

**SCHOOL DISTRICT**  
**OF THE**  
**TOWN OF BELVIDERE**

**Town of Belvidere Board of Education**  
**Belvidere, Warren County**  
**New Jersey**

**Comprehensive Annual Financial Report**  
**For The Fiscal Year Ended June 30, 2018**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Town of Belvidere Board of Education**

**Belvidere, New Jersey**

**For the Fiscal Year Ending June 30, 2018**

**Prepared by**

**Town of Belvidere Board of Education**

**Finance Department**



# OUTLINE OF CAFR

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## **Introductory Section**



# TOWN OF BELVIDERE SCHOOL DISTRICT

809 Oxford Street, Belvidere, New Jersey 07823

Christopher Carrubba  
Superintendent of Schools

Rachelle Tjalma  
Business Administrator

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Honorable President and  
Members of the Board of Education  
Town of Belvidere School District  
Warren County, New Jersey

January 16, 2019

Dear Board Members:

The Comprehensive Annual Financial Report of the Belvidere School District for the fiscal year ended June 30, 2018 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 Belvidere Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial report is presented in four sections: introductory, financial, statistical and single audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general purpose 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 the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments" and the New Jersey Treasury Circular Letter 04-04 OMB. "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

## **1. REPORTING ENTITY AND ITS SERVICES:**

The Belvidere School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Belvidere Board of Education and its three schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and vocational, as well as special education for classified students. The District completed the 2017-18 fiscal year with an enrollment of 705 students, which is 20 students less than the previous year's enrollment. The following details the changes in student enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Enrollment</u>	<u>Percent Change</u>
2013-14	737	-7.06%
2014-15	773	+4.88%
2015-16	748	-3.23%
2016-17	735	-1.74%
2017-18	705	-2.72%

**2. ECONOMIC CONDITION AND OUTLOOK:**

The economic condition of the Belvidere area remained stable during the 2017-18 school year with little evidence of any single factor having a major impact on the District's programs. Residential development in the area has been minimal and declining enrollment may be a facility consideration in the future.

**3. MAJOR INITIATIVES:**

Budgetary constraints prevented any major new initiatives in 2017-18. The District was able to maintain all existing programs and staffing and to address all ongoing facility maintenance concerns through careful monitoring of the budget. The continuing escalation of salaries and fringe benefits, primarily health insurance, consume approximately 85% of all available funds.

**4. INTERNAL ACCOUNTING CONTROLS:**

The 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 benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulation 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 above, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**5. BUDGETARY 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. Annual appropriated budgets are adopted for the General Fund,

and Special Revenue 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 totaling \$122,651 at June 30, 2018.

**6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect Generally Accepted Accounting Principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds and account groups, as explained in Note 1 to the Financial Statements.

**7. FINANCIAL INFORMATION AT FISCAL YEAR-END:**

As demonstrated by the various statements and schedules included in the Financial Section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the General and Special Revenue Fund revenues and expenditures for the fiscal year ended June 30, 2018 and the amount and percentage changes in relation to the previous year (see Exhibit B-2):

<b>Revenues:</b>				
<u>Source</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase Amount</u>	<u>(Decrease) Percent</u>
Local	8,612,371	63.88%	\$(192,108)	(2.18)%
State	4,601,367	34.13	430,824	10.33
Federal	<u>268,355</u>	<u>1.99</u>	<u>42,951</u>	<u>19.06</u>
Total	\$13,482,093	100.0%	\$ 281,667	2.13%

<b>Expenditures:</b>				
<u>Classification</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase Amount</u>	<u>(Decrease) Percent</u>
Current Expense				
Instruction	5,308,327	37.48%	\$ 53,931	1.03%
Undistributed	<u>8,093,743</u>	<u>57.15</u>	<u>571,153</u>	<u>7.59</u>
Total	13,402,070	94.63	625,084	4.89
Capital Outlay	491,633	3.47	421,302	599.03
Special Revenue	<u>269,192</u>	<u>1.90</u>	<u>41,888</u>	<u>18.43</u>
Total	\$14,162,895	100.0%	\$1,088,274	8.32%

**8. DEBT ADMINISTRATION:**

At June 30, 2018, the District had no outstanding bonded debt.

**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”, Note 2. 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, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

**10. RISK MANAGEMENT:**

The Belvidere Board of Education carries various forms of insurance, including comprehensive property, general liability, automotive, excess liability, workers compensation and fidelity bonds as detailed in Exhibit J-13 of 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 Ardito & Co., LLP was selected by the Belvidere Board of Education to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor’s report on the general purpose financial statements and the 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. ACKNOWLEDGEMENT:**

We would like to express our appreciation to the members of the Belvidere Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the Town of Belvidere and the cluster townships and for their full support to the development and maintenance of our financial operation.

