

Federal Program Information:

IDEA Preschool	84,173
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Criteria or Specific Requirement

Federal Grant Compliance Supplement – Allowable Costs/Cost Principles

Condition:

See Finding 2017-004.

Questioned Costs:

Undeterminable.

Context:

The District was unable to provide us with documentation to support the amount charged to the Federal grant program for payroll charges for the employees salaries reallocated for the extended summer program in the amount of \$20,550.

Effect:

Payroll amounts charged to Federal grants may not be for allowable charges.

Cause:

District did not prepare a detailed analysis of payroll costs allocated to the grant program or basis for the compensation for the grant program.

Recommendation:

Salaries charged to the IDEA Preschool grant program be supported by time and effort calculations and be charged by pay period throughout the grant period.

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, 2017**

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 2017-004

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

- We noted numerous instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A), nor approved by Board resolution.
- We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37(a).
- We noted purchases made through National Purchasing Cooperative agreements were not publically advertised for intent to purchase. In addition, documentation was not provided to support verification of bid process or proof of cost savings.
- We noted professional service contract awards were not approved by Board in certain instances and contract awards were not publically advertised as required.
- We noted numerous exceptions where vendor Political Contribution Disclosure Forms (PCDF) and Business Registration Certificates (BRC) were not on file.

State program information:

Equalization Aid	495-034-5120-078
Under Adequacy Aid	495-034-5120-096
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Professional Learning Community Aid	495-034-5120-101
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or specific requirement:

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

Condition:

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2017-004 (Continued)

Questioned Costs:

Unknown.

Context:

- Purchases and contracts for gym supplies, computer supplies, computer student information systems, smartboards and other services were made in excess of the bid threshold for which documents were unavailable to determine if awards were procured through public bids advertised or other required processes in accordance with Public School Contracts Law and awarded by Board resolution.
- Purchases for smartboards, grant writing and online professional development were made in excess of the quote threshold for which documents were unavailable to determine if quotations were solicited in accordance with the Public School Contracts Law.

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

Recommendation:

Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote thresholds are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

CURRENT YEAR STATE AWARDS

Finding 2017-005

Our audit of T.P.A.F. FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA included certain non-pensionable compensation.

State Program Information

Reimbursed TPAF Social Security Contributions 495-034-5094-003

Criteria or Specific Requirement

State Grant Compliance Supplement

Condition

Salaries used to determine State reimbursements for FICA paid for T.P.A.F. members included certain non-pensionable wages.

Questioned Costs

Unknown.

Context

Imputed income and merit pay, non-pensionable wages, were included in the salaries used to determine the amount to be reimbursed by the State.

Effect

Amounts reimbursed by State did not reflect actual FICA paid on T.P.A.F. members' pensionable wages.

Cause

See context.

Recommendation

The District review with its financial accounting software vendor the T.P.A.F. FICA calculation to ensure T.P.A.F. FICA reimbursements are based only on pensionable wages subject to FICA.

View of Responsible Officials and Planned Corrective Action

Management agrees with this finding and had indicated that procedures will be implemented to take corrective action.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2016-001

Condition

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

Current Status

Corrective action was taken.

Finding 2016-002

Condition

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.

Current Status

Corrective action was taken.

Finding 2016-003

Condition

Our audit of payments made subsequent to June 30, 2017 revealed unrecorded liabilities and encumbrances that were not reflected in the District's accounting records at year end.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2016-004

Condition

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

Current Status

Corrective action was taken.

Finding 2016-005

Condition

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.

Current Status

Corrective action was taken.

Finding 2016-006

Condition

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.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2016-007

Condition

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

Current Status

See Finding 2017-002.

Finding 2016-008

Condition

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.

Current Status

Corrective action was taken.

Finding 2016-009

Condition

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.

Current Status

Corrective action was taken.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2016-010

Condition

One audit of travel reimbursements revealed the following:

- Total travel expenses exceed the Board approved maximum for 2016/17.
- 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.

Current Status

Corrective action was taken.