

**BERKELEY TOWNSHIP SCHOOL DISTRICT**

Bayville, New Jersey  
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**BERKELEY TOWNSHIP SCHOOL DISTRICT**

**BAYVILLE, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by**

**Berkeley Township School District  
Business Administrator's Office**



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**INTRODUCTORY SECTION**

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# BERKELEY TOWNSHIP SCHOOL DISTRICT

53 CENTRAL PARKWAY  
BAYVILLE, NEW JERSEY 08721-2414

Laura Gingerelli, CPA, RSBA, RSBO  
Business Administrator/Board Secretary

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October 29, 2017

Honorable President and  
Members of the Board of Education  
Berkeley Township School District  
County of Ocean, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report ("CAFR") of the Berkeley Township 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 of Berkeley Township. To the best of my knowledge and belief, the data as 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.

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

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis and the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of 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's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's reports 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:** The Berkeley Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB 34. All funds and account groups of the District are included in this report. The Berkeley Township 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 PS through 6. These include regular programs, as well as Special Education for children with special needs. The District completed the 2016-2017 fiscal year with an average daily enrollment of 2,112 students. The following details the changes in the student average daily enrollment of the District over the last ten years.

**AVERAGE DAILY ENROLLMENT**

<b>Fiscal Year</b>	<b>Average Daily Student Enrollment</b>	<b>Percent Change</b>
2007 – 2008	1,948.0	2.12%
2008 – 2009	1,974.0	1.33%
2009 – 2010	2,015.0	2.08%
2010 – 2011	2,036.0	1.04%
2011 - 2012	2,021.6	(0.71%)
2012 – 2013	2,056.9	1.75%
2013 – 2014	2,112.0	2.67%
2014 – 2015	2,102.9	(0.43)%
2015 – 2016	2,126.0	1.09%
2016 - 2017	2,112.0	(0.66%)

The District has experienced growth due to development within the Township.

**2) ECONOMIC CONDITION AND OUTLOOK:** The Berkeley Township, New Jersey area is bordered by the municipalities of Beachwood, Lacey Township, Manchester Township, Ocean Gate, Seaside Park, Toms River and South Toms River. The Township encompasses 41.9 square miles. The Township is part of Ocean County and is served by major transportation routes, including Route 9, the Garden State Parkway and a number of county roads.

The population of the Township of Berkeley is estimated at 41,689 per the most recent census report. Of this number, approximately 43% are senior citizens who reside in the retirement communities locally known as Holiday City and Silver Ridge Park. Said communities were established in the western section of the Township in the late 1960's and early 1970's.

The Township has not experienced any unusual increase in its' tax base with the exception of a Super Shop Rite located in the Berkeley Plaza on Route 9. Several additional strip malls located on Route 9 were completed in recent years with several more in progress.

Food chains, gas stations, auto-repair shops, fast food restaurants, convenience stores and miscellaneous service vendors comprise the bulk of the strip malls.

Since 1980 local school budgets had been rejected by the voters in the vast majority of the annual school elections. For budgets beginning with the 2012-2013 school year, voter approval is no longer required if the tax levy increase is below "CAP" or 2%. The 2016-2017 budget was within that "CAP," therefore voter approval was not needed.

In recognition of the impact residential developments had on the school system, a Special Election was held on March 12, 2002. Township voters approved the issuance of \$24,430,100 in bonds to fund the local share of a \$33,491,000 building project. The project included additions and renovations to the three

existing schools and construction of a new elementary school for grades 5 and 6. The remaining \$9,510,900 was funded by a grant from the New Jersey Economic Development Authority. The Bond sale closed on August 1, 2002. Construction was completed in 2005. Included in the 2016-17 Budgeted Appropriations is a line item "Assessment for Debt Service on SDA Funding." The assessment is paid to the State by a reduction in the State Aid paid to the District.

In April, 2010 the Board of Education issued Revenue Refunding Bonds for \$16,760,000. The results of this refunding created an economic gain with a net present value savings on interest expense of \$754,972.

On October 29, 2012, Super Storm Sandy hit the Jersey Shore. It had a devastating effect on many of the homes located throughout the Township. The resulting uninhabitable residences had a negative impact on the total ratables for the Township as well as unexpected costs related to repairs and clean up. The majority of the ratables have come back on line.

For municipalities and school districts with decreased revenues that were directly related to Super Storm Sandy, FEMA provided Community Disaster Loans (CDL). These loans have the potential of being forgiven. The Berkeley Township School District has drawn \$365,211 in fiscal years 2014 and 2015 totaling \$730,422. FEMA forgave \$249,122 of principal along with the corresponding \$13,566 of interest. The District paid off the remaining \$481,300 principal and \$20,261 of interest in September, 2017.

**3) SCHOOL DISTRICT PROFILE:** The Berkeley Township Board of Education currently operates three Pre K – Grade 4 elementary schools and one Grade 5 – 6 school. The oldest school, Bayville Elementary School, was constructed in 1926, the H. & M. Potter School was built in 1973. A 10-room addition to the Clara B. Worth School, which opened in 1962 – 63, was constructed in 1983. Classroom additions to the Bayville School, Clara B. Worth School and H. & M. Potter School opened in September 2004. The central office and Directors of Elementary Education and Special Ed with their respective support staff are housed in separate annex buildings. There is also a bus garage complex for in-house vehicle maintenance. The construction of a 5,000 square foot building to house the Buildings & Grounds, Transportation, Technology and Dining Services Departments was completed in 2012.

The School District is governed by a 9-member Board of Education and administered by a Superintendent of Schools, Business Administrator/Board Secretary, Assistant Superintendent, Director of Special Education Services, four School Principals and four Assistant Principals.

The District operates a complete breakfast/lunch program in each school and an in-house transportation department that provides services for approximately 1,900 students daily.

**4) MAJOR EDUCATIONAL INITIATIVES:** During 2004 – 2005 school year, the District went through a major re-districting. The successful opening and staffing of the district's first middle school (Grades 5 and 6) took place in January, 2005.

Additions to the three elementary schools were completed in Spring 2005. Ten half-day Kindergarten classes were replaced by 14 all day Kindergarten classes in 2004 – 2005. The District takes pride in the condition of all its school campuses. Since 2006, all parking lots have been redone and 100% of all classrooms have been renovated with new ceilings, lighting, paint, flooring and whiteboards.

In 2011, the District completed a multi-year project installing district-wide phone upgrade with installation of classroom phones, VoIP phones, and a private fiber installation.

The District had added additional computer labs at each of the PK-4 schools in preparation for the new state PARCC testing. Bandwidth has also been increased from 200 Mbps to 500 Mbps for this initiative. 980 Chrome Books have been purchased to date for testing purposes. Additional Network Switches, access points, and WiFi were added in every classroom to make a more suitable PARCC testing environment. The PARCC tests were successfully administered for the first time in 2014-15.

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

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

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

6) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service 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 at June 30, 2017.

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

8) **DEBT ADMINISTRATION:** At June 30, 2017, the District's outstanding debt includes \$141,815 Capital Leases payable, \$10,250,000 Bonds outstanding, and \$624,219 of compensated absences payable.

9) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements." The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the

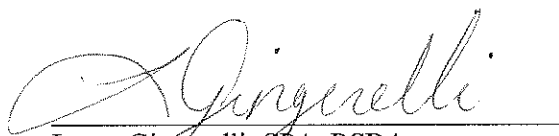
provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located 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. See J-20 in the statistical section.

**11) OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., was selected by the Berkeley Township Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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.

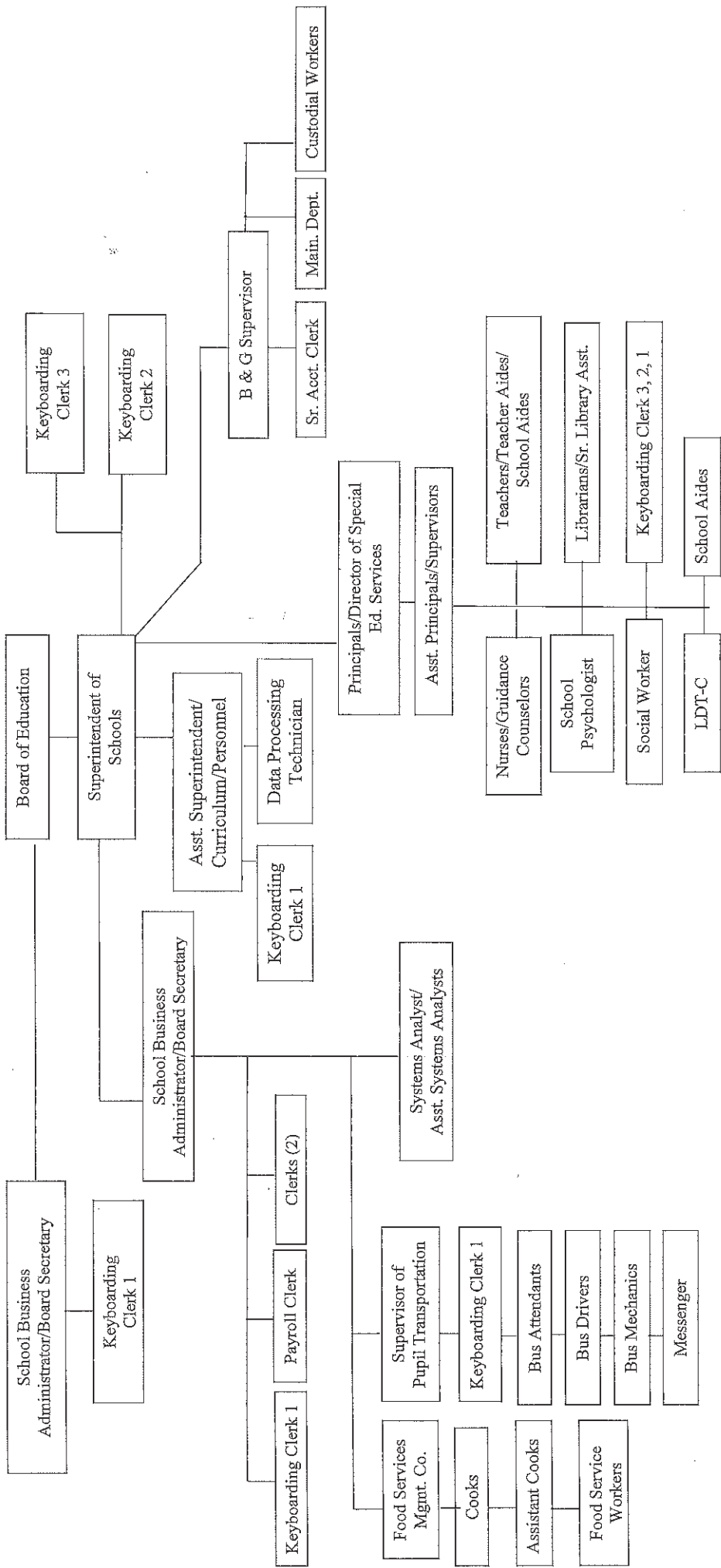
**12) ACKNOWLEDGMENTS:** I would like to express my appreciation to the Business Office staff and Superintendent's staff and to those municipal, county and state personnel who contributed their time and respective expertise in providing statistical information for the compilation of this report and as can be found within this report. I further express my appreciation to the School District's auditing firm which provided guidance and advice during the preparation of this report.

Prepared by and Respectfully Submitted:

  
\_\_\_\_\_  
Laura Gingerelli, CPA, RSBA  
Business Administrator/Board Secretary

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POLICY 1110 ORGANIZATIONAL CHART (REVISED 6/28/16)

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**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
53 Central Parkway  
Bayville, New Jersey 08721-2496

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Mr. Thomas Guarascio, President	2017
Mr. David Ytreboe, Vice President	2017
Mr. Edward Cammarato	2019
Mr. John MacMoyle	2017
Mr. Keith Fisher	2018
Mr. Robert Martino	2018*
Mr. Steve Pellechia	2019
Mr. Gerard Reuter	2018
Mrs. Michele Shedlock	2019

**OTHER OFFICIALS**

Dr. James D. Roselli, Superintendent of Schools

Ms. Laura Gingerelli, CPA, RSBA, RSBO, Business Administrator/Board Secretary

Mr. Carmen J. Memoli, CPA, Treasurer of School Monies

\*Resigned effective August 30, 2017

**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
53 Central Parkway  
Bayville, New Jersey 08721-2496

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

John Sahradnik  
Berry, Sahradnik, Kotzas, & Benson  
212 Hooper Avenue  
P.O. Box 757  
Toms River, New Jersey 08754

**AUDIT FIRM**

Holman Frenia Allison, P.C.  
680 Hooper Avenue  
Building B, Suite 201  
Toms River, New Jersey 08753

**OFFICIAL DEPOSITORY**

Ocean First Bank  
975 Hooper Avenue  
Toms River, New Jersey 08753

**FINANCIAL SECTION**

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HOLMAN | FRENIA  
ALLISON, P.C.  
*Certified Public Accountants & Consultants*

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194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010  
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090  
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090  
[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Berkeley Township School District  
County of Ocean  
Bayville, New Jersey 08721

### 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 Berkeley Township School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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 District'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 District'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 Berkeley Township School District, County of Ocean, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berkeley Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates 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 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 accompanying combining statements and related major fund supporting statements and schedules and 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 and statistical section listed in the table of contents 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 October 29, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney Haines  
Certified Public Accountant  
Public School Accountant, No. 2198

Toms River, New Jersey  
October 29, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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# BERKELEY TOWNSHIP SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

The Management's Discussion and Analysis (MD&A) of the Berkeley Township Board of Education provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal, which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "*Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*" issued in June 1999 that is now being required by the New Jersey State Department of Education. Comparative information between the current fiscal year (2016–2017) and the prior fiscal year (2015-2016) is required and is presented in the MD&A.

### FINANCIAL HIGHLIGHTS

#### Government-wide Financial Analysis

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,423,160 on June 30, 2017. Total Position decreased \$86,541 from June 30, 2016.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 7,929,381	\$ 7,231,642	\$ 697,739	10%
Capital Assets, Net	<u>29,742,222</u>	<u>30,736,243</u>	<u>(994,021)</u>	-3%
Total Assets	<u>37,671,603</u>	<u>37,967,885</u>	<u>(296,282)</u>	-1%
Deferred Outflow of Resources	<u>6,279,306</u>	<u>2,932,076</u>	<u>3,347,230</u>	114%
Current and other Liabilities	3,052,029	368,354	2,683,675	729%
Noncurrent Liabilities	<u>27,475,720</u>	<u>26,812,709</u>	<u>663,011</u>	2%
Total Liabilities	<u>30,527,749</u>	<u>27,181,063</u>	<u>3,346,686</u>	12%
Deferred Inflow of Resources	<u>-</u>	<u>209,197</u>	<u>(209,197)</u>	-100%
Net Position:				
Net Investment in Capital Assets	18,568,178	18,987,110	(418,932)	-2%
Restricted	6,967,785	6,573,286	394,499	6%
Unrestricted (Deficit)	<u>(12,112,803)</u>	<u>(12,050,695)</u>	<u>(62,108)</u>	1%
Total Net Position	<u>\$ 13,423,160</u>	<u>\$ 13,509,701</u>	<u>\$ (86,541)</u>	-1%

Current assets increased due to an increase in cash and cash equivalents. Capital assets decreased mainly due to depreciation expense of \$1,441,251.

Current liabilities increased mainly due to the recording of \$560,000 for future PERS payment related to current year salaries.

Long-term liabilities went down due to payment of principal on bonds.

The largest portion of the District's net position is its investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment); less any related debt (general obligation bonds payable and obligations under capital leases) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to 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.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects cash and cash equivalents that will be applied to subsequent year's resources.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 353,747	\$ 371,166	\$ (17,419)	0%
Operating Grants & Contributions	6,880,466	6,252,290	628,176	10%
General Revenues:				
Property Taxes	29,956,875	28,632,733	1,324,142	5%
Federal & State Aid	1,168,635	2,487,816	(1,319,181)	-53%
Other General Revenues	509,842	562,806	(52,964)	-9%
Cancellation of CDL	249,122	-	249,122	100%
Total Revenues	<u>39,118,687</u>	<u>38,306,811</u>	<u>811,876</u>	<u>2%</u>
<b>Function/Program Expenses:</b>				
Instructional Services	13,322,871	13,007,537	315,334	2%
Tuition	181,534	121,422	60,112	50%
Student & Instruction Related Services	3,317,290	3,067,359	249,931	8%
Support Services	7,326,237	7,490,073	(163,836)	-2%
Unallocated Benefits	12,191,771	11,841,433	350,338	3%
Interest & Other Charges	622,925	508,044	114,881	23%
Unallocated Depreciation	1,441,251	1,474,656	(33,405)	-2%
Enterprise Funds	801,349	830,812	(29,463)	-4%
Total Expenses	<u>39,205,228</u>	<u>38,341,336</u>	<u>863,892</u>	<u>2%</u>
Change In Net Position	(86,541)	(34,525)	(52,016)	151%
Net Position - Beginning	<u>13,509,701</u>	<u>13,544,226</u>	<u>(34,525)</u>	<u>0%</u>
Net Position - Ending	<u>\$ 13,423,160</u>	<u>\$ 13,509,701</u>	<u>\$ (86,541)</u>	<u>-1%</u>

## **USING THE ANNUAL REPORT**

The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. The School Board's fund financial statements start with Schedule C-1, "Budgetary Comparison Schedule." For the School Board's governmental activities, these statements tell how the School Board financed its services in the short-term as well as what remains for future spending. Fund statements also may give the reader some insights into the School Board's overall financial health.

Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds, such as the School Board's General Fund, Special Revenue Fund and Debt Service Fund. The remaining statement, Combining Statement of Fiduciary Net Position presents financial information about activities for which the School Board acts solely as an agent for the benefit of employees and students.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

The School Board prepared the Introductory Section and the Statistical Section without association by the independent auditors. Accordingly, the School Board assumes full responsibility for the accuracy of these sections.

## **THE SCHOOL BOARD'S FUNDS**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Township of Berkeley, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the school Board's overall financial health.

As the School Board completed the fiscal years ending June 30, 2017 and 2016, it reported combined fund balances of \$7,697,738 and \$7,061,604 respectively, which is a current year increase of \$636,134. The reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (Exhibit B-3) to the Statement of Activities (Exhibit A-2) presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The School Board's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedule (Exhibit C-1). The School Board generally did better than had been budgeted in its General Fund since it forecasts revenues very conservatively and expenditures are budgeted with worst case scenarios in mind.

## GOVERNMENTAL ACTIVITES

During the fiscal year 2017, the net position of governmental activities decreased by \$132,980.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$13,423,160 with an unrestricted deficit balance of \$12,112,803. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3**  
**GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$ (12,145,045)
Add back: PERS Pension Liability	17,414,880
Less: Deferred Outflows related to pensions	(5,857,313)
Add back: Deferred Inflows related to pensions	-
Unrestricted Net Position (Without GASB 68)	\$ (587,478)

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets:

At June 30, 2017 and 2016, the School Board had approximately \$30 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, and other equipment. This amount is net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year and depreciation of depreciable assets for the year. The schedule below shows the net book value of general capital assets at the end of each year:

**Table 4**  
**Summary of Capital Assets**

<u>Capital Assest (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Site & Improvements	\$ 514,385	\$ 617,568	\$ (103,183)	-16.7%
Building & Building Improvements	27,904,067	28,531,622	(627,555)	-2.2%
Machinery & Equipment	1,240,059	1,469,349	(229,290)	-15.6%
	\$ 29,658,511	\$ 30,618,539	\$ (960,028)	-3.1%

During the current fiscal year \$481,223 of fixed assets were capitalized. Increases in capital assets were offset by depreciation expense of \$1,441,251 for the year and deletions of \$128,082.



**Debt Administration:**

During the fiscal year ended June 30, 2017 the following changes occurred in liabilities reported in the long-term debt:

<b>Governmental</b>	<b>Balance 06/30/16</b>	<b>Issued/(Retired) Adjustments</b>	<b>Cancellations</b>	<b>Balance 06/30/17</b>	<b>Due Within One Year</b>
Net Pension Liability	\$ 13,011,314	\$ 4,403,566	\$ -	\$ 17,414,880	\$ -
Compensated Absences Payable	461,217	163,002	-	624,219	-
Bonds Payable	11,665,000	(1,415,000)	-	10,250,000	1,495,000
Obligation Under Capital Leases	84,133	57,682	-	141,815	45,416
Bond Premium	860,623	(137,700)	-	722,923	137,700
Community Disaster Loan Program	730,422	-	(249,122)	481,300	481,300
<b>Total</b>	<b>\$ 26,812,709</b>	<b>\$ 3,071,550</b>	<b>\$ (249,122)</b>	<b>\$ 29,635,137</b>	<b>\$ 2,159,416</b>

For additional information, see Note #7 of Notes to the Financial Statements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Original to Final Budget**

Original Appropriations as compared to the Final Budget stayed relatively constant throughout the Budget.

**Budget to Actual**

Total regular instruction decreased by \$412,678 mainly due to reduction in instructional salaries related to unpaid leaves of staff.

Operation of Plant decreased by \$228,288 mainly due to decrease in utilities and supplies due to mild weather.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

For the 2016–2017 school year, the School Board was able to sustain its budget through the Township tax levy, state education aid and local revenue sources. Only 21% of the School Board’s revenue is from federal, state and local aid (restricted and not restricted), while 79% of the total revenue is from the Township tax levy.

**CONTACTING THE SCHOOL BOARD’S FINANCIAL MANAGEMENT**

The School Board’s financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the School Board’s finances and to show the School Board’s accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Laura Gingerelli, CPA, RSBA, School Business Administrator/Board Secretary, at the Berkeley Board of Education’s office, 53 Central Parkway, Bayville, New Jersey 08721.

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 3,524,517	\$ 32,987	\$ 3,557,504
Receivables, Net (Note 4)	246,640	30,961	277,601
Inventory	-	17,229	17,229
Internal Balances (Note 6)	15,745	-	15,745
Restricted Cash & Cash Equivalents	4,061,302	-	4,061,302
Capital Assets, Net (Note 5)			
Non-depreciable	123,970	-	123,970
Depreciable	29,534,541	83,711	29,618,252
	<hr/>		
Total Assets	37,506,715	164,888	37,671,603
	<hr/>		
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	5,857,313	-	5,857,313
Related to Loss on Debt Refunding	421,993	-	421,993
	<hr/>		
Total Deferred Outflow of Resources	6,279,306	-	6,279,306
	<hr/>		
<b>LIABILITIES:</b>			
Accounts Payable	80,950	13,946	94,896
Due to Other Governments	560,000	-	560,000
Unearned Revenue	69,515	11,205	80,720
Accrued Interest	141,251	-	141,251
Internal Balances (Note 6)	-	15,745	15,745
Noncurrent Liabilities (Note 7):			
Due within one year	2,159,416	-	2,159,416
Due in more than one year	27,475,721	-	27,475,721
	<hr/>		
Total Liabilities	30,486,853	40,896	30,527,749
	<hr/>		
<b>NET POSITION:</b>			
Net Investment in Capital Assets	18,484,466	83,711	18,568,177
Restricted for:			
Other Purposes	6,967,786	-	6,967,786
Unrestricted (Deficit)	(12,153,084)	40,281	(12,112,803)
	<hr/>		
Total Net Position	\$ 13,299,168	\$ 123,992	\$ 13,423,160
	<hr/> <hr/>		

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

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

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 7,742,541	\$ -	\$ -	(7,742,541)	\$ -	\$ (7,742,541)
Special Education Instruction	4,442,157	-	960,457	(3,481,700)	-	(3,481,700)
Other Special Instruction	1,062,339	-	-	(1,062,339)	-	(1,062,339)
Other Instructional Programs	75,834	-	-	(75,834)	-	(75,834)
Support Services:						
Tuition	181,534	-	-	(181,534)	-	(181,534)
Student & Instruction Related Services	3,317,290	-	451,373	(2,865,917)	-	(2,865,917)
General Administrative	809,151	-	-	(809,151)	-	(809,151)
School Administrative Services	1,179,237	-	-	(1,179,237)	-	(1,179,237)
Central Services	396,850	-	-	(396,850)	-	(396,850)
Administrative Info. Technology	378,359	-	-	(378,359)	-	(378,359)
Plant Operations & Maintenance	2,887,030	-	-	(2,887,030)	-	(2,887,030)
Pupil Transportation	1,675,610	-	-	(1,675,610)	-	(1,675,610)
Unallocated Benefits	7,216,953	-	-	(7,216,953)	-	(7,216,953)
On Behalf TPAF Pension and Social Security Contributions	4,974,818	-	4,974,818	-	-	-
Interest & Other Charges	622,925	-	-	(622,925)	-	(622,925)
Unallocated Depreciation	1,441,251	-	-	(1,441,251)	-	(1,441,251)
Total Governmental Activities	38,403,879	-	6,386,648	(32,017,231)	-	(32,017,231)
Business-Type Activities:						
Food Service	783,795	338,273	493,818	-	48,296	48,296
Baiting Cages	4,758	3,004	-	-	(1,754)	(1,754)
Tech Expo	1,564	2,000	-	-	436	436
Bridge Program	11,232	10,470	-	-	(762)	(762)
Total Business-Type Activities	801,349	353,747	493,818	-	46,216	46,216
Total Primary Government	\$ 39,205,228	\$ 353,747	\$ 6,880,466	(32,017,231)	46,216	(31,971,015)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				28,025,975	-	28,025,975
Property Taxes, Levied for Debt Service				1,930,900	-	1,930,900
Federal & State Aid Not Restricted				1,168,635	-	1,168,635
Tuition Charges				131,003	-	131,003
Service Provided Other LEA's				199,706	-	199,706
Miscellaneous				156,538	-	156,538
Investment Earnings				22,372	223	22,595
Special Items:						
Cancellation of Community Disaster Loan (Note 20)				249,122	-	249,122
Total General Revenues and Special Items				31,884,251	223	31,884,474
Change In Net Position				(132,980)	46,439	(86,541)
Net Position - Beginning				13,432,148	77,553	13,509,701
Net Position - Ending				\$ 13,299,168	\$ 123,992	\$ 13,423,160

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



## B. Fund Financial Statements

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## Governmental Funds

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	<u>TOTAL</u> JUNE 30, 2017
Cash & Cash Equivalents	\$ 3,549,038	\$ -	\$ -	\$ 3,549,038
Due from Other Funds	15,745	-	-	15,745
Receivables from:				
Federal	-	86,885	-	86,885
State	93,864	-	-	93,864
Other	63,739	2,152	-	65,891
Reserved Cash & Cash Equivalents:				
Capital Reserve	1,831,813	-	-	1,831,813
Maintenance Reserve	1,965,823	-	-	1,965,823
Emergency Reserve	263,666	-	-	263,666
<b>Total Assets</b>	<b><u>\$ 7,783,688</u></b>	<b><u>\$ 89,037</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,872,725</u></b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
Liabilities:				
Cash Deficit	\$ -	\$ 24,522	\$ -	\$ 24,522
Accounts Payable	80,950	-	-	80,950
Unearned Revenue	5,000	64,515	-	69,515
<b>Total Liabilities</b>	<b><u>85,950</u></b>	<b><u>89,037</u></b>	<b><u>-</u></b>	<b><u>174,987</u></b>
Fund Balances:				
Restricted for:				
Capital Reserve Account	1,831,813	-	-	1,831,813
Maintenance Reserve Account	1,965,823	-	-	1,965,823
Emergency Reserve Account	263,666	-	-	263,666
Excess Surplus	1,599,334	-	-	1,599,334
Excess Surplus Designated for Subsequent Year's Expenditures	1,307,150	-	-	1,307,150
Committed for:				
Other Purposes	286,659	-	-	286,659
Assigned for:				
Designated for Subsequent Year's Expenditures	7,150	-	-	7,150
Unassigned	436,143	-	-	436,143
<b>Total Fund Balances</b>	<b><u>7,697,738</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,697,738</u></b>
<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 7,783,688</u></b>	<b><u>\$ 89,037</u></b>	<b><u>\$ -</u></b>	
Amounts reported for <i>governmental activities</i> in the statement of net position 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 \$50,957,821 and the accumulated depreciation is \$21,299,310.				29,658,511
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.				
Deferred Outflows related to pensions				5,857,313
Deferred Outflow related to the loss on bond refunding of debt				421,993
Accrual of bond and lease interest is not due and payable in the current period and therefore are not reported as liabilities in the funds.				(141,250)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.				(560,000)
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Illustrative Note 8)				<u>(29,635,137)</u>
<b>Net Position of Governmental Activities</b>				<b><u>\$ 13,299,168</u></b>

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

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL JUNE 30, 2017
Revenues:				
Local Tax Levy	\$ 28,025,975	\$ -	\$ 1,930,900	\$ 29,956,875
Interest on Investments	22,372	-	-	22,372
Tuition	131,003	-	-	131,003
Services Provided Other LEA's	199,706	-	-	199,706
Miscellaneous	156,538	31,759	-	188,297
Total Local Sources	28,535,594	31,759	1,930,900	30,498,253
State Sources	6,062,956	-	-	6,062,956
Federal Sources	80,497	1,380,071	-	1,460,568
Total Revenues	34,679,047	1,411,830	1,930,900	38,021,777
Expenditures:				
Current:				
Regular Instruction	7,742,541	-	-	7,742,541
Special Education Instruction	3,481,700	960,457	-	4,442,157
Other Special Instruction	1,062,339	-	-	1,062,339
Other Instructional Programs	75,834	-	-	75,834
Support Services & Undistributed				
Costs - Current:				
Tuition	181,534	-	-	181,534
Student & Instruction Related Services	2,865,917	451,373	-	3,317,290
General Administrative	809,151	-	-	809,151
School Administrative Services	1,179,237	-	-	1,179,237
Central Services	396,850	-	-	396,850
Administrative Information Technology	378,359	-	-	378,359
Plant Operations & Maintenance	2,887,030	-	-	2,887,030
Pupil Transportation	1,675,610	-	-	1,675,610
Unallocated Benefits	7,053,951	-	-	7,053,951
Nonbudgeted Expenditures	3,648,060	-	-	3,648,060
Debt Service:				
Principal	-	-	1,415,000	1,415,000
Interest	118,421	-	515,900	634,321
Capital Outlay	585,177	-	-	585,177
Total Expenditures	34,141,711	1,411,830	1,930,900	37,484,441
Other Financing Sources/(Uses):				
Capital Leases Proceeds	98,798	-	-	98,798
Total Other Financing Sources/(Uses)	98,798	-	-	98,798
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
Fund Balance - July 1	636,134	-	-	636,134
Fund Balance - July 1	7,061,604	-	-	7,061,604
Fund Balance - June 30	\$ 7,697,738	\$ -	\$ -	\$ 7,697,738

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

**BERKELEY 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 YEAR ENDED JUNE 30, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		\$ 636,134
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 outlays exceeded depreciation in the period.		
	Depreciation Expense	(1,441,251)
	Capital Outlays	<u>481,223</u>
		(960,028)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(1,326,758)
Repayment of long-term debt principal and obligation of lease purchase agreements are 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.		
		1,456,116
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
	Capital lease proceeds	<u>(98,798)</u>
		(98,798)
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
	Amortization of premium on bonds	137,700
	Amortization of loss on bond refunding	<u>(80,380)</u>
		57,320
Cancellation of Community Disaster Loan, is a revenue in the governmental funds, the cancellation reduces the amount of long term liabilities in the statement of net position		
		249,122
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).		
		16,914
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(163,002)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (132,980)</u></u>

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## Proprietary Funds

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				JUNE 30, 2017
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Current Assets:					
Cash & Cash Equivalents	\$ 23,060	\$ 2,344	\$ 1,817	\$ 5,766	\$ 32,987
Account Receivable:					
State	511	-	-	-	511
Federal	27,369	-	-	-	27,369
Other	1,991	840	250	-	3,081
Inventories	17,229	-	-	-	17,229
Total Current Assets	70,160	3,184	2,067	5,766	81,177
Noncurrent Assets:					
Furniture, Machinery & Equipment	350,574	18,065	-	-	368,639
Less: Accumulated Depreciation	(273,487)	(11,441)	-	-	(284,928)
Total Noncurrent Assets	77,087	6,624	-	-	83,711
Total Assets	147,247	9,808	2,067	5,766	164,888
LIABILITIES					
Current Liabilities:					
Accounts Payable	13,946	-	-	-	13,946
Due To Other Funds	-	15,745	-	-	15,745
Unearned Revenue	7,725	-	-	3,480	11,205
Total Current Liabilities	21,671	15,745	-	3,480	40,896
NET POSITION					
Net Investment in Capital Assets	77,087	6,624	-	-	83,711
Unrestricted	48,489	(12,561)	2,067	2,286	40,281
Total Net Position	\$ 125,576	\$ (5,937)	\$ 2,067	\$ 2,286	\$ 123,992

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	JUNE 30, 2017
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 230,221	\$ -	\$ -	\$ -	\$ 230,221
Daily Sales - Nonreimbursable Programs	108,052	3,004	2,000	10,470	123,526
<b>Total Operating Revenues</b>	<b>338,273</b>	<b>3,004</b>	<b>2,000</b>	<b>10,470</b>	<b>353,747</b>
Operating Expenses:					
Cost of Sales - Reimbursable Programs	431,117	-	-	-	431,117
Cost of Sales - Non-Reimbursable Programs	101,126	-	-	-	101,126
Salaries & Benefits	192,642	1,145	64	11,232	205,083
Professional Services	1,245	-	-	-	1,245
General Supplies	27,285	-	1,500	-	28,785
Depreciation	30,380	3,613	-	-	33,993
<b>Total Operating Expenses</b>	<b>783,795</b>	<b>4,758</b>	<b>1,564</b>	<b>11,232</b>	<b>801,349</b>
<b>Operating Loss</b>	<b>(445,522)</b>	<b>(1,754)</b>	<b>436</b>	<b>(762)</b>	<b>(447,602)</b>
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	8,162	-	-	-	8,162
Federal Sources:					
National School Lunch Program	326,148	-	-	-	326,148
National School Breakfast Program	102,420	-	-	-	102,420
U.S.D.A. Commodities	57,088	-	-	-	57,088
Interest & Investment Revenue	223	-	-	-	223
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>494,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>494,041</b>
<b>Change in Net Position</b>	<b>48,519</b>	<b>(1,754)</b>	<b>436</b>	<b>(762)</b>	<b>46,439</b>
<b>Total Net Position - Beginning</b>	<b>77,057</b>	<b>(4,183)</b>	<b>1,631</b>	<b>3,048</b>	<b>77,553</b>
<b>Total Net Position - Ending</b>	<b>\$ 125,576</b>	<b>\$ (5,937)</b>	<b>\$ 2,067</b>	<b>\$ 2,286</b>	<b>\$ 123,992</b>