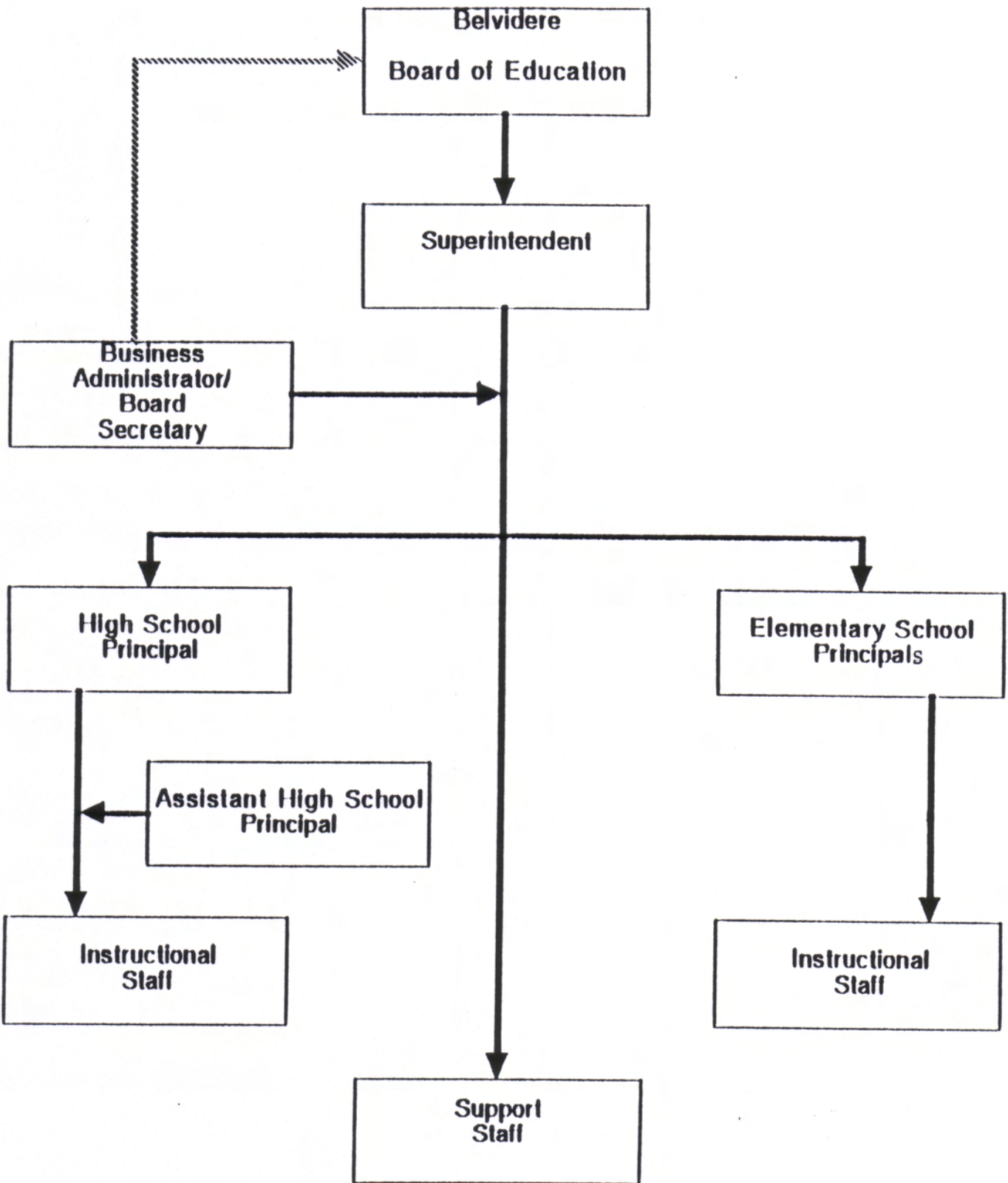
Respectfully submitted,



Christopher Carrubba  
Superintendent of Schools

Rachelle Tjalma  
Business Administrator / Board Secretary

ORGANIZATIONAL CHART OF THE BELVIDERE SCHOOL DISTRICT





**BELVIDERE SCHOOL DISTRICT**  
**Belvidere, New Jersey**

**ROSTER OF OFFICIALS**

**June 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Shawn McInerney, <i>President</i>	2019
Donald Mitchell, <i>Vice-President</i>	2019
Deborah L. Fuhrmann	2018
Robert Czopoth	2018
Michelle Bocchino	2019
Robert Blum	2020
Maryann Stephen	2018
Brian Smith	2018
Glen Matlock	2020

David Rader - White Township Representative

John Lucas - Hope Township Representative

Tadgh LaBar - Harmony Township Representative

**Other Officials**

Christopher Carrubba, *Superintendent*

Rachelle Tjalma, CPA, *Business Administrator/Board Secretary*

Randy Wilson, *Treasurer*

**BELVIDERE SCHOOL DISTRICT  
BOARD OF EDUCATION**

**Consultants and Advisors**

**AUDIT FIRM**

**Ardito & Co., LLP**  
1110 Harrison Street  
Frenchtown, New Jersey 08825-1192

**BOARD ATTORNEY**

**Schwartz Simon Edelstein Celso & Kessler, LLP**  
100 S. Jefferson Rd., Suite 200  
Whippany, NJ 07981

**OFFICIAL DEPOSITORY**

**PNC Bank**  
101 Mansfield Street  
Belvidere, New Jersey 07823



## **Financial Section**

# **Independent Auditor's Report**



## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: [anthony@arditoandcompany.com](mailto:anthony@arditoandcompany.com)

Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA

### **Independent Auditor's Report**

Honorable President and  
Members of the Board of Education  
Belvidere School District  
County of Warren  
Belvidere, New Jersey 07823

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Belvidere School District Board of Education, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belvidere School District Board of Education, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified 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 Town of Belvidere School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

-Continued-

The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, and schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 16, 2019, on our consideration of the Town of Belvidere School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 District's internal control over financial reporting and compliance.

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
January 16, 2019

*Anthony Ardito*

Licensed Public School Accountant No. 2369

**Required Supplementary Information - Part I**  
**Management's Discussion and Analysis**

TOWN OF BELVIDERE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

The discussion and analysis of Belvidere School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- ◆ In total, Net Position decreased \$664,461 which represents a 2070.7% decrease from 2017.
- ◆ General revenues accounted for \$3,771,844 in revenue or 22.2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$13,195,614 or 77.8% of total revenues of \$16,967,458.
- ◆ Total assets of governmental activities decreased by \$693,425, as cash and cash equivalents decreased by \$1,239,031, receivables increased by \$431,204, and capital assets increased by \$115,530.
- ◆ The School District had \$17,631,919 in expenses; only \$13,195,614 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,771,844 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$13,212,901 in revenues and \$13,893,703 in expenditures. The General Fund's surplus balance decreased \$680,802 over 2017, which compares favorably to the budgeted decrease of \$600,000.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Belvidere School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Belvidere School District, the General Fund is by far the most significant fund.

TOWN OF BELVIDERE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.



TOWN OF BELVIDERE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for 2018 compared to 2017.

**Table 1  
Net Position**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current and Other Assets	\$ 798,986	\$ 1,607,941
Capital Assets	<u>1,615,771</u>	<u>1,500,241</u>
<b>Total Assets</b>	<u>2,414,757</u>	<u>3,108,182</u>
 <b>Deferred Outflows of Resources</b>	 <u>1,129,099</u>	 <u>1,340,381</u>
 <b>Liabilities</b>		
Long-Term Liabilities	49,031	49,304
Other Liabilities	<u>3,390,543</u>	<u>4,276,115</u>
<b>Total Liabilities</b>	<u>3,439,574</u>	<u>4,325,419</u>
 <b>Deferred Inflows of Resources</b>	 <u>736,655</u>	 <u>91,056</u>
 <b>Net Position</b>		
Invested in Capital Assets, Net of Debt	1,615,771	1,500,241
Restricted	644,574	904,574
Unrestricted	<u>(2,892,718)</u>	<u>(2,372,727)</u>
<b>Total Net Position</b>	<u>\$ (632,373)</u>	<u>\$ 32,088</u>

TOWN OF BELVIDERE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

Total assets of governmental activities decreased by \$693,425, as cash and cash equivalents decreased by \$1,239,031, receivables increased by \$431,204, and capital assets increased by \$115,530.

Cash and cash equivalents decreased due to increased instructional costs, support service costs and required maintenance costs. Capital assets increased due to the addition of roof top units and a security swipe system.

Table 2 shows the changes in Net Position from fiscal year 2017.