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				JUNE 30, 2017
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 348,404	\$ 2,165	\$ 1,750	\$ 10,470	\$ 362,789
Payments to Employees & Benefits	(191,951)	(1,145)	(64)	(15,852)	(209,012)
Payments to Suppliers	(525,922)	-	(1,500)	-	(527,422)
Net Cash Provided/(Used) by Operating Activities	(369,469)	1,020	186	(5,382)	(373,645)
Cash Flows From Noncapital Financing Activities:					
State Sources	9,208	-	-	-	9,208
Federal Sources	479,767	-	-	-	479,767
Net Cash Provided/(Used) by Noncapital Financing Activities	488,975	-	-	-	488,975
Cash Flows From Investing Activities:					
Interest & Dividends	223	-	-	-	223
Net Cash Provided/(Used) by Investing Activities	223	-	-	-	223
Net Increase/(Decrease) in Cash & Cash Equivalents					
Balances - Beginning of Year	119,729	1,020	186	(5,382)	115,553
Balances - End of Year	(96,669)	1,324	1,631	11,148	(82,566)
Balances - End of Year	\$ 23,060	\$ 2,344	\$ 1,817	\$ 5,766	\$ 32,987

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

Operating Loss	\$ (445,522)	\$ (1,754)	\$ 436	\$ (762)	\$ (447,602)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities:					
U.S.D.A. Commodities	57,088	-	-	-	57,088
Depreciation & Net Amortization	30,380	3,613	-	-	33,993
(Increase) Decrease in Inventories	(4,418)	-	-	-	(4,418)
(Increase)/Decrease in Accounts Receivable	10,131	(839)	(250)	-	9,042
Increase (Decrease) in Accounts Payable	(17,819)	-	-	-	(17,819)
Increase (Decrease) Unearned Revenue	691	-	-	(4,620)	(3,929)
Total Adjustments	76,053	2,774	(250)	(4,620)	73,957
Net Cash Provided/(Used) by Operating Activities	\$ (369,469)	\$ 1,020	\$ 186	\$ (5,382)	\$ (373,645)

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

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Fiduciary Fund

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE	AGENCY PAYROLL FUND	TOTAL
	UNEMPLOYMENT COMPENSATION TRUST		JUNE 30, 2017
Cash & Cash Equivalents	\$ 699,002	\$ 21,244	\$ 720,246
Accounts Receivable	-	29,799	29,799
Total Assets	699,002	51,043	750,045
<b>LIABILITIES</b>			
Payroll Deductions & Withholdings	-	51,043	51,043
Total Liabilities	-	51,043	51,043
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims & Other Purposes	699,002	-	699,002
Total Net Position	\$ 699,002	\$ -	\$ 699,002

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

	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	TOTAL JUNE 30, 2017
<b>ADDITIONS</b>		
Investment Earnings:		
Interest	\$ 2,504	\$ 2,504
Net Investment Earnings	2,504	2,504
Total Additions	2,504	2,504
<b>DEDUCTIONS</b>		
Unemployment Claims	-	-
Total Deductions	-	-
Change in Net Position	2,504	2,504
Net Position - Beginning of the Year	696,498	696,498
Net Position - End of the Year	\$ 699,002	\$ 699,002

**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Berkeley Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**Reporting Entity**

The Berkeley Township School District is a Type II School District located in the County of Ocean, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades PK through 6 at its four schools. The School District has an approximate enrollment at June 30, 2017 of 2,132 students.

The primary criterion for including activities within the School District’s reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**A. Government-Wide Financial Statements**

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 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.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**B. Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Governmental Fund Financial Statements (continued)**

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, 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.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Governmental Fund Financial Statements (continued)**

**Special Revenue Fund** - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

**C. Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds would also be presented in these statements. However, internal service funds balances and activities would be combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

**Batting Cage Fund** – The batting cage fund accounts for the financial transactions related to the batting cages operations of the School District.

**Bridge Program Fund** – The bridge program fund accounts for the financial transactions related to the summer camp operations of the School District.

**Tech Expo Fund** – The tech expo fund accounts for the financial transactions related to the exhibition of technology operations of the School District.



**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds and, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

**Agency Funds** - Agency funds (payroll fund) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Budgets/Budgetary Control (continued)**

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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.

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

**Cash, Cash Equivalents and Investments**

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Cash, Cash Equivalents and Investments (continued)**

depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

**Tuition Receivable/Payable**

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$5,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Capital Assets (continued)**

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net 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 a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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

**Pensions**

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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments

**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Pensions (continued)**

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Impact of Recently Issued Accounting Principles**

**Adopted Accounting Pronouncements**

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Impact of Recently Issued Accounting Principles (continued)**

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement 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*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 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 Pensions*, 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*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after



**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Impact of Recently Issued Accounting Principles (continued)**

December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

**Note 2. Deposits and Investments**

**Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$9,318,748 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	9,029,167
Uninsured and Uncollateralized		289,582
		\$ 9,318,749

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 2. Deposits and Investments (continued)**

**Investments**

The School District had no investments at June 30, 2017.

**Note 3. Reserve Accounts**

**Capital Reserve**

A capital reserve account was established by the School District by inclusion of \$1,000 on June 30, 1994 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	1,128,653
Increased by:		
Interest Earnings		3,160
Deposits approved by Board June 29, 2017		700,000
Ending Balance, June 30, 2017	\$	1,831,813

**Maintenance Reserve**

The School District established a maintenance reserve account by inclusion of \$300,000 on June 17, 2008 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account 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

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3. Reserve Accounts (continued)**

**Maintenance Reserve (continued)**

appropriation amounts, or both. The balance in the account 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 July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	1,761,269
Increased by:		
Interest Earnings		4,554
Deposits approved by Board June 29, 2017		200,000
Ending Balance, June 30, 2017	\$	1,965,823

**Emergency Reserve**

An emergency reserve account was established by inclusion of \$250,000 on June 17, 2008 for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	262,930
Increased by:		
Interest Earnings		736
Ending Balance, June 30, 2017	\$	263,666

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the sNote table condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

Description	Governmental Funds			Proprietary Funds			Total Business-Type Activities
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Batting Cages Fund	Tech Expo Fund	
Federal Awards	\$ -	\$ 86,885	\$ 86,885	\$ 27,369	\$ -	\$ -	\$ 27,369
State Awards	93,864	-	93,864	511	-	-	511
Other	63,739	2,152	65,891	1,991	840	250	3,081
<b>Total</b>	<b>\$ 157,603</b>	<b>\$ 89,037</b>	<b>\$ 246,640</b>	<b>\$ 29,871</b>	<b>\$ 840</b>	<b>\$ 250</b>	<b>\$ 30,961</b>

**Note 5. Capital Assets**

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

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Site	\$ 123,970	\$ -	\$ -	\$ 123,970
<b>Total Capital Assets not being depreciated</b>	<b>123,970</b>	<b>-</b>	<b>-</b>	<b>123,970</b>
Capital Assets being depreciated:				
Improvements	\$ 2,397,851	\$ -	\$ -	\$ 2,397,851
Buildings and Improvements	42,535,986	274,300	-	42,810,286
Machinery and Equipment	5,546,873	206,923	(128,082)	5,625,714
<b>Total Capital Assets being depreciated</b>	<b>50,480,710</b>	<b>481,223</b>	<b>(128,082)</b>	<b>50,833,851</b>
Less: Accumulated Depreciation:				
Site and Improvements	(1,904,253)	(103,183)	-	(2,007,436)
Buildings and Improvements	(14,004,364)	(901,855)	-	(14,906,219)
Machinery and Equipment	(4,077,524)	(436,213)	128,082	(4,385,655)
<b>Total Accumulated Depreciation</b>	<b>(19,986,141)</b>	<b>(1,441,251)</b>	<b>128,082</b>	<b>(21,299,310)</b>
<b>Total Capital Assets being depreciated, net</b>	<b>30,494,569</b>	<b>(960,028)</b>	<b>-</b>	<b>29,534,541</b>
<b>Total Governmental Activities Capital Assets, net</b>	<b>\$ 30,618,539</b>	<b>\$ (960,028)</b>	<b>\$ -</b>	<b>\$ 29,658,511</b>

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5. Capital Assets (continued)**

	Balance July 1, <u>2016</u>	<u>Additions</u>	Balance June 30, <u>2017</u>
<b>Business-Type Activities:</b>			
Machinery and Equipment	\$ 368,639	\$ -	\$ 368,639
	368,639	-	368,639
 Less: Accumulated Depreciation:			
Machinery and Equipment	(250,935)	(33,993)	(284,928)
	(250,935)	(33,993)	(284,928)
 Total Business-Type Activities Capital Assets, net			
	\$ 117,704	\$ (33,993)	\$ 83,711

Depreciation expense was not allocated among the various functions/programs of the School District.

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 15,745	\$ -
Batting Cage Fund	-	15,745
	\$ 15,745	\$ 15,745

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year. There was no interfund transfers during the year.

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental activities:

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued):**

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Cancellations</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:						
General Obligation Bonds	\$ 11,665,000	\$ -	\$ 1,415,000	\$ -	\$ 10,250,000	\$ 1,495,000
Capital Leases	84,133	98,798	41,116	-	141,815	45,416
Unamortized Bond Premiums	860,623	-	137,700	-	722,923	137,700
Compensated Absences	461,217	163,002	-	-	624,219	-
Net Pension Liability	13,011,314	4,403,566	-	-	17,414,880	-
Community Disaster Loan	730,422	-	-	249,122	481,300	481,300
	<u>\$ 26,812,709</u>	<u>\$ 4,665,366</u>	<u>\$ 1,593,816</u>	<u>\$ 249,122</u>	<u>\$ 29,635,137</u>	<u>\$ 2,159,416</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and net pension liability are liquidated by the general fund.

**Bonds Payable**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

**2010 Bonds**

The Board of Education issued Revenue Refunding Bonds, Series 2010, dated April 8, 2010 in the amount of \$16,760,000. The proceeds of this bond issue were used to advance refund certain callable maturities of the Board of Education's outstanding Series 2002 Bonds dated August 1, 2002. The Series 2002 Bonds were redeemed on April 8, 2010 at a redemption price of 100% of the principal amount thereof. The bonds included premiums of \$1,721,248 and expenses of \$136,400 resulting in a long term loss on the refunding \$1,004,748. The results of the refunding created an economic gain on the transaction with a net present value savings on interest expense of \$754,972.

**Bonds Payable (continued)**

Principal and interest due on the outstanding bonds is as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,495,000	\$ 450,225	\$ 1,945,225
2019	1,575,000	377,413	1,952,413
2020	1,660,000	304,625	1,964,625
2021	1,745,000	228,013	1,973,013
2022	3,775,000	191,375	3,966,375
	<u>\$ 10,250,000</u>	<u>\$ 1,551,651</u>	<u>\$ 11,801,651</u>

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued)**

**Capital Lease Payable**

On January 1, 2015, the School District entered into a lease purchase agreement in the amount of \$91,891 for Savin Copiers. The lease obligation was issued at an interest rate of 5.00% and matures on December 31, 2019.

On April 1, 2017, the School District entered into a lease purchase agreement in the amount of \$98,798 for Savin Copiers. The lease obligation was issued at an interest rate of 3.51% and matures on June 30, 2021.

The future minimum lease payments for these leases is as follows:

Fiscal Year Ending	
<u>June 30,</u>	
2018	\$ 47,308
2019	47,310
2020	36,909
2021	<u>19,882</u>
Total Minimum Lease Payments	151,409
Less: Amount Representing Interest	<u>(9,594)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 141,815</u></u>

Amortization of the leased equipment under capital assets is included with depreciation expense.

**Bonds Authorized but not Issued**

As of June 30, 2017, the School District had no bonds authorized but not issued.

**Note 8. Pension Plans**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$17,414,880 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was



**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

0.0588000023%, which was an increase of 0.0008379930% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$1,849,099 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 323,864	\$ -
Changes of Assumptions	3,607,433	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	664,045	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	701,971	-
School District contributions subsequent to measurement date	560,000	-
	\$ 5,857,313	\$ -

\$560,000 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

<b>Year Ending <u>June 30,</u></b>	
2018	\$ 1,217,587
2019	1,217,589
2020	1,371,343
2021	1,123,272
2022	<u>367,522</u>
	<u><u>\$ 5,297,313</u></u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

**Actuarial Assumptions** – The collective 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 assumptions:

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%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

<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 U.S. 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 U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

	<b>At 1% Decrease <u>(2.98%)</u></b>	<b>At Current Discount Rate <u>(3.98%)</u></b>	<b>At 1% Increase <u>(4.98%)</u></b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 21,339,903</u>	<u>\$ 17,414,880</u>	<u>\$ 14,174,433</u>

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>		<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$	2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$	360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$	22,447,996,119
 School District's portion	 0.05880%		 0.05796%

**B. Teachers' Pension and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)**

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$101,993,739. The School District's proportionate share was \$0.

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 July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.1296535520%, which was an increase of 0.0037503115% from its proportion measured as of June 30, 2015.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)**

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense of \$7,663,410 for the states proportionate share of the TPAF pension expense attributed to the School District. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

**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%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis 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.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	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%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:



**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)**

	<b>At 1% Decrease</b>	<b>At Current Discount Rate</b>	<b>At 1% Increase</b>
	<u>(2.22%)</u>	<u>(3.22%)</u>	<u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 121,803,317	\$ 101,993,739	\$ 85,816,662

**Pension Plan Fiduciary Net Position** - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Teachers' Pension and Annuity Fund (TPAF) (continued)**

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$26,129, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$14,253 and \$4,972 to Defined Contribution Retirement program group life insurance expense.

**Note 9. State Post-Retirement Medical Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 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 (APB) 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>

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$1,450,823, \$1,208,865 and \$2,321, respectively.

**Note 11. Risk Management**

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

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ -	\$ 2,504	\$ -	\$ 699,002
2015-2016	-	-	1,223	-	696,498
2014-2015	-	-	2,392	-	695,275

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

**Joint Insurance Pool** – The School District also participates in the New Jersey Schools Insurance Group (NJSIG) Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers' Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**Economic Dependency** – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District’s programs and activities.

**Note 13. Deferred Compensation**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning  
Valic Investments  
ASA Equitable  
MetLife

**Note 14. Compensated Absences**

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

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 14. Compensated Absences (continued)**

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$624,219.

**Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, 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 county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or 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 a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**Note 16. Commitments**

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$286,659.

**Note 17. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$1,599,334.

**Note 18. Fund Balances**

**General Fund** – Of the \$7,697,738 General Fund fund balance at June 30, 2017, \$1,831,813 has been restricted for the Capital Reserve Account; \$1,965,823 has been restricted for the Maintenance Reserve Account; \$263,666 has been restricted for the Emergency Reserve Account; \$1,599,334 has been restricted for current year excess surplus; \$1,307,150 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$286,659 has been committed to other purposes; \$7,150 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$436,143 has been unassigned.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 19. Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$(12,153,08434) at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**Note 20. FEMA Community Disaster Loan (CDL)**

The School District applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The School District was approved for \$5,000,000 total loan. The cumulative amount of principal and interest accrued through June 30, 2017 is \$481,300 and \$10,836, respectively. This loan was subject to FEMA review during the year. Based on FEMA’s calculation of the revenue loss that the District experienced over the specified period the District qualified for partial cancellation of \$249,122 in principal along with the corresponding interest of \$13,566.

**Note 21. Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2017 through the date of October 29, 2017, which is the date the financial statements were available to be issued. The District noted the following:

On September 26, 2017 the District approved a resolution to repay the principal balance of \$481,300 outstanding on the FEMA Community Disaster Loan including \$20,261 of accrued interest on the loan through that date. The District repaid the loan in full on September 27, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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

	ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 28,025,975	\$ -	\$ 28,025,975	\$ 28,025,975	\$ -
Tuition from Individuals	10-1310	40,000	-	40,000	54,500	14,500
Tuition from LEAs	10-1320	-	-	-	76,503	76,503
Interest	10-1500	10,000	-	10,000	13,922	3,922
Interest Earned on Emergency Reserve	10-1XXX	-	-	-	736	736
Interest Earned on Maintenance Reserve	10-1XXX	-	-	-	4,554	4,554
Interest Earned on Capital Reserve	10-1XXX	-	-	-	3,160	3,160
Services Provided Other LEA's	10-1950	184,660	-	184,660	199,706	15,046
Miscellaneous	10-1990	90,750	-	90,750	156,538	65,788
<b>Total Local Sources</b>		<b>28,351,385</b>	<b>-</b>	<b>28,351,385</b>	<b>28,535,594</b>	<b>184,209</b>
<b>State Sources:</b>						
Categorical Transportation Aid	10-3121	788,553	-	788,553	788,553	-
Categorical Special Education Aid	10-3132	1,152,934	-	1,152,934	1,152,934	-
Categorical Security Aid	10-3177	298,476	-	298,476	298,476	-
Professional Learning	10-3131	20,830	-	20,830	20,830	-
Extraordinary Aid	10-3131	-	-	-	37,146	37,146
Nonpublic Transportation	10-3190	-	-	-	8,352	8,352
Adjustment Aid	10-3178	71,463	-	71,463	71,463	-
PARCC Readiness Aid	10-317X	21,150	-	21,150	21,150	-
Per Pupil Growth Aid	10-317X	21,150	-	21,150	21,150	-
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contribution	10-3901	-	-	-	1,450,823	1,450,823
On-Behalf TPAF Medical Contribution	10-3901	-	-	-	1,208,865	1,208,865
On-Behalf TPAF Long-Term Disability	731,125	-	-	-	2,321	2,321
Reimbursed TPAF Social Security	10-3902	-	-	-	986,051	986,051
<b>Total State Sources</b>		<b>2,374,556</b>	<b>-</b>	<b>2,374,556</b>	<b>6,068,114</b>	<b>3,693,558</b>
<b>Federal Sources:</b>						
Medicaid Reimbursement	10-4200	55,761	-	55,761	70,086	14,325
Medicaid Reimbursement ARRA	10-4210	-	1,444	1,444	1,444	-
Medicaid Administrative Claiming	10-4201	-	-	-	8,967	8,967
<b>Total Federal Sources:</b>		<b>55,761</b>	<b>1,444</b>	<b>57,205</b>	<b>80,497</b>	<b>23,292</b>
<b>Total Revenues</b>		<b>30,781,702</b>	<b>1,444</b>	<b>30,783,146</b>	<b>34,684,205</b>	<b>3,901,059</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Kindergarten	11-110-100-101	996,963	(36,371)	960,592	957,648	2,944
Grades 1 - 5	11-120-100-101	4,978,381	41,043	5,019,424	4,862,754	156,670
Grades 6 - 8	11-130-100-101	945,033	33,277	978,310	972,927	5,383
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	20,000	(985)	19,015	16,509	2,506
<b>Purchased Professional - Educational Services</b>						
	11-150-100-320	5,000	(816)	4,184	3,327	857
<b>Regular Programs - Undistributed Instruction:</b>						
<b>Purchased Professional - Educational Services</b>						
	11-190-100-420	4,000	(4,000)	-	-	-
Other Purchased Services	11-190-100-500	2,500	603	3,103	2,192	911
General Supplies	11-190-100-610	663,377	179,836	843,213	619,521	223,692
Textbooks	11-190-100-640	271,631	4,628	276,259	276,232	27
Other Objects	11-190-100-890	75,820	(24,701)	51,119	31,431	19,688
<b>Total Regular Programs - Instruction</b>		<b>7,962,705</b>	<b>192,514</b>	<b>8,155,219</b>	<b>7,742,541</b>	<b>412,678</b>

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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Special Education:</b>						
<b>Learning and/or Language Disabilities:</b>						
Salaries of Teachers	11-204-100-101	1,206,331	100,854	1,307,185	1,300,123	7,062
Other Salaries for Instruction	11-204-100-106	377,440	(4,056)	373,384	373,384	-
General Supplies	11-204-100-610	16,000	30,186	46,186	43,880	2,306
Textbooks	11-204-100-640	500	(500)	-	-	-
<b>Total Learning and/or Language Disabilities</b>		<b>1,600,271</b>	<b>126,484</b>	<b>1,726,755</b>	<b>1,717,387</b>	<b>9,368</b>
<b>Behavioral Disabilities:</b>						
Salaries of Teachers	11-209-100-101	46,835	2,623	49,458	49,411	47
Other Salaries for Instruction	11-209-100-106	30,528	2,099	32,627	31,704	923
General Supplies	11-209-100-610	500	(126)	374	332	42
Other Objects	11-209-100-890	250	100	350	350	-
<b>Total Behavioral Disabilities</b>		<b>78,113</b>	<b>4,696</b>	<b>82,809</b>	<b>81,797</b>	<b>1,012</b>
<b>Multiple Disabilities:</b>						
Salaries of Teachers	11-212-100-101	184,801	10,895	195,696	170,724	24,972
Other Salaries for Instruction	11-212-100-106	81,040	22,470	103,510	103,417	93
General Supplies	11-212-100-610	1,500	2,980	4,480	4,480	-
Other Objects	11-212-100-890	750	(338)	412	412	-
<b>Total Multiple Disabilities</b>		<b>268,091</b>	<b>36,007</b>	<b>304,098</b>	<b>279,033</b>	<b>25,065</b>
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	11-213-100-101	701,080	(20,879)	680,201	680,201	-
Other Salaries for Instruction	11-213-100-106	46,860	(19,022)	27,838	27,153	685
General Supplies	11-213-100-610	6,500	(3,180)	3,320	3,320	-
<b>Total Resource Room</b>		<b>754,440</b>	<b>(43,081)</b>	<b>711,359</b>	<b>710,674</b>	<b>685</b>
<b>Autism:</b>						
Salaries of Teachers	11-214-100-101	211,943	1,077	213,020	213,020	-
Other Salaries for Instruction	11-214-100-106	189,147	53,364	242,511	237,492	5,019
General Supplies	11-214-100-610	2,000	1,408	3,408	2,528	880
Other Objects	11-214-100-800	1,000	(833)	167	167	-
<b>Total Autism</b>		<b>404,090</b>	<b>55,016</b>	<b>459,106</b>	<b>453,207</b>	<b>5,899</b>
<b>Preschool Disabilities - Part Time:</b>						
Salaries of Teachers	11-215-100-101	205,325	(1,661)	203,664	199,213	4,451
Other Salaries for Instruction	11-215-100-106	44,572	14,725	59,297	39,976	19,321
General Supplies	11-215-100-610	-	5,300	5,300	413	4,887
<b>Total Preschool Disabilities - Part-Time</b>		<b>249,897</b>	<b>18,364</b>	<b>268,261</b>	<b>239,602</b>	<b>28,659</b>
<b>Total Special Education</b>		<b>3,354,902</b>	<b>197,486</b>	<b>3,552,388</b>	<b>3,481,700</b>	<b>70,688</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	947,085	43,168	990,253	990,253	-
General Supplies	11-230-100-610	-	34	34	20	14
<b>Total Basic Skills/Remedial</b>		<b>947,085</b>	<b>43,202</b>	<b>990,287</b>	<b>990,273</b>	<b>14</b>

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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Bilingual Education - Instruction:						
Salaries	11-240-100-101	70,380	1,686	72,066	72,066	-
Total Bilingual Education - Instruction		70,380	1,686	72,066	72,066	-
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	46,543	2,752	49,295	46,572	2,723
Supplies & Materials	11-401-100-600	5,600	(832)	4,768	1,429	3,339
Total School Sponsored Cocurricular Activities		52,143	1,920	54,063	48,001	6,062
Before/After School Programs - Instruction:						
Salaries	11-421-100-100	14,640	-	14,640	14,564	76
Purchased Services	11-421-100-300	4,900	-	4,900	4,690	210
Supplies and Materials	11-421-100-600	750	(71)	679	679	-
Other Objects	11-421-100-800	8,200	-	8,200	7,900	300
Total Before/After School Programs - Instruction		28,490	(71)	28,419	27,833	586
Total - Instruction		12,415,705	436,737	12,852,442	12,362,414	490,028
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's Reg	11-000-100-561	-	51,988	51,988	45,535	6,453
Tuition to Other LEA's SpEd	11-000-100-562	-	21,584	21,584	21,512	72
Tuition to Private Schools for the Handicapped - State	11-000-100-566	108,024	(56,356)	51,668	49,875	1,793
Tuition - State Facilities	11-000-100-568	64,612	-	64,612	64,612	-
Total Undistributed Expenditures - Instruction		172,636	17,216	189,852	181,534	8,318
Attendance & Social Work Services:						
Salaries	11-000-211-100	2,300	48,400	50,700	50,700	-
Purchased Professional Services	11-000-211-300	-	23,747	23,747	23,747	-
Total Attendance & Social Work Services		2,300	72,147	74,447	74,447	-
Health Services:						
Salaries	11-000-213-100	281,522	(18,975)	262,547	261,695	852
Purchased Professional & Supplies and Materials	11-000-213-300	9,900	31	9,931	9,931	-
Misc	11-000-213-890	14,100	(1,609)	12,491	12,487	4
		-	150	150	-	150
Total Health Services		305,522	(20,403)	285,119	284,113	1,006
Other Support Services - Speech, OT, PT & Related						
Salaries	11-000-216-100	624,426	8,430	632,856	632,856	-
General Supplies	11-000-216-600	2,500	(221)	2,279	2,130	149
Purchased Prof. Ed. Services	11-000-216-320	-	3,800	3,800	3,800	-
Total Other Support Services - Students - Related Services		626,926	12,009	638,935	638,786	149

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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Support Services - Students - Extraordinary:						
Salaries	11-000-217-110	239,204	(4,996)	234,208	225,843	8,365
Purchased Professional Services	11-000-217-320	51,000	39,113	90,113	66,910	23,203
General Supplies	11-000-217-600	12,000	(5,304)	6,696	6,696	-
Total Other Support Services - Students - Extraordinary		302,204	28,813	331,017	299,449	31,568
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff						
Staff	11-000-218-104	306,391	8,050	314,441	314,441	-
Supplies & Materials						
Supplies & Materials	11-000-218-600	-	148	148	148	-
Total Other Support Services - Students - Regular		306,391	8,198	314,589	314,589	-
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff						
Staff	11-000-219-104	637,999	10,813	648,812	648,809	3
Salaries of Secretarial & Clerical Assistants						
Assistants	11-000-219-105	121,720	4,193	125,913	124,046	1,867
Purchased Professional Education Services	11-000-219-320	8,240	4,605	12,845	8,240	4,605
Supplies & Materials	11-000-219-600	2,300	(210)	2,090	2,090	-
Total Other Support Services - Students - Special Services		770,259	19,401	789,660	783,185	6,475
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Secretarial & Clerical Assistants						
Assistants	11-000-221-105	29,355	14,794	44,149	43,857	292
Purchased Prof Ed Services	11-000-221-320	-	-	-	-	-
Supplies and Materials	11-000-221-600	3,000	(1,641)	1,359	1,359	-
Other Objects	11-000-221-800	700	-	700	698	2
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		33,055	13,153	46,208	45,914	294
Educational Media Services/School Library:						
Salaries	11-000-222-100	364,113	8,625	372,738	369,803	2,935
Purchased Professional & Technical Services						
Technical Services	11-000-222-300	4,000	-	4,000	3,400	600
Supplies and Materials	11-000-222-600	21,300	(4,528)	16,772	16,345	427
Total Educational Media Services/School Library		389,413	4,097	393,510	389,548	3,962
Instructional Staff Training Services:						
Purchased Professional - Educational Staff						
Educational Staff	11-000-223-320	8,000	22,200	30,200	30,200	-
Other Purchased Services	11-000-223-500	20,400	(10,976)	9,424	5,686	3,738
Total Instructional Staff Training Services		28,400	11,224	39,624	35,886	3,738

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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	313,085	138,465	451,550	441,322	10,228
Legal Services	11-000-230-331	42,000	(18,197)	23,803	18,900	4,903
Audit Fees	11-000-230-332	35,000	33,500	68,500	36,000	32,500
Architectural/Engineering Services	11-000-230-334	-	49,500	49,500	37,500	12,000
Purchased Technical Services	11-000-230-340	4,040	2,500	6,540	6,540	-
Communications/Telephone	11-000-230-530	105,200	(5,500)	99,700	88,559	11,141
Other Purchased Services (400-500 Series)	11-000-230-585	6,250	(1,730)	4,520	3,050	1,470
Other Purchasing Services	11-000-230-XXX	155,250	2,630	157,880	150,037	7,843
General Supplies	11-000-230-610	2,500	1,021	3,521	3,486	35
BOE In-House Training - Meeting Supplies	11-000-230-630	1,250	1,329	2,579	2,513	66
Judgments Against School District	11-000-230-820	25,000	(10,000)	15,000	2,335	12,665
Miscellaneous Expenditures	11-000-230-890	3,750	1,720	5,470	5,365	105
BOE Membership Dues & Fees	11-000-230-895	15,000	-	15,000	13,544	1,456
<b>Total Support Services General Administration</b>		<b>708,325</b>	<b>195,238</b>	<b>903,563</b>	<b>809,151</b>	<b>94,412</b>
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	1,048,100	(163,795)	884,305	857,425	26,880
Salaries of Secretarial & Clerical Assistants	11-000-240-105	358,496	(66,044)	292,452	284,231	8,221
Other Salaries	11-000-240-110	5,000	-	5,000	4,420	580
Purchased Professional & Technical Services	11-000-240-300	37,445	13,717	51,162	18,096	33,066
Supplies & Materials	11-000-240-600	12,000	3,255	15,255	15,065	190
Other Objects	11-000-240-800	1,000	(845)	155	-	155
<b>Total Support Services School Administration</b>		<b>1,462,041</b>	<b>(213,712)</b>	<b>1,248,329</b>	<b>1,179,237</b>	<b>69,092</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	348,559	5,439	353,998	346,298	7,700
Purchased Professional Services	11-000-251-330	34,700	-	34,700	33,242	1,458
Miscellaneous Purchased Services	11-000-251-580	5,200	-	5,200	3,297	1,903
Supplies & Materials	11-000-251-610	11,200	(226)	10,974	9,159	1,815
Miscellaneous Expenditures	11-000-251-890	6,450	(41)	6,409	4,854	1,555
<b>Total Central Services</b>		<b>406,109</b>	<b>5,172</b>	<b>411,281</b>	<b>396,850</b>	<b>14,431</b>
<b>Administrative Information Technology:</b>						
Salaries	11-000-252-100	214,822	840	215,662	213,641	2,021
Purchased Technical Services	11-000-252-340	82,555	(7,854)	74,701	63,649	11,052
Other Purchased Services	11-000-252-580	8,000	5,935	13,935	425	13,510
Supplies and Materials	11-000-252-610	101,000	255	101,255	100,644	611
Other Objects	11-000-252-890	150	-	150	-	150
<b>Total Administrative Information Technology</b>		<b>406,527</b>	<b>(824)</b>	<b>405,703</b>	<b>378,359</b>	<b>27,344</b>
<b>Required Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	329,489	449	329,938	311,024	18,914
Cleaning, Repair & Maintenance Services	11-000-261-420	206,000	96,349	302,349	241,969	60,380
Travel	11-000-261-580	1,595	(700)	895	250	645
General Supplies	11-000-261-610	187,450	(90,227)	97,223	81,280	15,943
Other Objects	11-000-261-800	16,075	-	16,075	12,462	3,613
<b>Total Allowable Maintenance For School Facilities</b>		<b>740,609</b>	<b>5,871</b>	<b>746,480</b>	<b>646,985</b>	<b>99,495</b>

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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	835,946	21,836	857,782	799,007	58,775
Cleaning, Repair & Maintenance Services	11-000-262-420	20,700	25,916	46,616	39,840	6,776
Other Purchased Property Services	11-000-262-490	58,000	(27,279)	30,721	28,935	1,786
Insurance	11-000-262-520	180,000	(11,944)	168,056	168,056	-
Travel	11-000-262-580	-	300	300	224	76
General Supplies	11-000-262-610	93,860	24,240	118,100	118,100	-
Energy (Natural Gas)	11-000-262-621	324,751	(13,349)	311,402	153,894	157,508
Energy (Electricity)	11-000-262-622	430,000	-	430,000	426,433	3,567
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>1,943,257</b>	<b>19,720</b>	<b>1,962,977</b>	<b>1,734,489</b>	<b>228,488</b>
Undistributed Expenditures - Care & Upkeep of Grounds:						
Purchased Professional and Technical Services	11-000-263-300	195,000	21,399	216,399	176,099	40,300
General Supplies	11-000-263-610	29,000	(2,221)	26,779	25,429	1,350
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>		<b>224,000</b>	<b>19,178</b>	<b>243,178</b>	<b>201,528</b>	<b>41,650</b>
Security:						
Salaries	11-000-266-100	113,050	9,166	122,216	120,802	1,414
Other Purchased Services Cleaning, Repair, & Maintenance Services	11-000-266-300	163,800	4,345	168,145	157,528	10,617
General Supplies	11-000-266-420	151,500	4,168	155,668	7,854	147,814
	11-000-266-610	9,031	10,498	19,529	17,844	1,685
<b>Total Security</b>		<b>437,381</b>	<b>28,177</b>	<b>465,558</b>	<b>304,028</b>	<b>161,530</b>
Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	177,705	15,811	193,516	193,516	-
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	747,910	11,443	759,353	757,091	2,262
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	255,797	(13,620)	242,177	241,205	972
Salaries for Pupil Transportation (Other than Between Home & School)	11-000-270-162	4,440	4,858	9,298	9,298	-
Other Purchased Professional & Technical Services	11-000-270-390	19,447	-	19,447	13,227	6,220
Cleaning, Repair & Maintenance Services	11-000-270-420	2,500	-	2,500	330	2,170
Contracted Services - Vendor Agreements - (Special Education	11-000-270-514	-	8,700	8,700	8,700	-
Contracted Services - Jointure Agreements - (Special Education	11-000-270-515	12,000	38,231	50,231	19,314	30,917
Contracted Services - ESC's & CTSA Agreements - (Regular Students)	11-000-270-517	-	26,834	26,834	20,801	6,033
Contracted Services - ESC's & CTSA's - (Special Education Students)	11-000-270-518	83,050	3,335	86,385	75,189	11,196
Contracted Services - Aid in Lieu	11-000-270-503	45,968	2,210	48,178	39,338	8,840
Miscellaneous Purchased Services - Transportation	11-000-270-593	115,000	(100)	114,900	109,310	5,590
General Supplies	11-000-270-610	3,500	1,025	4,525	4,385	140
Transportation Supplies	11-000-270-615	226,500	(28,196)	198,304	175,938	22,366
Miscellaneous Expenditures	11-000-270-800	14,780	(2,000)	12,780	7,968	4,812
<b>Total Student Transportation Services</b>		<b>1,708,597</b>	<b>68,531</b>	<b>1,777,128</b>	<b>1,675,610</b>	<b>101,518</b>