**Table 2**  
**Changes in Net Position**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 5,107,775	\$ 5,290,658
Operating Grants and Contributions	8,087,839	7,160,341
General Revenues:		
Property Taxes	3,753,370	3,697,901
Investment Income	1,695	694
Other	<u>16,779</u>	<u>18,440</u>
<b>Total Revenues</b>	<u>16,967,458</u>	<u>16,168,034</u>
<b>Program Expenses</b>		
Instruction	10,652,803	10,049,757
Support Services:		
Tuition	88,238	122,078
Pupils and Instructional Staff	2,523,324	2,239,008
General Administration, School Administration, Business	2,259,331	2,227,554
Operations and Maintenance of Facilities	1,553,578	1,563,393
Pupil Transportation	215,690	201,205
Business-Type Activities	337,507	334,253
Interest and Fiscal Charges	<u>1,448</u>	<u>1,448</u>
<b>Total Expenses</b>	<u>17,631,919</u>	<u>16,738,696</u>
Increase in Net Position	<u>\$ (664,461)</u>	<u>\$ (570,662)</u>

TOWN OF BELVIDERE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 22.1% percent of revenues for governmental activities for the Belvidere School District for the fiscal year 2018.

Instruction comprises 60.4% of district expenses. Support services expenses make up 37.7% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 10,652,803	\$ 2,223,603	\$10,049,757	\$2,096,315
Support Services:				
Tuition	88,238	88,238	122,078	122,078
Pupils and Instructional Staff	2,523,324	567,015	2,239,008	408,942
General Administration, School				
Administration, Business	2,259,331	457,516	2,227,554	526,008
Operation and Maintenance of Facilities	1,553,578	873,172	1,563,393	920,851
Pupil Transportation	215,690	215,690	201,205	201,205
Other Fiscal Charges	1,448	1,448	1,448	1,448
Business-Type Activities	<u>337,507</u>	<u>9,623</u>	<u>334,253</u>	<u>10,850</u>
<b>Total Expenses</b>	<u>\$17,631,919</u>	<u>\$4,436,305</u>	<u>\$16,738,696</u>	<u>\$4,287,697</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

TOWN OF BELVIDERE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.  
Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 20.9% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 33.2%. The community, as a whole, is the primary support for the Belvidere School District.

**The School District's Funds**

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$13,482,093 and expenditures of \$14,162,895. The General Fund's surplus balance decreased \$680,802 over 2017, which compares favorably to the budgeted decrease of \$600,000.

**General Fund Budgeting Highlights**

The School District'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.

During the course of the fiscal 2018 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$11,449,921, \$19,681 over original budgeted estimates of \$11,430,240. This difference was due primarily to additional tuition revenue.

General fund revenues fell short of expenditures by \$677,084. Again this deficit compares to a budgeted deficit of \$600,000, which was due to the budgeted use of surplus, and budgeted capital reserve increases in the 2017-2018 budget. The budgeted deficit was reduced due to cost savings in the areas of Instruction, Related Services, Maintenance, and Benefits.

TOWN OF BELVIDERE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

Overall general fund balance (budget basis) was \$1,015,909, and amounts ear-marked and reserved for future purposes were \$767,225, creating a surplus in unreserved fund balance of \$248,684. Management believes the district can maintain unreserved fund balances at or near the statutory maximum 2% level of \$248,684.

**Capital Assets**

At the end of the fiscal year 2018, the School District had \$1,611,274 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

**Table 4  
Capital Assets (Net of Depreciation) at June 30,**

	<u>2018</u>	<u>2017</u>
Land	\$ 853,550	\$ 853,550
Land Improvements		
Buildings and Improvements	804,990	640,218
Machinery and Equipment	<u>(47,266)</u>	<u>-</u>
 Totals	 <u>\$ 1,611,274</u>	 <u>\$ 1,493,768</u>

Overall capital assets increased \$117,506 from fiscal year 2017 to fiscal year 2018. The increase in capital assets was due to the addition of a roof top unit project and a security swipe system as well as depreciation expense for the year.

Major capital improvements of \$490,185 were purchased during fiscal year 2018 and included the HVAC Project, roof top units, and other equipment acquisitions.

**Debt Administration**

At June 30, 2018, the School District had \$49,031 as outstanding long term debt. Of this amount, \$49,031 is for compensated absences.

At June 30, 2018, the School District's overall legal debt margin was \$7,359,130 and the unvoted debt margin was the same.

TOWN OF BELVIDERE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

**For the Future**

The Belvidere School District is in sound financial condition presently. A concern is the potential for increased reliance on local property taxes with declining aid from the State of New Jersey.

It has been increasingly difficult to balance educational needs with increases in property tax rates and flat state aid. The Belvidere School District is primarily a residential community and the Warren County Seat, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

In conclusion, the Belvidere School District has committed itself to financial survival for many years. The School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Rachelle Tjalma, School Business Administrator/Board Secretary at Belvidere School District, 809 Oxford Street, Belvidere, NJ 07823, or E-mail at [rtjalma@belvideresd.org](mailto:rtjalma@belvideresd.org).

## **Basic Financial Statements**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.



## TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit A-1

## STATEMENT OF NET POSITION

June 30, 2018

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 304,746	\$ 4,676	\$ 309,422
Receivables from Other Governments	474,909	1,585	476,494
Accounts Receivable Other			
Interfunds Receivable		8,384	8,384
Inventory		4,686	4,686
Capital Assets, Net (Note 5):	1,611,274	4,497	1,615,771
<b>Total Assets</b>	<u>2,390,929</u>	<u>23,828</u>	<u>2,414,757</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	<u>1,129,099</u>		<u>1,129,099</u>
<b>LIABILITIES</b>			
Accounts Payable	23,635		23,635
Interfund Payable	8,384		8,384
Unearned Revenue	15,006	2,525	17,531
Net Pension Liability (Note 7)	3,340,993		3,340,993
Noncurrent Liabilities (Note 6):			
Due Within One Year			
Due Beyond One Year	49,031		49,031
<b>Total Liabilities</b>	<u>3,437,049</u>	<u>2,525</u>	<u>3,439,574</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	<u>736,655</u>		<u>736,655</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	1,611,274	4,497	1,615,771
Restricted for:			
Other Purposes	644,574		644,574
Unrestricted	<u>(2,909,524)</u>	16,806	<u>(2,892,718)</u>
<b>Total Net Position</b>	<u>\$ (653,676)</u>	<u>\$ 21,303</u>	<u>\$ (632,373)</u>