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

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Unallocated Benefits Employee Benefits:</b>						
Group Insurance	11-000-291-210	850	-	850	812	38
Social Security Contributions	11-000-291-220	460,000	75,000	535,000	374,888	160,112
Other Retirement Contributions - PERS	11-000-291-241	560,000	-	560,000	525,311	34,689
Other Retirement Contributions - Regular	11-000-291-249	24,600	-	24,600	19,471	5,129
Unemployment Compensation	11-000-291-250	123,684	-	123,684	82,804	40,880
Workman's Compensation	11-000-291-260	326,000	(7,000)	319,000	317,500	1,500
Health Benefits	11-000-291-270	6,827,000	(682,553)	6,144,447	5,333,761	810,686
Tuition Reimbursement	11-000-291-280	20,000	1,800	21,800	20,061	1,739
Other Employee Benefits	11-000-291-290	58,000	322,000	380,000	379,343	657
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>8,400,134</b>	<b>(290,753)</b>	<b>8,109,381</b>	<b>7,053,951</b>	<b>1,055,430</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contributions		-	-	-	1,450,823	(1,450,823)
On-Behalf TPAF Medical Contributions		-	-	-	1,208,865	(1,208,865)
On-Behalf TPAF Long-Term Disability		-	-	-	2,321	2,321
Reimbursed TPAF Social Security		-	-	-	986,051	(986,051)
<b>Total Undistributed Expenditures</b>		<b>19,374,086</b>	<b>2,453</b>	<b>19,376,539</b>	<b>21,075,699</b>	<b>(1,696,839)</b>
<b>Total Expenditures - Current Expense</b>		<b>31,789,791</b>	<b>439,190</b>	<b>32,228,981</b>	<b>33,438,113</b>	<b>(1,206,811)</b>
<b>Capital Outlay:</b>						
<b>Equipment:</b>						
<b>Undistributed Expenditures:</b>						
Administrative Information Technology Required Maintenance for School Facilities	12-000-252-730	20,000	-	20,000	5,000	15,000
Custodial Services	12-000-261-730	-	339,064	339,064	298,415	40,649
School Buses - Regular	12-000-262-730	31,680	1,673	33,353	33,353	-
School Buses - Special	12-000-270-733	90,000	(1,056)	88,944	88,944	-
	12-000-270-734	70,000	(9,333)	60,667	60,667	-
<b>Total Equipment</b>		<b>211,680</b>	<b>330,348</b>	<b>542,028</b>	<b>486,379</b>	<b>55,649</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Other Objects	12-000-400-800	118,421	-	118,421	118,421	-
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>118,421</b>	<b>-</b>	<b>118,421</b>	<b>118,421</b>	<b>-</b>
<b>Total Capital Outlay</b>		<b>330,101</b>	<b>330,348</b>	<b>660,449</b>	<b>604,800</b>	<b>55,649</b>
<b>Total Expenditures</b>		<b>32,119,892</b>	<b>769,538</b>	<b>32,889,430</b>	<b>34,042,913</b>	<b>(1,151,162)</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>		<b>(1,338,190)</b>	<b>(768,094)</b>	<b>(2,106,284)</b>	<b>641,292</b>	<b>2,749,897</b>

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

ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Excess/(Deficiency) of Revenues & Other Financing Sources					
Over/(Under) Expenditures & Other Financing Uses	(1,338,190)	(768,094)	(2,106,284)	641,292	2,749,897
Fund Balances, July 1	7,273,699	-	7,273,699	7,273,699	-
Fund Balances, June 30	<u>\$ 5,935,509</u>	<u>\$ (768,094)</u>	<u>\$ 5,167,415</u>	<u>\$ 7,914,991</u>	<u>\$ 2,749,897</u>

**RECAPITULATION OF BUDGET TRANSFERS**

Prior-Year Roll Over Encumbrances	\$ 768,094
Increase of Budget	<u>1,444</u>
	<u><u>\$ 769,538</u></u>

**RECAPITULATION OF FUND BALANCE**

Restricted Fund Balance:	
Capital Reserve	\$ 1,831,813
Maintenance Reserve	1,965,823
Emergency Reserve	263,666
Excess Surplus	1,599,334
Excess Surplus Designated for Subsequent Year's Expenditures	1,307,150
Committed Fund Balance:	
Year-end Encumbrances	286,659
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	7,150
Unassigned Fund Balance	<u>653,396</u>
Subtotal	<u>7,914,991</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(217,253)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 7,697,738</u></u>

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

REVENUES	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Local Sources	\$ -	\$ 103,392	\$ 103,392	\$ 39,137	\$ (64,255)
Federal Sources	1,257,361	192,049	1,449,410	1,380,071	(69,339)
<b>Total Revenues</b>	<b>1,257,361</b>	<b>295,441</b>	<b>1,552,802</b>	<b>1,419,208</b>	<b>(133,594)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers/Aides	482,912	(7,799)	475,113	452,827	22,286
Tuition	391,945	7,110	399,055	399,055	-
General Supplies	111,319	10,921	122,240	114,440	7,800
Miscellaneous	2,000	(281)	1,719	1,513	206
<b>Total Instruction</b>	<b>988,176</b>	<b>9,951</b>	<b>998,127</b>	<b>967,835</b>	<b>30,292</b>
Support Services:					
Salaries	90,500	153,616	244,116	205,610	38,506
Personal Services - Employee Benefits	119,467	116,116	235,583	235,583	-
Purchased Professional Services	-	61,817	61,817	-	61,817
Travel	5,000	8,159	13,159	10,180	2,979
Supplies & Materials, Equipment	54,218	(54,218)	-	-	-
<b>Total Support Services</b>	<b>269,185</b>	<b>285,490</b>	<b>554,675</b>	<b>451,373</b>	<b>103,302</b>
<b>Total Expenditures</b>	<b>1,257,361</b>	<b>295,441</b>	<b>1,552,802</b>	<b>1,419,208</b>	<b>133,594</b>
<b>Total Outflows</b>	<b>1,257,361</b>	<b>295,441</b>	<b>1,552,802</b>	<b>1,419,208</b>	<b>133,594</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 34,682,524	\$ 1,419,208
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	212,095	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(217,253)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	-
Current Year	-	(7,378)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 34,677,366	\$ 1,411,830
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 34,041,232	\$ 1,419,208
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	-
Current Year	-	(7,378)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 34,041,232	\$ 1,411,830

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**  
**LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.05880%	0.05796%	0.05512%	0.05607%
School District's proportionate share of the net pension liability	\$ 17,414,880	\$ 13,011,314	\$ 10,320,237	\$ 10,142,056
School District's covered payroll	\$ 3,968,054	\$ 4,345,256	\$ 3,938,548	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	438.88%	299.44%	262.03%	0.00%
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 (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, government should present information for those years for which information is available

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
School District's contractually required contribution	\$ 560,000	\$ 522,371	\$ 498,318	\$ 454,413
Contributions in relation to the contractually required contribution	(560,000)	(522,371)	(498,318)	(454,413)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 4,068,059	\$ 3,968,054	\$ 4,345,256	\$ 3,938,548
Contributions as a percentage of covered payroll	13.77%	13.16%	11.47%	11.54%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' PENSION AND ANNUITY FUND (TPAF)**  
**LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	101,993,739	79,576,224	67,681,768	65,378,394
	<u>\$ 101,993,739</u>	<u>\$ 79,576,224</u>	<u>\$ 67,681,768</u>	<u>\$ 65,378,394</u>
School District's covered payroll	\$ 13,343,453	\$ 13,175,202	\$ 12,750,769	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
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 (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, government should present information for those years for which information is available.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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

	NO CHILD LEFT BEHIND		IDEA-B BASIC	IDEA-B PRESCHOOL
	TITLE I	TITLE II-A		
Revenues:				
Local Sources	\$ -	\$ -	\$ -	\$ -
Federal Sources	254,498	53,209	443,868	24,696
Total Revenues	<u>\$ 254,498</u>	<u>\$ 53,209</u>	<u>\$ 443,868</u>	<u>\$ 24,696</u>
Expenditures:				
Instruction:				
Salaries of Teachers/Aides	\$ 196,599	\$ 35,000	\$ -	\$ 19,600
General Supplies	7,489	100	44,813	-
Tuition	-	-	399,055	-
Miscellaneous	-	-	-	-
Total Instruction	<u>204,088</u>	<u>35,100</u>	<u>443,868</u>	<u>19,600</u>
Support Services:				
Other Professional Staff Salaries	-	2,000	-	-
Purchased Professional Services	-	-	-	-
Employee Benefits	49,260	9,100	-	5,096
Travel	1,150	7,009	-	-
Miscellaneous	-	-	-	-
Total Support Services	<u>50,410</u>	<u>18,109</u>	<u>-</u>	<u>5,096</u>
Total Expenditures	<u>\$ 254,498</u>	<u>\$ 53,209</u>	<u>\$ 443,868</u>	<u>\$ 24,696</u>

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

	PRE SCHOOL EXPANSION	BAYVILLE PLAY	POTTER'S PAGES	POTTER CREEK CRUSADERS
<b>Revenues:</b>				
Local Sources	\$ -	\$ 2,822	\$ 1,358	\$ 7,000
Federal Sources	603,800	-	-	-
<b>Total Revenues</b>	<b>\$ 603,800</b>	<b>\$ 2,822</b>	<b>\$ 1,358</b>	<b>\$ 7,000</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries of Teachers	\$ 184,178	\$ -	\$ -	\$ 5,000
Travel	-	-	-	-
General Supplies	42,833	2,822	1,358	2,000
Tuition	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Instruction</b>	<b>227,011</b>	<b>2,822</b>	<b>1,358</b>	<b>7,000</b>
<b>Support Services:</b>				
Other Professional Staff Salaries	202,641	-	-	-
Purchased Professional Services	-	-	-	-
Employee Benefits	172,127	-	-	-
Travel	2,021	-	-	-
Miscellaneous	-	-	-	-
<b>Total Support Services</b>	<b>376,789</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 603,800</b>	<b>\$ 2,822</b>	<b>\$ 1,358</b>	<b>\$ 7,000</b>

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

	PROJECT STARFISH	STEM 1ST ENERGY	BLUE CLAWS TICKETS	TARGET BOOK CLUB
Revenues:				
Local Sources	\$ 14,401	\$ 925	\$ 2,538	\$ 3,000
Federal Sources	-	-	-	-
Total Revenues	<u>\$ 14,401</u>	<u>\$ 925</u>	<u>\$ 2,538</u>	<u>\$ 3,000</u>
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 12,450	\$ -	\$ -	\$ -
Travel	-	-	-	-
General Supplies	982	925	2,538	3,000
Tuition	-	-	-	-
Miscellaneous	-	-	-	-
Total Instruction	<u>13,432</u>	<u>925</u>	<u>2,538</u>	<u>3,000</u>
Support Services:				
Other Staff Salaries	969	-	-	-
Purchased Professional Services	-	-	-	-
Employee Benefits	-	-	-	-
Travel	-	-	-	-
Miscellaneous	-	-	-	-
Total Support Services	<u>969</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 14,401</u>	<u>\$ 925</u>	<u>\$ 2,538</u>	<u>\$ 3,000</u>

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

	CLASS TRIP	FIRST FINANCIAL	JETS PLAY 60	2017
Revenues:				
Local Sources	\$ 1,948	\$ 145	\$ 5,000	\$ 39,137
Federal Sources	-	-	-	1,380,071
	<hr/>			
Total Revenues	<u>\$ 1,948</u>	<u>\$ 145</u>	<u>\$ 5,000</u>	<u>1,419,208</u>
Expenditures:				
Instruction:				
Salaries of Teachers/Aides	\$ -	\$ -	\$ -	\$ 452,827
General Supplies	435	145	5,000	114,440
Tuition	-	-	-	399,055
Miscellaneous	1,513	-	-	1,513
	<hr/>			
Total Instruction	<u>1,948</u>	<u>145</u>	<u>5,000</u>	<u>967,835</u>
Support Services:				
Other Professional Staff Salaries	-	-	-	205,610
Purchased Professional Services	-	-	-	-
Employee Benefits	-	-	-	235,583
Travel	-	-	-	10,180
Miscellaneous	-	-	-	-
	<hr/>			
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>451,373</u>
Total Expenditures	<u>\$ 1,948</u>	<u>\$ 145</u>	<u>\$ 5,000</u>	<u>\$ 1,419,208</u>

F. Capital Projects Fund

Not Applicable

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## G. Proprietary Funds

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## Enterprise Funds

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	TOTAL
	Current Assets:				
Cash & Cash Equivalents	\$ 23,060	\$ 2,344	\$ 1,817	\$ 5,766	\$ 32,987
Accounts Receivable:					
State	511	-	-	-	511
Federal	27,369	-	-	-	27,369
Local	1,991	840	250	-	3,081
Inventories	17,229	-	-	-	17,229
Total Current Assets	70,160	3,184	2,067	5,766	81,177
Noncurrent Assets:					
Furniture, Machinery & Equipment	350,574	18,065	-	-	368,639
Less: Accumulated Depreciation	(273,487)	(11,441)	-	-	(284,928)
Total Noncurrent Assets	77,087	6,624	-	-	83,711
Total Assets	147,247	9,808	2,067	5,766	164,888
LIABILITIES					
Current Liabilities:					
Accounts Payable	13,946	-	-	-	13,946
Due To Other Funds	-	15,745	-	-	15,745
Unearned Revenue	7,725	-	-	3,480	11,205
Total Current Liabilities	21,671	15,745	-	3,480	40,896
NET POSITION					
Net Investment in Capital Assets	77,087	6,624	-	-	83,711
Unrestricted	48,489	(12,561)	2,067	2,286	40,281
Total Net Position	\$ 125,576	\$ (5,937)	\$ 2,067	\$ 2,286	\$ 123,992

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 230,221	\$ -	\$ -	\$ -	\$ 230,221
Daily Sales - Nonreimbursable Programs	108,052	3,004	2,000	10,470	123,526
<b>Total Operating Revenues</b>	<b>338,273</b>	<b>3,004</b>	<b>2,000</b>	<b>10,470</b>	<b>353,747</b>
Operating Expenses:					
Cost of Sales - Reimbursable Programs	431,117	-	-	-	431,117
Cost of Sales - Non-Reimbursable Programs	101,126	-	-	-	101,126
Salaries & Benefits	192,642	1,145	64	11,232	205,083
Professional Services	1,245	-	-	-	1,245
General Supplies/Misc	27,285	-	1,500	-	28,785
Depreciation	30,380	3,613	-	-	33,993
<b>Total Operating Expenses</b>	<b>783,795</b>	<b>4,758</b>	<b>1,564</b>	<b>11,232</b>	<b>801,349</b>
<b>Operating Loss</b>	<b>(445,522)</b>	<b>(1,754)</b>	<b>436</b>	<b>(762)</b>	<b>(447,602)</b>
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	8,162	-	-	-	8,162
Federal Sources:					
National School Lunch Program	326,148	-	-	-	326,148
National School Breakfast Program	102,420	-	-	-	102,420
U.S.D.A. Commodities	57,088	-	-	-	57,088
Interest & Investment Revenue	223	-	-	-	223
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>494,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>494,041</b>
<b>Change in Net Position</b>	<b>48,519</b>	<b>(1,754)</b>	<b>436</b>	<b>(762)</b>	<b>46,439</b>
<b>Total Net Position - Beginning</b>	<b>77,057</b>	<b>(4,183)</b>	<b>1,631</b>	<b>3,048</b>	<b>77,553</b>
<b>Total Net Position - Ending</b>	<b>\$ 125,576</b>	<b>\$ (5,937)</b>	<b>\$ 2,067</b>	<b>\$ 2,286</b>	<b>\$ 123,992</b>

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 348,404	\$ 2,165	\$ 1,750	\$ 10,470	\$ 362,789
Payments to Employees & Benefits	(191,951)	(1,145)	(64)	(15,852)	(209,012)
Payments to Suppliers	(525,922)	-	(1,500)	-	(527,422)
Net Cash Provided/(Used) by Operating Activities	<u>(369,469)</u>	<u>1,020</u>	<u>186</u>	<u>(5,382)</u>	<u>(373,645)</u>
Cash Flows From Noncapital Financing Activities:					
State Sources	9,208	-	-	-	9,208
Federal Sources	479,767	-	-	-	479,767
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>488,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>488,975</u>
Cash Flows From Investing Activities:					
Interest & Dividends	223	-	-	-	223
Net Cash Provided/(Used) by Investing Activities	<u>223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	119,729	1,020	186	(5,382)	115,553
Balances - Beginning of Year	<u>(96,669)</u>	<u>1,324</u>	<u>1,631</u>	<u>11,148</u>	<u>(82,566)</u>
Balances - End of Year	<u>\$ 23,060</u>	<u>\$ 2,344</u>	<u>\$ 1,817</u>	<u>\$ 5,766</u>	<u>\$ 32,987</u>
				0	

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

Operating Loss	\$ (445,522)	\$ (1,754)	\$ 436	\$ (762)	\$ (447,602)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities:					0
U.S.D.A. Commodities	57,088	-	-	-	57,088
Depreciation Expense	30,380	3,613	-	-	33,993
(Increase)/Decrease in Inventories	(4,418)	-	-	-	(4,418)
(Increase)/Decrease in Accounts Receivable	10,131	(839)	(250)	-	9,042
Increase/(Decrease) in Accounts Payable	(17,819)	-	-	-	(17,819)
Increase/(Decrease) in Unearned Revenue	691	-	-	(4,620)	(3,929)
Total Adjustments	<u>76,053</u>	<u>2,774</u>	<u>(250)</u>	<u>(4,620)</u>	<u>73,957</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (369,469)</u>	<u>\$ 1,020</u>	<u>\$ 186</u>	<u>\$ (5,382)</u>	<u>\$ (373,645)</u>

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE	UNEMPLOYMENT COMPENSATION TRUST	AGENCY PAYROLL FUND	
Cash & Cash Equivalents	\$	699,002	\$	21,244
Accounts Receivable		-	\$	29,799
				720,246
				29,799
Total Assets		699,002		51,043
				750,045
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings		-	\$	51,043
				51,043
Total Liabilities		-		51,043
				51,043
<b>NET POSITION</b>				
Held in Trust for Unemployment Claims & Other Purposes		699,002	-	699,002
				699,002
Total Net Position	\$	699,002	\$	-
			\$	699,002

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

ADDITIONS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	2017
Contributions:		
District	\$ -	\$ -
Total Contributions	<u>-</u>	<u>-</u>
Investment Earnings:		
Interest	2,504	2,504
Net Investment Earnings	<u>2,504</u>	<u>2,504</u>
Total Additions	<u>2,504</u>	<u>2,504</u>
DEDUCTIONS		
Unemployment Claims	<u>-</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>-</u>
Change in Net Position	2,504	2,504
Net Position - Beginning of the Year	<u>696,498</u>	<u>696,498</u>
Net Position - End of the Year	<u>\$ 699,002</u>	<u>\$ 699,002</u>

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 19,166	\$ 10,401,058	\$ 10,398,980	\$ 21,244
Accounts Receivable	1,906	29,799	1,906	29,799
<b>Total Assets</b>	<b>\$ 21,072</b>	<b>\$ 10,430,857</b>	<b>\$ 10,400,886</b>	<b>\$ 51,043</b>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 21,072	\$ 10,430,857	\$ 10,400,886	\$ 51,043
<b>Total Liabilities</b>	<b>\$ 21,072</b>	<b>\$ 10,430,857</b>	<b>\$ 10,400,886</b>	<b>\$ 51,043</b>

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## I. Long-Term Debt

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
JUNE 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING		AMOUNT OUTSTANDING JUNE 30, 2017
			DATE	AMOUNT		JUNE 30, 2016	ISSUED	
2010 Refunding Issue	3/25/2010	\$ 16,760,000	10/1/2017	1,495,000	5.000%	\$ 11,665,000	\$ -	\$ 1,415,000
			10/1/2018	1,575,000	4.500%			
			10/1/2019	1,660,000	4.500%			
			10/1/2020	1,745,000	4.500%			
			10/1/2021	1,835,000	5.000%			
			10/1/2022	1,940,000	5.000%			
Total						\$ 11,665,000	\$ -	\$ 1,415,000
						<u>\$ 11,665,000</u>	<u>\$ -</u>	<u>\$ 10,250,000</u>

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2017**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2016	ISSUED	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2017
4 - Savin Copiers	5.34%	77,295	\$ 17,455	\$ -	\$ 17,455	\$ -
6 - Savin Copiers	5.00%	91,891	66,678	-	17,883	48,795
5- Savin Copiers	3.51%	98,798	-	98,798	5,778	93,020
Total			\$ 84,133	\$ 98,798	\$ 41,116	\$ 141,815

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

	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,930,900	\$ -	\$ 1,930,900	\$ 1,930,900	\$ -
Total Revenues	1,930,900	-	1,930,900	1,930,900	-
Expenditures:					
Regular Debt Service:					
Interest	515,900	-	515,900	515,900	-
Redemption of Principal	1,415,000	-	1,415,000	1,415,000	-
Total Regular Debt Service	1,930,900	-	1,930,900	1,930,900	-
Total Expenditures	1,930,900	-	1,930,900	1,930,900	-
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

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**STATISTICAL SECTION (Unaudited)**

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### Financial Trend Information

Financial trend information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial trends.

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**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 18,484,466	\$ 18,869,406	\$ 17,953,242	\$ 17,810,211	\$ 17,410,609	\$ 14,323,623	\$ 15,736,503	\$ 15,078,336	\$ 13,456,845	\$ 12,495,827
Restricted	6,967,786	6,573,286	7,139,245	6,624,847	5,901,687	5,477,992	3,986,680	3,010,992	3,329,751	3,017,264
Unrestricted	(12,153,084)	(12,010,544)	(11,636,605)	(1,022,895)	(642,477)	2,013,070	(226,016)	(533,810)	133,605	(45,784)
<b>Total Governmental Activities</b>	<b>\$ 13,299,168</b>	<b>\$ 13,432,148</b>	<b>\$ 13,455,882</b>	<b>\$ 23,412,163</b>	<b>\$ 22,669,819</b>	<b>\$ 21,814,685</b>	<b>\$ 19,497,167</b>	<b>\$ 17,555,518</b>	<b>\$ 16,920,201</b>	<b>\$ 15,467,307</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 83,711	\$ 117,704	\$ 160,303	\$ 169,905	\$ 91,716	\$ 96,235	\$ 101,192	\$ 112,301	\$ 71,197	\$ 80,377
Unrestricted	40,281	(40,151)	(71,959)	(78,560)	(23,329)	537	19,771	13,581	(15,818)	(60,572)
<b>Total Business-Type Activities</b>	<b>\$ 123,992</b>	<b>\$ 77,553</b>	<b>\$ 88,344</b>	<b>\$ 91,345</b>	<b>\$ 68,387</b>	<b>\$ 96,772</b>	<b>\$ 120,963</b>	<b>\$ 125,882</b>	<b>\$ 55,379</b>	<b>\$ 19,805</b>
<b>Government-Wide:</b>										
Net Investment in Capital Assets	\$ 18,568,177	\$ 18,987,110	\$ 18,113,545	\$ 17,980,116	\$ 17,502,325	\$ 14,419,858	\$ 15,837,695	\$ 15,190,637	\$ 13,528,042	\$ 12,576,204
Restricted	6,967,786	6,573,286	7,139,245	6,624,847	5,901,687	5,477,992	3,986,680	3,010,992	3,329,751	3,017,264
Unrestricted	(12,112,803)	(12,050,695)	(11,708,564)	(1,101,455)	(665,806)	2,013,607	(206,245)	(520,229)	117,787	(106,356)
<b>Total Government-Wide Net Position</b>	<b>\$ 13,423,160</b>	<b>\$ 13,509,701</b>	<b>\$ 13,544,226</b>	<b>\$ 23,503,508</b>	<b>\$ 22,738,206</b>	<b>\$ 21,911,457</b>	<b>\$ 19,618,130</b>	<b>\$ 17,681,400</b>	<b>\$ 16,975,580</b>	<b>\$ 15,487,112</b>

Source: District CAFR, Schedule A-1

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 7,742,541	\$ 7,671,751	\$ 7,332,300	\$ 7,445,934	\$ 7,126,529	\$ 7,797,326	\$ 7,347,415	\$ 7,406,861	\$ 6,930,715	\$ 7,919,773
Special Education	4,442,157	4,291,228	4,054,069	3,814,426	3,742,079	3,515,551	3,697,106	3,541,021	3,428,691	2,630,615
Other Special Education	1,062,339	970,198	1,056,857	989,410	-	1,022,455	940,783	1,003,431	1,066,476	699,749
Other Instruction	75,834	74,360	53,330	40,517	24,162	29,135	63,208	60,988	147,696	257,560
Support Services:										
Tuition	181,534	121,422	189,425	381,845	385,128	391,112	534,653	643,203	647,093	606,887
Student & Instruction Related Services	3,317,290	3,317,290	2,874,147	2,924,800	2,833,481	2,730,859	2,668,515	2,844,048	2,201,914	2,143,936
School Administrative Services	1,179,237	1,398,015	1,470,546	1,137,381	1,174,579	1,081,050	1,092,882	1,080,519	1,111,250	1,083,011
General & Business Administrative Services	1,584,360	1,418,970	1,350,321	1,370,664	1,301,547	1,226,445	1,132,296	1,071,127	1,226,545	858,718
Plant Operations & Maintenance	2,887,030	2,974,784	3,281,659	3,502,263	3,799,014	3,011,237	3,627,788	3,249,017	3,182,642	3,755,753
Pupil Transportation	1,675,610	1,698,304	1,629,219	1,567,695	1,532,676	1,535,919	1,571,411	1,567,145	1,674,803	1,738,099
Unallocated Benefits	12,191,771	11,841,433	12,095,470	8,345,637	9,007,262	7,392,103	7,173,740	6,588,402	6,418,719	4,944,642
Interest on Long-Term Debt	622,925	508,044	547,701	592,303	643,042	664,815	703,939	694,583	894,829	931,868
Unallocated Depreciation	1,441,251	1,474,656	1,498,916	1,316,968	1,382,197	1,338,337	1,259,936	1,106,158	1,118,672	-
<b>Total Governmental Activities Expenses</b>	<b>38,403,879</b>	<b>37,760,455</b>	<b>37,433,960</b>	<b>33,429,843</b>	<b>32,951,696</b>	<b>31,736,344</b>	<b>31,813,672</b>	<b>30,856,503</b>	<b>30,050,045</b>	<b>27,570,611</b>
Business-Type Activities:										
Food Service	783,795	814,122	795,084	829,318	762,263	750,556	713,328	673,557	632,967	761,649
Bating Cages	4,758	4,590	7,191	1,502	-	-	-	-	-	-
Tech Expo	1,564	3,330	1,689	-	-	-	-	-	-	-
Bridge Program	11,232	8,770	5,922	3,900	-	-	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>801,349</b>	<b>830,812</b>	<b>809,886</b>	<b>834,720</b>	<b>762,263</b>	<b>750,556</b>	<b>713,328</b>	<b>673,557</b>	<b>632,967</b>	<b>761,649</b>
<b>Total Government-Wide Expenses</b>	<b>\$ 39,205,228</b>	<b>\$ 38,591,267</b>	<b>\$ 38,243,846</b>	<b>\$ 34,264,563</b>	<b>\$ 33,713,959</b>	<b>\$ 32,486,900</b>	<b>\$ 32,527,000</b>	<b>\$ 31,530,060</b>	<b>\$ 30,683,012</b>	<b>\$ 28,332,260</b>

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
Program Revenues:										
Governmental Activities:										
Grants & Contributions	\$ 6,386,648	\$ 5,806,844	\$ 6,427,408	\$ 3,089,390	\$ 852,852	\$ 813,634	\$ 1,175,569	\$ 948,712	\$ 788,781	\$ 2,719,058
Total Governmental Activities	6,386,648	5,806,844	6,427,408	763,850	832,852	813,634	1,175,569	948,712	788,781	2,719,058
Business-Type Activities:										
Charges for Services:										
Grants & Contributions	493,818	445,446	399,345	485,635	377,003	363,369	332,451	309,796	280,531	265,558
Food Service	338,273	355,136	373,533	366,073	356,662	362,642	375,255	372,824	387,102	406,904
Battling Cages	3,004	1,370	6,200	1,530	-	-	-	-	-	-
Tech Expo	2,000	3,150	3,500	-	-	-	-	-	-	-
Bridge Program	10,470	11,510	6,230	3,900	-	-	-	-	-	-
Total Business-Type Activities	847,565	816,612	788,808	857,138	733,665	726,011	707,706	682,620	667,633	672,462
Total Government-Wide Program Revenues	\$ 7,234,213	\$ 6,623,456	\$ 7,216,216	\$ 1,620,988	\$ 1,566,517	\$ 1,539,645	\$ 1,883,275	\$ 1,631,332	\$ 1,456,414	\$ 3,391,520
Net (Expense)/Revenue:										
Governmental Activities	\$ (32,017,231)	\$ (31,703,680)	\$ (31,006,552)	\$ (32,665,993)	\$ (32,118,844)	\$ (31,001,938)	\$ (30,638,103)	\$ (29,907,791)	\$ (29,261,264)	\$ (24,851,553)
Business-Type Activities	46,216	(14,200)	(21,078)	22,418	(28,598)	(24,545)	(5,622)	9,063	34,666	(89,187)
Total Government-Wide Net Expense	\$ (31,971,015)	\$ (31,717,880)	\$ (31,027,630)	\$ (32,643,575)	\$ (32,147,442)	\$ (31,026,483)	\$ (30,643,725)	\$ (29,898,728)	\$ (29,226,598)	\$ (24,940,740)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 28,025,975	\$ 26,708,133	\$ 26,342,923	\$ 26,342,922	\$ 26,456,346	\$ 26,462,541	\$ 26,681,262	\$ 24,432,893	\$ 23,733,551	\$ 23,067,288
Taxes Levied for Debt Service	1,930,900	1,924,600	1,909,437	1,898,675	1,890,425	1,885,473	1,856,718	1,914,874	1,905,673	1,894,474
Unrestricted Grants & Contributions	1,168,635	2,487,816	2,430,648	4,753,511	5,098,756	4,491,449	3,620,614	3,993,955	4,576,501	2,665,462
Restricted State Aid	-	-	-	-	-	-	-	-	-	1,195,474
Tuition Received	131,003	205,149	147,841	-	-	-	-	-	-	135,557
Miscellaneous Income	378,616	354,248	361,478	514,165	571,385	479,993	421,158	201,386	551,189	75,692
Cancellation of CDL	249,122	-	-	-	-	-	-	-	-	-
Revaluation of Capital Assets	-	-	-	-	-	-	-	-	(52,756)	-
Total Governmental Activities	31,884,251	31,679,946	31,192,327	33,509,273	34,016,912	33,319,456	32,579,752	30,543,108	30,714,158	29,033,947

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
<b>Business-Type Activities:</b>										
Loss on Disposal of Asset	-	-	-	-	-	-	-	(2,170)	-	-
Contract Budget Guarantee	-	3,308	17,838	-	-	-	-	63,240	-	-
Investment Earnings	223	101	239	540	213	354	703	370	908	1,488
<b>Total Business-Type Activities</b>	<b>223</b>	<b>3,409</b>	<b>18,077</b>	<b>540</b>	<b>213</b>	<b>354</b>	<b>703</b>	<b>61,440</b>	<b>908</b>	<b>1,488</b>
<b>Total Government-Wide</b>	<b>\$ 31,884,474</b>	<b>\$ 31,683,355</b>	<b>\$ 31,210,404</b>	<b>\$ 33,509,813</b>	<b>\$ 34,017,125</b>	<b>\$ 33,319,810</b>	<b>\$ 32,580,455</b>	<b>\$ 30,604,548</b>	<b>\$ 30,715,066</b>	<b>\$ 29,035,435</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ (132,980)	\$ (23,734)	\$ 185,775	\$ 843,280	\$ 1,898,068	\$ 2,317,518	\$ 1,941,649	\$ 635,317	\$ 1,452,894	\$ 4,182,394
Business-Type Activities	46,439	(10,791)	(3,001)	22,958	(28,385)	(24,191)	(4,919)	70,503	35,574	(87,699)
<b>Total Government-Wide</b>	<b>\$ (86,541)</b>	<b>\$ (34,525)</b>	<b>\$ 182,774</b>	<b>\$ 866,238</b>	<b>\$ 1,869,683</b>	<b>\$ 2,293,327</b>	<b>\$ 1,936,730</b>	<b>\$ 705,820</b>	<b>\$ 1,488,468</b>	<b>\$ 4,094,695</b>

Source: District CAFR, Schedule A-2

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 6,967,786	\$ 5,798,042	\$ 5,963,248	\$ 5,657,157	\$ 4,917,510	\$ 4,220,761	\$ 2,521,961	\$ 3,196,263	\$ 3,489,005	\$ 3,284,597
Committed	286,659	768,094	1,175,997	967,690	984,177	972,679	-	-	-	-
Assigned	7,150	7,150	-	-	-	284,552	1,660,813	-	-	-
Unreserved	436,143	488,318	441,020	454,778	493,830	552,428	562,318	592,187	827,577	407,234
<b>Total General Fund</b>	<b>\$ 7,697,738</b>	<b>\$ 7,061,604</b>	<b>\$ 7,580,265</b>	<b>\$ 7,079,625</b>	<b>\$ 6,395,517</b>	<b>\$ 6,030,420</b>	<b>\$ 4,745,092</b>	<b>\$ 3,788,450</b>	<b>\$ 4,316,582</b>	<b>\$ 3,691,831</b>
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,194	\$ 211,900	\$ 79,388
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	(17,335)
Debt Service Fund	-	-	-	-	-	-	-	-	2	2
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,194</b>	<b>\$ 211,902</b>	<b>\$ 62,055</b>