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

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 8,071,843	\$ 2,444,466	\$ 4,107,317		\$ (1,520,060)	\$ (1,520,060)
Special Education	2,015,680	721,239	1,156,178		(138,263)	(138,263)
Other Special Instruction	565,280				(565,280)	(565,280)
Support Services:						
Tuition	88,238				(88,238)	(88,238)
Student & Instruction Related Serv.	2,523,324	721,239	1,235,070		(567,015)	(567,015)
School Administrative Services	1,255,837	416,285	667,324		(172,228)	(172,228)
Business Administrative Services	1,003,494	275,910	442,296		(285,288)	(285,288)
Plant Operations and Maintenance	1,553,578	261,388	419,018		(873,172)	(873,172)
Pupil Transportation	215,690				(215,690)	(215,690)
Other Fiscal Charges	1,448				(1,448)	(1,448)
Total Governmental Activities	<u>17,294,412</u>	<u>4,840,527</u>	<u>8,027,203</u>		<u>(4,426,682)</u>	<u>(4,426,682)</u>
Business-Type Activities:						
Food Service	186,632	116,373	60,636		\$ (9,623)	(9,623)
Shared Services	150,875	150,875			-	-
Total Business-Type Activities	<u>337,507</u>	<u>267,248</u>	<u>60,636</u>	-	-	<u>(9,623)</u>
Total Primary Government	<u>\$ 17,631,919</u>	<u>\$ 5,107,775</u>	<u>\$ 8,087,839</u>		<u>\$ (4,426,682)</u>	<u>\$ (9,623)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes,Net				\$ 3,753,370		\$ 3,753,370
Investment Earnings				1,695		1,695
Miscellaneous Income				16,779		16,779
Total General Revenues, Special Items, Extraor. Items and Transfers				<u>3,771,844</u>		<u>3,771,844</u>
Change in Net Position				(654,838)	\$ (9,623)	(664,461)
Net Position—Beginning				1,162	30,926	32,088
Net Position—Ending				<u>\$ (653,676)</u>	<u>\$ 21,303</u>	<u>\$ (632,373)</u>

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

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 304,746		\$ 304,746
Interfund Receivables	60,258		60,258
Receivables from Other Governments	397,426	\$ 77,483	474,909
<b>TOTAL ASSETS</b>	<b>\$ 762,430</b>	<b>\$ 77,483</b>	<b>\$ 839,913</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 21,416	\$ 2,219	\$ 23,635
Unearned Revenue		15,006	15,006
Interfund Payable	8,384	60,258	68,642
<b>Total Liabilities</b>	<b>29,800</b>	<b>77,483</b>	<b>107,283</b>
<b>Fund Balances:</b>			
<u>Restricted for:</u>			
Capital Reserve	29,574		29,574
Maintenance Reserve	315,000		315,000
<u>Assigned to:</u>			
Year-End Encumbrances	122,651		122,651
General Fund-Designated for Subsequent Year's Expend.	300,000		300,000
<u>Unassigned:</u>			
General Fund	(34,595)		(34,595)
Special Revenue Fund			
<b>Total Fund Balances</b>	<b>732,630</b>		<b>732,630</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 762,430</b>	<b>\$ 77,483</b>	<b>\$ 839,913</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,140,226 and the accumulated depreciation is \$8,528,952. (See Note 5)	\$ 1,611,274
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	1,129,099
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	(736,655)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(3,340,993)
Long-term liabilities, including Compensated Absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	(49,031)
Net Position of governmental activities	<u>\$ (653,676)</u>

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

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
<b>Local sources:</b>			
Local Tax Levy	\$ 3,753,370		\$ 3,753,370
Tuition	4,840,527		4,840,527
Miscellaneous	16,899	\$ 1,575	18,474
<b>Total - Local Sources</b>	<u>8,610,796</u>	<u>1,575</u>	<u>8,612,371</u>
<b>State Sources</b>	4,601,367		4,601,367
<b>Federal Sources</b>	738	267,617	268,355
<b>Total Revenues</b>	<u>13,212,901</u>	<u>269,192</u>	<u>13,482,093</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Regular Instruction	3,865,488	190,300	4,055,788
Special Education Instruction	877,559		877,559
Other Special Instruction	565,280		565,280
Support services and undistributed costs:			
Tuition	88,238		88,238
Student and Instruction Related Services	1,297,740	78,892	1,376,632
School Administrative Services	599,459		599,459
Other Administrative Services	574,359		574,359
Plant Operations and Maintenance	1,103,974		1,103,974
Pupil Transportation	215,690		215,690
Unallocated Benefits	4,214,283		4,214,283
Transfer to Charter School			
<b>Capital Outlay</b>	491,633		491,633
<b>Total Expenditures</b>	<u>13,893,703</u>	<u>269,192</u>	<u>14,162,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(680,802)</u>		<u>(680,802)</u>
Net Change in Fund Balances	(680,802)		(680,802)
Fund Balance—July 1	1,413,432		1,413,432
<b>Fund Balance—June 30</b>	<u>\$ 732,630</u>	<u>-</u>	<u>\$ 732,630</u>

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

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit B-3

**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, 2018**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (680,802)

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	\$ (372,679)	
Capital Outlays	<u>490,185</u>	117,506

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(91,815)

Repayment of long-term liabilities, such as compensated absences, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

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**Change in Net Position of Governmental Activities** \$ (654,838)

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

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

June 30, 2018

	<b>Business-Type Activities- Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and Cash Equivalents	\$ 4,676	\$ 4,676
Accounts Receivable-Federal and State	1,585	1,585
Interfund Receivables	8,384	8,384
Inventories	4,686	4,686
<b>Total Current Assets</b>	<b>19,331</b>	<b>19,331</b>
<b>Noncurrent Assets:</b>		
Furniture, Machinery and Equipment	226,779	226,779
Less Accumulated Depreciation	(222,282)	(222,282)
<b>Total Noncurrent Assets</b>	<b>4,497</b>	<b>4,497</b>
<b>Total Assets</b>	<b>23,828</b>	<b>23,828</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Deferred Revenue	2,525	2,525
<b>Total Current Liabilities</b>	<b>2,525</b>	<b>2,525</b>
<b>Total Liabilities</b>	<b>2,525</b>	<b>2,525</b>
<b>NET POSITION</b>		
Invested in Capital Assets Net of Related Debt	4,497	4,497
Unrestricted	16,806	16,806
<b>Total Net Position</b>	<b>\$ 21,303</b>	<b>\$ 21,303</b>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2018

	<b>Business-type Activities - Enterprise Fund</b>		
	<b>Food Service</b>	<b>Shared Services</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 55,890	-	\$ 55,890
Daily Sales - Non-Reimb. Programs	60,483	-	60,483
Miscellaneous		\$ 150,875	150,875
<b>Total Operating Revenues</b>	116,373	150,875	267,248
<b>Operating Expenses:</b>			
Cost of Sales - Reimbursable Programs	44,811		44,811
Cost of Sales - Non-reimbursable Programs	29,764		29,764
Salaries	62,007	150,875	212,882
Employee Benefits	14,787		14,787
Other Purchased Professional Services	10,867		10,867
Miscellaneous	22,421		22,421
Depreciation	1,975		1,975
<b>Total Operating Expenses</b>	186,632	\$ 150,875	337,507
Operating Income (Loss)	(70,259)		(70,259)
<b>Nonoperating Revenues (Expenses):</b>			
State Sources:			
State School Lunch Program	1,793		1,793
Federal Sources:			
National School Lunch Program	48,830		48,830
Food Distribution Program	10,013		10,013
<b>Total Nonoperating Revenues (Expenses)</b>	60,636		60,636
Income (Loss) Before Contributions and Transfers	(9,623)		(9,623)
Transfers In (Out)			
Change in Net Position	(9,623)		(9,623)
Total Net Position—Beginning	30,926		30,926
<b>Total Net Position—Ending</b>	<b>\$ 21,303</b>	<b>-</b>	<b>\$ 21,303</b>

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



TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2018

	<b>Business-Type Activities- Enterprise Funds</b>		
	<b>Food Service</b>	<b>Shared Services</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 117,144	\$ 150,875	\$ 268,019
Payments to Employees	(62,007)	(150,875)	(212,882)
Payments for Employee Benefits	(14,787)		(14,787)
Payments to Suppliers	(97,850)		(97,850)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(57,500)</b>		<b>(57,500)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal Subsidy	49,294		49,294
State Subsidy	1,800		1,800
Operating transfer from other funds	(470)		(470)
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>50,624</b>		<b>50,624</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,876)		(6,876)
Balances—Beginning of Year	11,552		11,552
<b>Balances—End of Year</b>	<b>\$ 4,676</b>	<b>-</b>	<b>\$ 4,676</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating Income (Loss)	(70,259)		(70,259)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	1,975		1,975
Federal Commodities	10,013		10,013
(Increase) Decrease in Accounts Receivable, Net	19,377		19,377
(Increase) Decrease in Inventories	1,127		1,127
Increase (Decrease) in Accounts Payable	(19,733)		(19,733)
Total Adjustments	12,759		12,759
Net Cash Provided by (used for) Operating Activities	\$ (57,500)	-	\$ (57,500)

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

TOWN OF BELVIDERE SCHOOL DISTRICT  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

**Exhibit B-7**

June 30, 2018

	<b><u>Agency Fund</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 488,477</u>
<b>Total Assets</b>	<b><u>\$ 488,477</u></b>
<b>LIABILITIES</b>	
Payroll Deductions and Withholdings	\$ 17,180
Accrued Salaries and Wages- Summer Payment Plan	302,027
Payable to Student Groups	<u>169,270</u>
<b>Total Liabilities</b>	<b><u>\$ 488,477</u></b>

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

# **Notes to Financial Statements**



TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Town of Belvidere School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided the most significant change in financial reporting in over twenty years with a phased-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2017.

**A. Reporting Entity:**

The Belvidere School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and three sending district members appointed annually. The purpose of the district is to educate students in grades K-12. The Belvidere School District had an approximate enrollment at June 30, 2018, of 704 students.

The primary criterion for including activities within the 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 District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Basis of Presentation**

*District-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

**General Fund** - The General Fund is the general operating fund of the District and is used to account for all expendable 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 subfund.

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

**GOVERNMENTAL FUNDS (Continued)**

As required by the New Jersey State Department of Education, the 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, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**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 the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

Additionally, the District reports the following fund type:

**Fiduciary Funds** - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and Payroll Agency Fund.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.



TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. 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 for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. 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. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 last 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.

**D. Encumbrance Accounting:**

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 reservations of 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 District has received advances, are reflected in the balance sheet as deferred revenues 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.

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-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 the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**Capital Assets:**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Compensated Absences:**

The 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.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after ten years of service and upon becoming eligible for retirement, generally twenty-five years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental 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, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**Revenues—Exchange and Nonexchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2018, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	Total
Checking	\$ 309,422	\$ 488,477	\$797,899
	<u>\$309,422</u>	<u>\$ 488,477</u>	<u>\$797,899</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$797,899 and the bank balance was \$967,136. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$717,135 was covered by collateral pool.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2018, consisted of tuition accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Government	\$ 2,631	\$ 2,688
Federal Government	77,483	79,011
Local-Tax Levy-Town of Belvidere	312,781	312,781
Local-Tuition-Hope Township School	<u>82,014</u>	<u>82,014</u>
Gross Receivable	474,909	476,494
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 474,909</u>	<u>\$ 476,494</u>

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$ 2,512
Supplies	2,174
	<u>\$ 4,686</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 853,550			\$ 853,550
Total Capital Assets Not Being Depreciated	853,550	-		853,550
<i>Capital Assets Being Depreciated:</i>				
Buildings and Building Improvements	7,670,368	\$ 477,915		8,148,283
Machinery and Equipment	1,126,123	12,270		1,138,393
Total at Historical Cost	8,796,491	490,185		9,286,676
Less Accumulated Depreciation for:				
Building and Improvements	(7,030,150)	(313,143)		(7,343,293)
Equipment	(1,126,123)	(59,536)		(1,185,659)
Total Accumulated Depreciation	(8,156,273)	(372,679)		(8,528,952)
Total Capital Assets Being Depreciated, net of Accum. Depreciation	640,218	117,506		757,724
 <b>Government Activity Capital Assets, Net</b>	 <b>\$ 1,493,768</b>	 <b>\$ 117,506</b>		 <b>\$ 1,611,274</b>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 247,086
Special Education	26,088
Support Services	34,659
General Administration	3,727
School Administration	14,534
Maintenance and Plant	46,585
<b>Total</b>	<b>\$ 372,679</b>

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 6: LONG-TERM OBLIGATIONS**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2018, are as follows:

	Balance <u>7/1/17</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/18</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$ 49,304		\$ 273	\$ 49,031	
<b>Total Other Liabilities</b>	<b>\$ 49,304</b>	<b>\$ -</b>	<b>\$ 273</b>	<b>\$ 49,031</b>	<b>-</b>

Compensated absences, separation agreement payments and tuition adjustment credits have been liquidated in the General Fund.

**NOTE 7 PENSION PLANS**

*Description of Plans* - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

***Teachers' Pension and Annuity Fund (TPAF)*** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

*Summary of Significant Accounting Policies* - 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.



TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7 PENSION PLANS (Continued)**

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) 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 district (employer) 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 district. However, the state's portion of the net pension liability that was associated with the district was \$36,480,490 as measured on June 30, 2017 and \$41,418,239 measured on June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,527,184 and revenue of \$2,527,184 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2018 is based upon changes in the collective net pension liability with a measurement period of June 30, 2016 through June 30, 2017. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2016 and June 30, 2017.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$17,440,003,201	\$14,251,854,934
Collective deferred inflows of resources	\$195,027,919	\$11,807,233,433
Collective net pension liability (Nonemployer-State of New Jersey)	\$78,666,367,052	\$67,423,605,859
State's portion of the net pension liability that was associated with the district	\$41,418,239	\$36,480,490
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.052651%	0.054106%

*Actuarial assumptions* - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.25%	
Salary Increases:		
Through 2021	Varies based on experience	
Thereafter	Varies based on experience	
Investment Rate of Return:	7.00%	

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7 PENSION PLANS (Continued)**

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitigation	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US developed markets Equ	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount rate* - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 40% 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 2036.