Source: District CAFR, Schedule B-1

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FOR FISCAL YEAR ENDING JUNE 30.										
<b>Revenues:</b>										
Tax Levy	\$ 29,956,875	\$ 28,632,733	\$ 28,252,360	\$ 28,241,597	\$ 28,346,771	\$ 28,348,014	\$ 28,537,980	\$ 26,347,767	\$ 25,639,224	\$ 24,961,762
Tuition Charges	131,003	205,149	147,841	168,419	-	-	-	-	-	-
Interest	22,372	10,715	10,790	27,505	22,674	20,386	43,471	42,369	85,980	135,557
Miscellaneous	388,003	343,533	350,688	486,660	548,711	459,607	377,687	159,017	465,209	75,692
State Sources	6,062,956	5,642,444	5,078,438	4,691,526	5,066,885	4,385,634	3,604,441	4,018,217	4,642,124	5,889,489
Federal Sources	1,460,568	1,416,178	818,382	825,835	864,723	919,449	1,191,742	924,450	723,158	690,505
<b>Total Revenue</b>	<b>38,021,777</b>	<b>36,250,752</b>	<b>34,658,499</b>	<b>34,441,542</b>	<b>34,849,764</b>	<b>34,133,090</b>	<b>33,755,321</b>	<b>31,491,820</b>	<b>31,555,695</b>	<b>31,753,005</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	7,742,541	7,671,751	7,332,300	7,445,934	7,126,529	7,797,326	7,347,415	7,406,861	6,930,715	7,919,773
Special Education	4,442,157	4,291,228	4,054,069	3,814,426	3,742,079	3,515,551	3,697,106	3,541,021	3,428,691	2,630,615
Other Special Instruction	1,062,339	970,198	1,056,857	989,410	1,042,934	1,022,455	940,783	1,003,431	1,066,476	699,749
Other Instruction	75,834	74,360	53,330	40,517	24,162	29,135	63,208	60,988	147,696	257,560
<b>Support Services:</b>										
Student & Instruction	3,498,824	3,225,769	3,016,809	3,344,773	3,188,827	3,176,730	3,254,469	3,493,258	2,970,454	2,750,823
Related Services	1,179,237	1,398,015	1,470,546	1,137,381	1,174,579	1,081,050	1,092,882	1,080,519	1,111,250	1,083,011
School Administrative	1,584,360	1,418,970	1,350,321	1,370,664	1,301,547	1,226,445	1,132,296	1,071,127	1,226,545	1,268,553
General & Business	2,887,030	2,875,250	2,958,646	3,496,792	2,982,312	3,192,649	3,236,095	3,249,017	3,507,333	3,103,143
Plant Operations & Maintenance	1,675,610	1,698,304	1,629,219	1,567,695	1,532,676	1,535,919	1,571,411	1,567,145	1,674,803	1,738,099
Pupil Transportation	10,702,011	10,127,602	8,979,813	8,404,046	8,770,162	7,438,511	7,464,995	6,724,875	6,120,153	6,979,231
Unallocated Benefits	486,379	1,093,366	711,723	612,332	1,708,435	946,518	1,163,495	1,096,542	691,308	595,311
Debt Service:										
Principal	1,415,000	1,360,000	1,300,000	1,240,000	1,195,000	1,155,000	1,095,000	1,045,000	995,000	945,000
Interest & Other Charges	634,321	564,600	609,437	658,675	695,425	730,473	761,720	869,874	910,673	949,474
<b>Total Expenditures</b>	<b>37,385,643</b>	<b>36,769,413</b>	<b>34,523,070</b>	<b>34,122,645</b>	<b>34,484,667</b>	<b>32,847,762</b>	<b>32,820,875</b>	<b>32,209,658</b>	<b>30,781,097</b>	<b>30,920,342</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>636,134</b>	<b>(518,661)</b>	<b>135,429</b>	<b>318,897</b>	<b>365,097</b>	<b>1,285,328</b>	<b>934,446</b>	<b>(717,838)</b>	<b>774,598</b>	<b>832,663</b>



**BERKELEY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FOR FISCAL YEAR ENDING JUNE 30,										
<b>Other Financing Sources/(Uses):</b>										
Community Disaster Loan	-	-	365,211	365,211	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	57
Transfers Out	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	-	-	365,211	365,211	-	-	-	-	-	57
<b>Net Change in Fund Balances</b>	<b>\$ 636,134</b>	<b>\$ (518,661)</b>	<b>\$ 500,640</b>	<b>\$ 684,108</b>	<b>\$ 365,097</b>	<b>\$ 1,285,328</b>	<b>\$ 934,446</b>	<b>\$ (717,838)</b>	<b>\$ 774,598</b>	<b>\$ 832,720</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.6%</b>	<b>5.4%</b>	<b>5.6%</b>	<b>5.7%</b>	<b>5.8%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>6.2%</b>	<b>6.3%</b>	<b>6.2%</b>

Source: District CAFR, Schedule B-2

**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	INTERLOCAL SERVICES	PRIOR YEAR REFUNDS	MISCELLANEOUS	TOTAL
2017	\$ 22,372	\$ 131,003	\$ 199,706	\$ -	\$ 156,538	\$ 509,619
2016	10,715	205,149	181,240	-	120,430	517,534
2015	10,790	147,841	177,880	-	131,946	468,457
2014	27,505	169,192	263,996	169,085	52,805	682,583
2013	22,674	117,766	254,000	127,718	11,441	533,599
2012	20,386	-	303,797	-	148,899	473,082
2011	43,471	-	269,965	-	52,650	366,086
2010	26,079	-	-	55,672	67,934	149,685
2009	81,016	4,964	-	-	289,781	375,761
2008	135,557	-	-	5,643	17,729	158,929

Source: District records

### Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	COMMUNICATION EQUIPMENT	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2017	139,576,200	4,610,354,810	688,600	23,900	285,904,700	23,692,500	55,205,700	3,989,190	5,119,435,600	1,281,759,500	3,837,676,100	0.586
2016	143,719,200	4,580,869,960	688,600	23,300	290,027,400	24,462,500	57,997,000	4,246,138	5,102,034,098	1,278,099,500	3,823,934,598	0.561
2015	149,897,200	4,565,575,860	688,600	23,300	291,170,700	24,462,500	57,997,000	4,196,262	5,094,011,422	1,274,856,100	3,819,155,322	0.555
2014	127,151,900	4,586,354,860	688,600	23,300	294,670,400	24,462,500	58,553,100	5,768,219	5,097,672,879	1,274,373,100	3,823,299,779	0.554
2013	123,862,500	4,586,855,260	688,600	23,300	318,920,400	24,764,900	58,647,000	6,571,500	5,120,333,460	1,272,461,000	3,847,872,460	0.553
2012	132,153,900	4,599,782,500	688,600	23,300	324,561,400	24,742,200	58,796,400	6,397,133	5,147,145,433	1,270,623,100	3,876,522,333	0.550
2011	142,705,500	4,597,514,300	688,600	22,700	344,374,200	28,114,500	59,170,800	8,476,005	5,181,066,605	1,269,044,700	3,912,021,905	0.551
2010	46,338,500	2,488,096,590	270,800	22,700	128,273,700	11,119,200	24,630,200	3,574,672	2,702,326,362	813,157,300	1,889,169,062	0.975
2009	49,607,700	2,469,451,190	270,800	22,700	122,003,200	10,646,400	24,630,200	3,292,475	2,679,924,665	811,068,500	1,868,856,165	0.939
2008	49,339,700	2,447,836,590	270,800	22,700	119,958,300	11,321,600	24,756,300	3,462,676	2,656,968,666	809,607,400	1,847,361,266	0.902

Source: Abstract of Ratables "Assessed Value by Classification"

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		TOWNSHIP OF BERKELEY		OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT		OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
2017	0.586	0.436	1.022	0.628	0.369	0.038	0.012	2.069
2016	0.561	0.425	0.986	0.610	0.366	0.038	0.012	2.012
2015	0.555	0.383	0.938	0.610	0.357	0.038	0.012	1.955
2014	0.554	0.382	0.936	0.567	0.353	0.039	0.012	1.907
2013	0.553	0.384	0.937	0.532	0.341	0.038	0.014	1.862
2012	0.550	0.367	0.917	0.508	0.336	0.038	0.014	1.813
2011	0.551	0.370	0.921	0.505	0.341	0.038	0.014	1.819
2010	0.975	0.667	1.642	0.969	0.636	0.071	0.029	3.347
2009	0.957	0.657	1.614	0.916	0.638	0.071	0.029	3.268
2008	0.939	0.638	1.577	0.841	0.603	0.069	0.027	3.117
2007	0.902	0.650	1.552	0.746	0.577	0.060	0.023	2.958

Source: Abstract of Ratables, Breakdown of General Tax Rate

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND TEN YEARS AGO**

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2016		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Hovchild Partnership LLC	\$31,876,200	1	0.62%
Plainfield Properties, LLC	28,289,800	2	0.55%
Quaker Malls	17,721,200	3	0.35%
Baywick Plaza	15,000,000	4	0.29%
Arlington Beach Company	14,919,400	5	0.29%
Berkeley Healthcare Assoc	11,500,000	6	0.23%
Millers Camp Inc	8,434,900	7	0.17%
Bay HSE c/o Bank NJ?NY Corp Trust	8,160,000	8	0.16%
BNJ Realty LLC	8,000,000	9	0.16%
Shar-A-Dee Apartments	6,500,000	10	0.13%
Total	<u>\$150,401,500</u>		<u>2.95%</u>

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2006		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
RK Creek LLC	\$13,452,000	1	0.51%
Hovchild Partnership LLC	14,242,000	2	0.54%
Quaker Malls LP	7,376,800	3	0.28%
Baywick Plaza	6,660,400	4	0.25%
NJ Pulverizing Co	6,261,000	5	0.24%
Berkeley Healthcare Assoc	5,200,000	6	0.20%
Bay HSE c/o Bank NY/NJ Corp	4,817,500	7	0.18%
Verizon	4,109,376	8	0.16%
Esplanade at Ocean Pointe LLC	3,446,600	9	0.13%
Arlington Beach Company	3,356,500	10	0.13%
Total	<u>\$68,922,176</u>		<u>2.62%</u>

Source: Municipal Tax Assessor and Treasurer

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

YEAR ENDED December 31,	TAXES LEVIED FOR THE YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	\$ 105,897,564	\$ 103,292,484	97.54%	\$ 2,425,000
2015	102,605,892	100,030,484	97.49%	3,075,000
2014	99,570,329	96,214,809	96.63%	2,886,180
2013	97,194,773	94,123,418	96.84%	3,218,000
2012	95,308,308	91,638,938	96.15%	2,434,000
2011	93,298,408	90,359,508	96.85%	2,434,000
2010	94,204,501	91,378,366	97.00%	1,646,000
2009	90,426,522	87,713,726	97.00%	1,582,000
2008	87,578,591	85,914,598	98.10%	1,335,000

Source: Municipal Tax Collector, Abstract of Ratables "Receipts from Delinquent Taxes"



### Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the school District's outstanding debt and its debt capacity.

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**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**  
*(Dollars in Thousands, Except per Capita)*

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			PER CAPITA PERSONAL INCOME	% OF PERSONAL INCOME
	GENERAL OBLIGATION BONDS	CAPITAL LEASES *	TOTAL DISTRICT		
2017	\$ 10,250,000	\$ 141,815	\$ 10,391,815	N/A	N/A
2016	11,665,000	84,133	11,749,133	N/A	N/A
2015	13,025,000	121,121	13,146,121	\$ 46,109	0.35%
2014	14,325,000	74,358	14,399,358	44,381	0.31%
2013	15,565,000	112,486	15,677,486	42,573	0.26%
2012	16,760,000	82,705	16,842,705	42,499	0.26%
2011	17,915,000	137,463	18,052,463	41,460	0.23%
2010	19,010,000	188,764	19,198,764	39,900	0.21%
2009	20,635,100	194,771	20,829,871	39,746	0.19%
2008	21,630,100	316,218	21,946,318	41,329	0.19%

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

\* Exhibit I-1, I-2, I-3; CAFR

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Dollars in Thousands, Except per Capita)**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA PERSONAL INCOME
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$ 10,250,000	N/A	\$ 10,250,000	N/A	N/A
2016	11,665,000	N/A	11,665,000	N/A	N/A
2015	13,025,000	N/A	13,025,000	N/A	\$ 46,109
2014	14,325,000	N/A	14,325,000	N/A	44,381
2013	15,565,000	N/A	15,565,000	N/A	42,573
2012	16,760,000	N/A	16,760,000	N/A	42,499
2011	17,915,000	N/A	17,915,000	N/A	41,460
2010	19,010,000	N/A	19,010,000	N/A	39,900
2009	20,635,100	N/A	20,635,100	N/A	39,746
2008	21,630,100	N/A	21,630,100	N/A	41,329

Sources: District records, Per Capita Personal income - NJ Dept of Labor

**BERKELEY TOWNSHIP BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	ESTIMATED PERCENTAGE APPLICABLE	DEBT OUTSTANDING
<b>Overlapping Debts:</b>		
Berkeley Township		\$ 44,423,744
Berkeley Township Sewerage Authority		7,514,867
Berkeley Township Municipal Utilities Authority		6,493,734
Central Regional School District		1,828,732
Ocean County Utilities Authority		8,471,681
County of Ocean		<u>25,177,167</u>
Subtotal, Overlapping Debt		93,909,925
Berkeley Township Board of Education Direct Debt		<u>10,250,000</u>
Total Direct & Overlapping Debt		<u><u>\$ 104,159,925</u></u>

Sources: Township of Berkeley, Annual Debt Statement as of December 31, 2015  
Debt outstanding data provided by each governmental unit.

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 129,246,721	\$ 127,774,393	\$ 128,834,143	\$ 132,936,829	\$ 139,483,856	\$ 147,207,363	\$ 153,818,595	\$ 157,612,361	\$ 155,095,981	\$ 102,000,841
Total Net Debt Applicable to Limit	10,250,000	11,665,000	13,025,000	14,325,000	15,565,000	16,760,000	17,915,000	19,010,000	20,635,100	21,630,100
Legal Debt Margin	\$ 118,996,721	\$ 116,109,393	\$ 115,809,143	\$ 118,611,829	\$ 123,918,856	\$ 130,447,363	\$ 135,903,595	\$ 138,602,361	\$ 134,460,881	\$ 80,370,741
Total Net Debt Applicable to the Limit as a % of Debt Limit	7.93%	9.13%	10.11%	10.78%	11.16%	11.39%	11.65%	12.06%	13.30%	21.21%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Equalized Valuation Basis	
2014	5,085,746,563
2015	5,141,490,630
2016	5,282,369,279
	<u>\$ 15,509,606,472</u>
Average Equalized Valuation of Taxable Property	<u>\$ 5,169,868,824</u>
Debt Limit (2.5 % of Average Equalized Valuation of Taxable Property)	\$ 129,246,721
Net Bonded School Debt	<u>10,250,000</u>
Legal Debt Margin	<u>\$ 118,996,721</u>

**Source:** Equalized valuation bases were obtained from the Annual Debt Statement, Township of Berkeley

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## Demographic and Economic Information

Demographic and economic information is intended to (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District's operates.