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.

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7 PENSION PLANS (Continued)**

*Sensitivity of the State's net pension liability to changes in the discount rate* - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2017, calculated using the discount rate shown above, as well as what the State's 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:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<u>(3.25%)</u>	<u>(4.25%)</u>	<u>(5.25%)</u>

State's Collective Net Pension Liability	\$ 80,394,331,171	\$ 67,670,209,171	\$ 57,188,022,171
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*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2017 was \$23,056,161,829.

*Amortization of Deferred Outflows and Inflows of Resources* - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2018	\$740,341,056
2019	1,175,650,200
2019	983,008,137
2020	551,152,948
2021	624,850,883
Thereafter	<u>(1,714,363,628)</u>
Total	<u>\$2,360,639,596</u>

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$3,028,689,581
Interest on total ension liability	3,304,988,177
member contributions	(790,788,033)
Administrative expens	11,923,787
Expected investment return net of investment expenses	(1,606,947,478)
Pension expense related to specific liabilities of individual employers	(357,659)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	53,331,240
Recognition of assumption changes or inputs	723,829,969
Recognition of investment gains/losses	<u>(36,820,154)</u>
Total pension expense	<u>\$4,687,849,430</u>

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7 PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

*Summary of Significant Accounting Policies* - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

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

At June 30, 2018, the District reported a liability of \$3,340,993 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 valuation was determined by an experience study for the period July 1, 2011 to June 30, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At June 30, 2017, the District's proportion was 0.01435% which was an increase of 0.00049% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$264,412. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 78,669	-
Changes of assumptions	673,095	\$ 670,627
Net difference between projected and actual earnings on pension plan investments	22,750	
Changes in proportion and differences between District contributions and proportionate share of contributions	190,691	66,028
District contributions subsequent to the measurement date	163,894	
Total	<u>\$ 1,129,099</u>	<u>\$ 736,655</u>

\$163,894 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability measured as of June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7 PENSION PLANS (Continued)**

	<u>Year Ended June 30:</u>	
	2018	\$173,030
	2019	261,107
	2020	158,217
	2021	(210,430)
	2022	<u>(153,375)</u>
	Total	<u>\$228,550</u>
	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$8,685,338,380	\$6,424,455,842
Collective deferred inflows of resources	870,133,595	5,700,625,981
Collective net pension liability (Non State - Local Group)	\$29,617,131,759	\$23,278,401,588
District's portion of net pension liability	4,106,059	\$3,340,993
District's proportion %	0.01386380%	0.01435233%

*Actuarial assumptions.* The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Thereafter	2.65%-5.15% based on age
Investment Rate of Return:	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitigation	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US developed markets Equ	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7 PENSION PLANS (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 5.0% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.0%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 contribution rate in the most recent fiscal year.

The State contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.00%)</u>	<u>(5.00%)</u>	<u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ 4,144,729	\$3,340,993	\$ 2,671,382

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$170,985
Interest on total ension liability	310,276
Member contributions	(81,335)
Administrative expens	2,128
Expected investment return net of investment expenses	(221,535)
Pension expense related to specific liabilities of individual employers	(2,406)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	27,188
Recognition of assumption changes or inputs	63,354
Recognition of investment gains/losses	<u>(4,244)</u>
Total pension expense	<u>\$264,412</u>

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7 PENSION PLANS (Continued)**

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**PERS and TPAF Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

TOWN OF BELVIDERE SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7 PENSION PLANS (Continued)**

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2018	\$163,893	100 %	-0-
6/30/2017	\$124,255	100	-0-
6/30/2016	\$112,194	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2018	\$825,443	100 %	-0-
6/30/2017	\$609,953	100	-0-
6/30/2016	\$923,479	100	-0-



TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 7: PENSION PLANS (Continued)**

During the fiscal year ended June 30, 2018, the State of New Jersey did contribute \$1,357,867 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$408,831 during the year ended June 30, 2018, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

**NOTE 8: POST-RETIREMENT BENEFITS**

**Plan description and benefits provided**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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. 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 (GASB Cod. Sec. 2300.106(g)).

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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 8: POST-RETIREMENT BENEFITS-(Continued)**

*Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:*

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf

PERS participant retirees

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

**Actuarial assumptions and other imputes** The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.55% TPAF 2.15-4.18% PERS Based on years of service
Salary Increases Thereafter:	2.00-5.45% TPAF 3.15-5.15% PERS Based on years of service
Discount rate (2017)	3.58%
Discount rate (2016)	2.85%
Healthcare cost trend rates (PPO Plans)	5.9% decreasing to 5.0% after nine years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.9% decreasing to 5.0% after nine years
Healthcare cost trend rates (Prescription Drug Benefits)	10.5% decreasing to 5.0% after eight years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 8: POST-RETIREMENT BENEFITS-(Continued)**

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 -June 30, 2013, and July 1, 2011 -June 30, 2014 for TPAF , PFRS and PERS , respectively .

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
<b>The State's Total OPEB Liability Balance at 6/30/2016</b>	<b>\$57,831,784,184</b>
<u>Changes for the year:</u>	
Service Cost	2,391,878,884
Interest	1,699,441,736
Benefit Payments	(1,242,412,566)
Contributions from Members	45,748,749
Changes in assumptions or other inputs	(\$7,086,599,129)
Net changes	<u>(\$4,191,942,326)</u>
<b>The State's Total OPEB Liability Balance at 6/30/2017</b>	<b><u>\$53,639,841,858</u></b>
<b>The State's total OPEB liability attributable to the District:</b>	<b>\$33,070,928</b>

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

	June 30, 2017		
	At 1% Decrease <u>2.58%</u>	At Discount Rate <u>3.58%</u>	At 1% Increase <u>4.58%</u>
Total OPEB Liability (School Retirees)	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953
	June 30, 2016		
	At 1% Decrease <u>1.85%</u>	At Discount Rate <u>2.85%</u>	At 1% Increase <u>3.85%</u>
Total OPEB Liability (School Retirees)	\$69,283,705,084	\$57,831,784,184	\$48,817,654,566

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 8: POST-RETIREMENT BENEFITS-(Continued)**

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		June 30, 2017		
		Health Care Cost		
		<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)		\$44,113,584,560	\$53,639,841,858	\$66,290,599,457

		June 30, 2016		
		Health Care Cost		
		<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)		\$47,452,589,164	\$57,831,784,184	\$71,707,778,970

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2017, the board of education recognized OPEB expense of \$1,988,164 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in proportion	\$99,843,255	(\$99,843,255)
Changes of assumptions or other inputs		(\$6,343,769,032)
Total	<u>\$99,843,255</u>	<u>(\$6,443,612,287)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2018	(\$742,830,097)
2019	(\$742,830,097)
2020	(\$742,830,097)
2021	(\$742,830,097)
2022	(\$742,830,097)
Thereafter	<u>(\$2,629,618,547)</u>
	<u>(\$6,343,769,032)</u>

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 9: DEFERRED COMPENSATION**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). 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:

Equitable Life  
Pioneer Funds  
Kemper Funds  
Oppenheimer Funds  
Vanguard Funds  
Siracusa

**NOTE 10: COMPENSATED ABSENCES**

The 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.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after ten years of service and upon becoming eligible for retirement, generally twenty-five years of service.

The District adopted a Separation Agreement dated April 17, 2002, that provides to qualified district personnel that resign by a specified date, a terminal remuneration package payable based upon accumulated sick days and payable over four (4) calendar years.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the proprietary fund types.

**NOTE 11: RISK MANAGEMENT**

The 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.

**Property and Liability Insurance** - The 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.

TOWN OF BELVIDERE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 12: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LITIGATION**

The Board is not involved in claims and lawsuits incidental to its operations.

**NOTE 13: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$732,630 General Fund fund balance at June 30, 2018, \$315,000 is reserved in the Maintenance Reserve Account, \$29,574 is reserved in the Capital Reserve Account, \$122,651 is reserved for encumbrances; \$300,000 has been appropriated and included as anticipated revenue as of June 30, 2019; and (\$34,595) is unreserved and undesignated.

**NOTE 14: ACCRUED SALARIES AND WAGES**

Certain District employees, who provide services to the District over the ten month academic year, have the option to have a percentage of their salary withheld, deposited in a trust account and disbursed over the summer months (summer pay plan). New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the amount earned by these employees but not disbursed was \$302,027 (Exhibit H-4).

**NOTE 15: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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, 2018 is \$0.

**NOTE 16: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District Board of Education on June 16, 2010, 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 district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A: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.

TOWN OF BELVIDERE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 16: CAPITAL RESERVE ACCOUNT - Continued)**

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance July 1, 2017	\$ 29,574
Ending balance June 30, 2018	<u>\$ 29,574</u>

**NOTE 17: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the School District Board of Education in fiscal year 2008, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance July 1, 2017	\$ 575,000
Deposits (PL 2007 c.62 (A1)) - June 13, 2018 Board Resolution	40,000
Budgeted Withdrawals	<u>(300,000)</u>
Ending balance June 30, 2018	<u>\$ 315,000</u>

**NOTE 18: INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables as of June 30, 2018, are as follows:

	<u>Receivable</u>	<u>Payable</u>	
General Fund		\$ 8,384	
Enterprise Fund	\$ 8,384		
	<u>\$ 8,384</u>	<u>\$ 8,384</u>	

The general fund interfund payable of \$8,384 is due to the enterprise fund for federal/state lunch subsidies.

**NOTE 19: TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the 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.





**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 3,753,370		\$ 3,753,370	\$ 3,753,370	
Tuition	4,825,983		4,825,983	4,840,527	\$ 14,544
Miscellaneous	12,500		12,500	16,899	4,399
<b>Total - Local Sources</b>	<b>8,591,853</b>		<b>8,591,853</b>	<b>8,610,796</b>	<b>18,943</b>
<b>State Sources:</b>					
Equalization Aid	2,549,473		2,549,473	2,549,473	
Transportation Aid	1,860		1,860	1,860	
Special Education Aid	249,632		249,632	249,632	
Security Aid	8,387		8,387	8,387	
Addl Adjustment Aid	17,405		17,405	17,405	
PARCC Readiness Aid	3,880		3,880	3,880	
Per Pubil Growth Aid	3,880		3,880	3,880	
Prof. Learning Comm Aid	3,870		3,870	3,870	
TPAF Pension (On-Behalf - Non-Budgeted)				824,341	824,341
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				532,424	532,424
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,102	1,102
TPAF Social Security (Reimbursed - Non-Budgeted)				408,831	408,831
<b>Total State Sources</b>	<b>2,838,387</b>		<b>2,838,387</b>	<b>4,605,085</b>	<b>1,766,698</b>
<b>Federal Sources:</b>					
Medical Assistance Program				738	738
<b>Total Federal Sources</b>				<b>738</b>	<b>738</b>
<b>TOTAL REVENUES</b>	<b>11,430,240</b>		<b>11,430,240</b>	<b>13,216,619</b>	<b>1,786,379</b>

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	49,730		49,730	49,730	
Grades 1-5 - Salaries of Teachers	589,750	52,329	642,079	642,008	71
Grades 6-8 - Salaries of Teachers	575,465	(61,566)	513,899	513,803	96
Grades 9-12 - Salaries of Teachers	2,309,610	(13,212)	2,296,398	2,296,398	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	10,000	2,788	12,788	12,788	
Purchased Professional-Educational Services	2,000	31,676	33,676	33,676	
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Professional-Educational Services	20,000	(7,514)	12,486	12,486	
Purchased Professional-Educational Services		1,390	1,390	1,390	
Purchased Services (300-500 series)	36,895	5,217	42,112	42,112	
General Supplies	260,275	9,289	269,564	256,568	12,996
Other Objects	3,500	1,150	4,650	4,529	121
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>3,857,225</b>	<b>21,547</b>	<b>3,878,772</b>	<b>3,865,488</b>	<b>13,284</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Multiple Disabilities:</b>					
Salaries of Teachers	147,850	13,700	161,550	161,449	101
Other Salaries for Instruction	42,480	(9,000)	33,480	33,357	123
General Supplies	5,000	737	5,737	4,992	745
<b>Total Behavioral Disabilities</b>	<b>195,330</b>	<b>5,437</b>	<b>200,767</b>	<b>199,798</b>	<b>969</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	548,707	(9,495)	539,212	539,212	
Other Salaries for Instruction	66,038	(15,051)	50,987	50,987	
General Supplies	8,500	(737)	7,763	7,405	358
<b>Total Resource Room/Resource Center</b>	<b>623,245</b>	<b>(25,283)</b>	<b>597,962</b>	<b>597,604</b>	<b>358</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	31,120	39,642	70,762	70,762	
Other Salaries for Instruction	11,720	(3,642)	8,078	8,066	12
General Supplies	2,000		2,000	1,329	671
<b>Total Preschool Disabilities - Part-Time</b>	<b>44,840</b>	<b>36,000</b>	<b>80,840</b>	<b>80,157</b>	<b>683</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>863,415</b>	<b>16,154</b>	<b>879,569</b>	<b>877,559</b>	<b>2,010</b>