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
2017	N/A	N/A	N/A
2016	41,689	N/A	6.7%
2015	41,724	\$ 46,109	7.6%
2014	41,627	44,381	9.0%
2013	41,495	42,573	12.9%
2012	41,290	42,499	15.6%
2011	41,347	41,460	14.9%
2010	41,302	39,900	14.2%
2009	41,255	39,746	14.0%
2008	42,783	41,329	6.8%

**Source:**

a Population information provided by the NJ Dept of Labor and Workforce Development

b Per Capita Personal income - NJ Dept of Labor

c Unemployment data provided by the NJ Dept of Labor and Workforce Development

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

	2017		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK	
Berkeley Township Board of Education	347	1	2.18%
Township of Berkeley	327	2	2.06%
Central Regional Board of Education	325	3	2.04%
Ocean County Utilities Authority	275	4	1.73%
Hovnanian	250	5	1.57%
Perlmart	240	6	1.51%
Crystal Lake	220	7	1.38%
Tallwoods	200	8	1.26%
Ocean Mental Health	149	9	0.94%
Uner Barry publications	62	10	0.39%
Total	<u>2,395</u>		<u>15.07%</u>
Total Labor Force	<u>15,893</u>		

**2007 DATA NOT AVAILABLE**

Source: Ocean County Department of Economic Development and Tourism;  
The Township of Berkeley, Official Statement, 2013 for employee info  
Total Labor Force from NJ DOL and Workforce Development

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### Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**BERKELEY TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	110	109	109	109	107	109	114	113	111	113
Special Education, teachers/aides	104	100	97	91	87	80	53	52	53	52
Support Services:										
Student & Instruction Related Services	40.8	42.8	44.8	42.8	46	50	86	93	89	94
General Administration	5.8	5.8	5.8	5.8	4.8	3	4	4	4	5
School Administration	17	17	17	17	16	17	17	15	16	15
Business Administrative Services	5.5	5.5	6	6	6	6	6	6	6	6
Technical Administrative Services	4	4	3	3	3	2	2	2	2	1
Food Services	8	10	10	10	10	11	11	11	12	12
Plant Operations/Maint, Lunchrm aides	33.5	32.9	33.5	31.6	32.5	26.5	31	27	27	29
Pupil Transportation	39.5	40	39.5	34.5	33.5	44	38	37	37	33
<b>Total</b>	<b>368</b>	<b>367</b>	<b>366</b>	<b>351</b>	<b>346</b>	<b>349</b>	<b>362</b>	<b>360</b>	<b>357</b>	<b>360</b>

**Source:** District Personnel Records

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST NINE FISCAL YEARS**

SCHOOL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	PUPIL COST PER TEACHER	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	2,132	\$ 31,623,953	14,833	1.19%	203	10.5	2,112	1,995.7	(0.01)	94.5%
2016	2,079	30,475,661	14,659	4.93%	180	11.6	2,126	2,015.9	0.02	94.8%
2015	2,091	29,211,782	13,970	0.72%	178	11.7	2,103	1,984.8	(0.01)	94.4%
2014	2,110	29,266,711	13,870	0.36%	178	11.9	2,112	2,004.0	0.03	94.9%
2013	2,039	28,180,062	13,821	-0.28%	176	11.6	2,057	1,941.7	0.01	94.9%
2012	2,012	27,885,851	13,860	-4.24%	179	11.2	2,022	1,918.2	(0.00)	94.6%
2011	2,017	29,173,545	14,473	0.00%	180	11.2	2,036	1,925.8	0.01	94.7%
2010	2,016	29,177,946	14,473	-5.49%	170	11.9	2,015	1,907.0	0.02	94.9%
2009	2,010	30,781,097	15,314	13.64%	170	11.8	1,974	1,874.6	0.04	94.7%

**Sources:** District records

**Note:** Enrollment based on annual October District count.

a. Operating expenditures equal total expenditures less debt service and capital outlay. (Sch B-2) less nonbudgeted expenditures

b. Teaching staff includes only full-time equivalents of certificated staff.

c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bayville Elementary (Org. 1926 Add: 1951,1959,1969,2003):										
Square Feet	73,369	73,369	73,369	73,369	73,369	73,369	73,369	73,369	73,369	73,369
Capacity (Students)	600	600	600	600	600	600	600	600	600	600
Enrollment	399	391	411	415	450	374	408	430	434	457
Berkeley Twp. Elementary (2003):										
Square Feet	102,830	102,830	102,830	102,830	102,830	102,830	102,830	102,830	102,830	102,830
Capacity (Students)	800	800	800	800	800	800	800	800	800	800
Enrollment	619	592	593	571	543	522	545	536	535	529
Clara B. Worth Elementary (Org. 1962 Add: 1984&2003):										
Square Feet	81,258	81,258	81,258	81,258	81,258	81,258	81,258	81,258	81,258	81,258
Capacity (Students)	845	845	845	845	845	845	845	845	845	845
Enrollment	556	546	545	623	600	605	580	587	583	489
H&M Potter Elementary (Org. 1974 Add: 1984&2003):										
Square Feet	88,424	88,424	88,424	88,424	88,424	88,424	88,424	88,424	88,424	88,424
Capacity (Students)	725	725	725	725	725	725	725	725	725	725
Enrollment	558	550	542	501	462	520	484	461	458	433

Number of Schools at June 30, 2016:  
Elementary = 4

Source: District Facilities Office

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

	BAYVILLE ELEMENTARY	CLARA B. WORTH	H&M POTTER	BERKELEY TOWNSHIP ELEMENTARY	OTHER	TOTAL
2017	\$ 133,941	\$ 148,343	\$ 161,425	\$ 187,725	\$ 15,551	\$ 646,985
2016	168,191	186,276	202,703	235,728	19,527	812,425
2015	155,622	172,355	187,555	218,111	18,068	751,711
2014	248,773	275,522	299,820	348,667	28,882	1,201,664
2013	186,504	206,558	224,773	261,393	21,653	900,881
2012	249,993	276,874	304,601	350,377	29,023	1,210,868
2011	195,154	216,138	235,199	273,517	22,657	942,665
2010	235,610	260,944	283,957	330,219	27,354	1,138,084
2009	277,594	307,442	334,555	389,061	8,606	1,317,258
2008	148,992	165,013	179,565	208,820	17,298	719,688

Source: District records, M-1, sch C-1 Actual total 11-000-261-XXX

**INSURANCE SCHEDULE  
JUNE 30, 2017**

	LIMITS	DEDUCTIBLE
<b>School Package Policy (1):</b>		
Real and Personal Property	\$ 450,000,000	\$ 5,000
Extra Expense	50,000,000	5,000
Valuable Papers/Records	10,000,000	5,000
Demolition, Inc Cost of Construction	25,000,000	N/A
Pollutant Clean Up	250,000	5,000
Flood Zone A & V	75,000,000	500,000
Terrorism	1,000,000	
Earthquake	50,000,000	
Theft, Disappearance, Destruction	25,000	500
General Liability	31,000,000	1,000
Automobile Liability	31,000,000	1,000
School Board Legal Liability	31,000,000	10,000
Workers' Compensation	2,000,000	N/A
Board Accident Policy	5,000 Medical/10,000 Death	
<b>Surety Bonds (1):</b>		
Treasurer	250,000	1,000
Board Secretary	25,000	500

(1) - New Jersey School Insurance Group

Source: District records



**SINGLE AUDIT SECTION**

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EXHIBIT K-1

**INDEPENDENT AUDITOR'S 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**

Honorable President and Members  
of the Board of Education  
Berkeley Township School District  
County of Ocean  
Bayville, New Jersey 08721

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as 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 Berkeley Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Berkeley Township School District's basic financial statements, and have issued our report thereon dated October 29, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Berkeley 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berkeley 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. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Berkeley 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney Haines  
Certified Public Accountant  
Public School Accountant, No. 2198

Toms River, New Jersey  
October 29, 2017



HOLMAN | FRENIA  
ALLISON, P.C.  
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EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
Berkeley Township School District  
County of Ocean  
Bayville, New Jersey 08731

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

We have audited the Berkeley Township School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal and state programs for the fiscal year ended June 30, 2017. The Berkeley 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Berkeley 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 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 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 School District's compliance.

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

In our opinion, the Berkeley 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 year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the Berkeley 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney Haines  
Certified Public Accountant  
Public School Accountant, No. 2198

Toms River, New Jersey  
October 29, 2017

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

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASSED-THROUGH IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUB RECIPIENT	UNEARNED REVENUE AT JUNE 30, 2017	(ACCOUNTS RECEIVABLE) JUNE 30, 2017	DUE TO GRANTOR JUNE 30, 2017
<b>U.S. DEPARTMENT OF AGRICULTURE</b>												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
National School Lunch Program	10:555	171N1304N1099	Unavailable	\$ 57,088	7/1/16-6/30/17	\$ -	57,088	(57,088)	-	-	-	\$ -
National School Lunch Program	10:555	171N1304N1099	100-010-3350-026	326,148	7/1/16-6/30/17	(60,165)	305,244	(326,148)	-	-	-	(20,904)
National School Lunch Program	10:555	16161NJ304N1099	100-010-3350-026	312,677	7/1/15-6/30/16	(60,165)	60,165	-	-	-	-	-
						(60,165)	422,497	(383,236)	-	-	-	(20,904)
National School Breakfast Program	10:553	171N1304N1099	100-010-3350-028	102,420	7/1/16-6/30/17	(18,403)	95,955	(102,420)	-	-	-	(6,465)
National School Breakfast Program	10:553	16161NJ304N1099	100-010-3350-028	83,274	7/1/15-6/30/16	(18,403)	18,403	-	-	-	-	-
						(18,403)	114,358	(102,420)	-	-	-	(6,465)
						(78,568)	536,855	(485,656)	-	-	-	(27,369)
Total Child Nutrition Cluster						(78,568)	536,855	(485,656)	-	-	-	(27,369)
<b>Total U.S. Department of Agriculture</b>												
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>												
Passed Through New Jersey Department of Human Services:												
Medical Assistance Program (SEMI)	93:778	1705NJ15MAP	100-054-7540-211	70,086	7/1/16-6/30/17	-	70,086	(70,086)	-	-	-	-
Medical Assistance Program - ARRA (SEMI)	93:778	1605NJ15MAP	100-054-7540-211	1,444	7/1/15-6/30/16	(34,792)	362,336	(1,444)	-	-	-	-
Medicaid Administrative Claiming	93:778	N/A		8,967	7/1/16-6/30/17	-	8,967	(8,967)	-	-	-	-
						(34,792)	115,289	(80,497)	-	-	-	-
						(34,792)	115,289	(80,497)	-	-	-	-
Total U.S. Department of Labor						(64,792)	115,289	(80,497)	-	-	-	-
<b>U.S. DEPARTMENT OF EDUCATION</b>												
Passed Through New Jersey Department of Education:												
No Child Left Behind (N.C.L.B.)												
Title I - Part A	84:010	S010A160030	100-034-5064-194	264,371	7/1/16-6/30/17	-	231,145	(254,498)	-	-	-	(23,353)
Title I - Part A	84:010	S010A150030	100-034-5064-194	231,607	7/1/15-6/30/16	(64,532)	64,532	-	-	-	-	-
						(64,532)	295,677	(254,498)	-	-	-	(23,353)
Title II - Part A	84:367	S367A160029	100-034-5063-290	53,109	7/1/16-6/30/17	-	47,525	(53,209)	-	-	-	(5,684)
Title II - Part A	84:367	S367A150029	100-034-5063-290	57,013	7/1/15-6/30/16	(13,201)	13,201	-	-	-	-	-
						(13,201)	60,726	(53,209)	-	-	-	(5,684)
L.D.E.A. Part B (Special Education Cluster)												
Basic	84:027	H027A160100	100-034-5065-016	443,868	7/1/16-6/30/17	-	426,364	(443,868)	-	-	-	(17,504)
Basic	84:027	H027A150100	100-034-5065-016	461,112	7/1/15-6/30/16	(22,801)	22,801	-	-	-	-	-
						(22,801)	449,165	(443,868)	-	-	-	(17,504)
Preschool	84:173	H173A160114	100-034-5065-020	24,696	7/1/16-6/30/17	-	22,783	(24,696)	-	-	-	(1,913)
Preschool	84:173	H163A160114	100-034-5065-020	24,459	7/1/15-6/30/16	(8,687)	8,687	-	-	-	-	-
						(8,687)	31,470	(24,696)	-	-	-	(1,913)
Total Special Education Cluster						(31,488)	480,635	(468,564)	-	-	-	(19,417)
ARRA - Race to the Top- Pre-School Expansion	84:413	S419B150020	100-034-5069-100	655,877	7/1/16-6/30/17	-	565,369	(603,800)	-	-	-	(38,431)
Preschool Development Grants-Expansion	84:419	S419B150020	100-034-5069-100	599,299	7/1/15-6/30/16	(216)	216	-	-	-	-	-
						(216)	565,585	(603,800)	-	-	-	(38,431)
Total U.S. Department of Education						(109,437)	1,402,623	(1,380,071)	-	-	-	(86,885)
Total Federal Financial Assistance						(222,797)	2,054,767	(1,946,224)	-	-	-	(114,254)

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

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

STATE GRANTOR/ PROGRAM TITLE	GRANTOR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE		CASH RECEIVED	BUDGETARY EXPENDITURES	UNEARNED REVENUE AT JUNE 30, 2017	(ACCOUNTS RECEIVABLE) JUNE 30, 2017	DUE TO GRANTOR JUNE 30, 2017	MEMO ONLY	
				AT JUNE 30, 2016	JUNE 30, 2017						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>New Jersey Department of Education:</b>												
General Fund:												
State Aid Public:												
Special Education Categorical Aid	495-034-5120-089	\$ 1,152,934	7/1/16-6/30/17	\$ -	\$ 1,152,934	\$ (1,152,934)	\$ -	\$ -	\$ -	\$ -	\$ 105,476	\$ 1,152,934
Security Aid	495-034-5120-084	298,476	7/1/16-6/30/17	-	298,476	(298,476)	-	-	-	-	27,309	298,476
Adjustment Aid	495-034-5120-085	71,463	7/1/16-6/30/17	-	71,463	(71,463)	-	-	-	-	6,539	71,463
PARCC Readiness Aid	495-034-5120-098	21,150	7/1/16-6/30/17	-	21,150	(21,150)	-	-	-	-	1,934	21,150
Per Pupil Growth Aid	495-034-5120-097	21,150	7/1/16-6/30/17	-	21,150	(21,150)	-	-	-	-	1,934	21,150
Professional Learning Community Aid	495-034-5120-101	20,830	7/1/16-6/30/17	-	20,830	(20,830)	-	-	-	-	1,912	20,830
Total State Aid Public		1,586,003		-	1,586,003	(1,586,003)	-	-	-	-	145,104	1,586,003
Transportation Aid	495-034-5120-014	788,553	7/1/16-6/30/17	-	788,553	(788,553)	-	-	-	-	72,150	788,553
Extraordinary Aid	495-034-5120-044	37,146	7/1/16-6/30/17	-	-	(37,146)	-	-	-	-	-	37,146
Extraordinary Aid	495-034-5120-044	86,059	7/1/15-6/30/16	(86,059)	-	-	-	-	(37,146)	-	-	-
Additional Nonpublic Transportation Aid	495-034-5120-014	8,352	7/1/15-6/30/16	(8,352)	-	-	-	-	(8,352)	-	-	8,352
Additional Nonpublic Transportation Aid	495-034-5120-014	8,874	7/1/15-6/30/16	(8,874)	-	-	-	-	(8,352)	-	-	-
Reimbursed TPAF Social Security Contributions	100-034-5094-003	984,370	7/1/16-6/30/17	-	937,685	(986,051)	-	-	(48,366)	-	-	986,051
Reimbursed TPAF Social Security Contributions	100-034-5094-003	945,525	7/1/15-6/30/16	(46,685)	46,685	-	-	-	-	-	-	-
TPAF - Post Retirement												
Medical (Noncash Assistance)	495-034-5094-001	1,208,865	7/1/16-6/30/17	-	1,208,865	(1,208,865)	-	-	-	-	-	1,208,865
TPAF - Pension												
Contributions (Noncash Assistance)	495-034-5094-002	1,450,823	7/1/16-6/30/17	-	1,450,823	(1,450,823)	-	-	-	-	-	1,450,823
TPAF - Long-Term Liability												
Insurance (Noncash Assistance)	495-034-5094-004	2,321	7/1/16-6/30/17	-	2,321	(2,321)	-	-	-	-	-	2,321
Total General Fund				(141,618)	6,115,868	(6,068,114)	-	-	(93,864)	-	217,254	6,068,114
<b>New Jersey Department of Agriculture</b>												
Enterprise Fund:												
National School Lunch Program	100-010-3350-023	8,162	7/1/16-6/30/17	-	7,651	(8,162)	-	-	(511)	-	-	8,162
National School Lunch Program	100-010-3350-023	8,194	7/1/15-6/30/16	(1,557)	1,557	-	-	-	-	-	-	-
Total Enterprise Fund				(1,557)	9,208	(8,162)	-	-	(511)	-	-	8,162
Total State Financial Assistance				\$ (143,175)	\$ 6,125,076	\$ (6,076,276)	\$ -	\$ -	\$ (94,375)	\$ -	\$ 217,254	\$ 6,076,276
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement												
Medical (Noncash Assistance)	495-034-5094-001	1,208,865	7/1/16-6/30/17	-	-	-	-	-	-	-	-	-
TPAF - Pension												
Contributions (Noncash Assistance)	495-034-5094-002	1,450,823	7/1/16-6/30/17	-	-	-	-	-	-	-	-	-
TPAF - Long-Term Liability												
Insurance (Noncash Assistance)	495-034-5094-004	2,321	7/1/16-6/30/17	-	-	-	-	-	-	-	-	-
Total State Financial Assistance subject to Calculation for Major Program Determination												

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Berkeley Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

**Note 3. Relationship to Basic Financial Statements**

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 3. Relationship to Basic Financial Statements (continued)**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(5,158) for the general fund and \$(7,378) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 80,497	\$ 6,062,956	\$ 6,143,453
Special Revenue Fund	1,380,071	-	1,380,071
Food Service Fund	<u>485,656</u>	<u>8,162</u>	<u>493,818</u>
Total Awards & Financial Assistance	<u>\$ 1,946,224</u>	<u>\$ 6,071,118</u>	<u>\$ 8,017,342</u>

**Note 4. Relationship to Federal and State Financial Reports**

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

**Note 5. Federal and State Loans Outstanding**

The Berkeley Township School District received a FEMA Community Disaster Loan in the amount of \$5,000,000. The District drew down \$0 in the fiscal year and has drawn down a total of \$730,422. The District received a final determination on the loan cancelling \$249,122 of principal along with corresponding interest. The District paid off the remaining \$481,300 of principal and \$20,261 of interest in September of 2017.

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

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

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

2) Significant deficiency(ies) identified?        yes   X   none reported

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

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?        yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A160100</u>	<u>I.D.E.A. Part B</u>

Dollar threshold used to determine Type A programs \$750,000

Auditee qualified as low-risk auditee?   X   yes        no

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

**Section I - Summary of Auditor's Results (continued)**

**State Financial Assistance**

Dollar threshold used to determine Type A programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u>   </u> no
Internal control over major programs:	
1) Material weakness(es) identified?	<u>   </u> yes <u> X </u> no
2) Significant deficiency(ies) identified?	<u>   </u> yes <u> X </u> no
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?	<u>   </u> yes <u> X </u> no
Identification of major programs:	

**State Grant/Project Number(s)**

**Name of State Program**

100-034-5094-003

Reimbursed TPAF Social Security Contributions

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

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

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

**Section III – Federal Awards & State Financial Assistance Findings & 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE**

None.



**BERKELEY TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.