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	131,169	2,003	133,172	133,172	
General Supplies	7,000	(3,437)	3,563	2,203	1,360
<b>Total Basic Skills/Remedial - Instruction</b>	<b>138,169</b>	<b>(1,434)</b>	<b>136,735</b>	<b>135,375</b>	<b>1,360</b>
<b>School Sponsored Co/Extra Curricular Activities-Instruction:</b>					
Salaries	59,500	12,606	72,106	72,106	
Supplies and Materials	350	5,907	6,257	6,179	78
Other Objects	5,200	(2,100)	3,100	2,465	635
<b>Total School Sponsored Co/Extra Curricular Activities-Instr.</b>	<b>65,050</b>	<b>16,413</b>	<b>81,463</b>	<b>80,750</b>	<b>713</b>
<b>School Sponsored Athletics-Instruction:</b>					
Salaries	224,163	17,907	242,070	242,070	
Purchased Services (300-500 series)	9,275	(5,376)	3,899	3,899	
Supplies and Materials	45,350	(1,163)	44,187	44,104	83
Other Objects	106,660	(47,578)	59,082	59,082	
<b>Total School Sponsored Athletics-Instruction</b>	<b>385,448</b>	<b>(36,210)</b>	<b>349,238</b>	<b>349,155</b>	<b>83</b>
<b>TOTAL INSTRUCTION</b>	<b>5,309,307</b>	<b>16,470</b>	<b>5,325,777</b>	<b>5,308,327</b>	<b>17,450</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	1		1	1	
Tuition to Other LEAs Within the State - Special		20,000	20,000	20,000	
Tuition to County Voc. School Dist - Regular	27,400		27,400	27,400	
Tuition to CSSD & Reg. Day Schools	4,104		4,104	4,104	
Tuition to Private School for the Disables W/I State	101,148	(27,773)	73,375	36,733	36,642
<b>Total Instruction</b>	<b>132,653</b>	<b>(7,773)</b>	<b>124,880</b>	<b>88,238</b>	<b>36,642</b>
<b>Attendance and Social Work:</b>					
Salaries	67,334	(4,900)	62,434	61,910	524
Other Objects		8,686	8,686	8,685	1
<b>Total Attendance and Social Work</b>	<b>67,334</b>	<b>3,786</b>	<b>71,120</b>	<b>70,595</b>	<b>525</b>
<b>Health Services:</b>					
Salaries	197,910	(2,630)	195,280	195,280	
Supplies and Materials	5,500	(1,833)	3,667	3,562	105
Other Objects	13,388		13,388	13,035	353
<b>Total Health Services</b>	<b>216,798</b>	<b>(4,463)</b>	<b>212,335</b>	<b>211,877</b>	<b>458</b>

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	66,740		66,740	65,850	890
Purchased Professional - Educational Services	50,500	24,508	75,008	75,008	
Supplies and Materials	3,500	(3,278)	222	222	
<b>Total Other Supp. Services Students-Related Services</b>	<b>120,740</b>	<b>21,230</b>	<b>141,970</b>	<b>141,080</b>	<b>890</b>
<b>Other Supp. Services Students-Extra. Services:</b>					
Other Salaries for Instruction	82,600	40,554	123,154	123,154	
Purchased Professional - Educational Services	41,500	(35,487)	6,013	6,013	
Supplies and Materials	500	(277)	223	223	
<b>Total Other Supp. Services Students-Extra. Services</b>	<b>124,600</b>	<b>4,790</b>	<b>129,390</b>	<b>129,390</b>	
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	151,160	500	151,660	151,590	70
Salaries of Secretarial and Clerical Assistants	43,015		43,015	43,015	
Supplies and Materials	4,000	(1,048)	2,952	2,715	237
Other Objects	2,500	2,698	5,198	5,198	
<b>Total Other Supp. Services Students-Regular</b>	<b>200,675</b>	<b>2,150</b>	<b>202,825</b>	<b>202,518</b>	<b>307</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	317,041	(1,000)	316,041	315,629	412
Purchased Professional - Educational Services	45,000	(750)	44,250	44,189	61
Misc Pur Serv (400-500 series Other Than Resid Costs)	500		500		500
Supplies and Materials	3,000	(1,161)	1,839	1,744	95
Other Objects	10,480	(700)	9,780	9,434	346
<b>Total Other Supp. Services Students-Special</b>	<b>376,021</b>	<b>(3,611)</b>	<b>372,410</b>	<b>370,996</b>	<b>1,414</b>
<b>Improvement of Instruction Services :</b>					
Salaries of Other Professional Staff	13,000	19,500	32,500	32,465	35
Other Purch Prof. and Tech Services	2,000	(2,000)			
Supplies and Materials	500	(200)	300	33	267
<b>Total Improvement of Instruction Services</b>	<b>15,500</b>	<b>17,300</b>	<b>32,800</b>	<b>32,498</b>	<b>302</b>
<b>Educational Media Services/School Library:</b>					
Salaries	110,470	(7,800)	102,670	102,666	4
Supplies and Materials	20,000	498	20,498	19,383	1,115
Other Objects	2,500		2,500	951	1,549
<b>Total Educational Media Services/School Library</b>	<b>132,970</b>	<b>(7,302)</b>	<b>125,668</b>	<b>123,000</b>	<b>2,668</b>
<b>Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	10,000	6,300	16,300	15,786	514
<b>Total Instructional Staff Training Services</b>	<b>10,000</b>	<b>6,300</b>	<b>16,300</b>	<b>15,786</b>	<b>514</b>

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Supp. Services - General Administration:</b>					
Salaries	149,750	(3,796)	145,954	140,875	5,079
Legal Services	30,000	11,796	41,796	41,796	
Audit Services	25,000		25,000	24,615	385
Other Purchased Professional Services	4,000	(4,000)			
Communications/Telephone	49,644	(5,250)	44,394	38,331	6,063
BOE Other Purchased Services	1,250	482	1,732	1,707	25
Other Purchased Services (400-500 series)	31,847	1,952	33,799	28,822	4,977
General Supplies	2,500	(66)	2,434	1,750	684
BOE In-House Training/Meeting Supplies	250	1,688	1,938	1,809	129
Miscellaneous Expenditures	10,000		10,000	8,077	1,923
BOE Membership Dues and Fees	13,500	(1,622)	11,878	11,574	304
<b>Total Supp. Services - General Administration</b>	<b>317,741</b>	<b>1,184</b>	<b>318,925</b>	<b>299,356</b>	<b>19,569</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	410,497	99	410,596	410,596	
Salaries of Secretarial and Clerical Assistants	154,083		154,083	153,831	252
Other Purchased Services (400-500 series)	2,000	1,110	3,110	3,110	
Supplies and Materials	12,000	(1,286)	10,714	6,956	3,758
Other Objects	26,500	615	27,115	24,966	2,149
<b>Total Support Services - School Administration</b>	<b>605,080</b>	<b>538</b>	<b>605,618</b>	<b>599,459</b>	<b>6,159</b>
<b>Central Services</b>					
Salaries	160,270	(341)	159,929	159,728	201
Misc. Purchased Services (400-500)	1,000	(765)	235	235	
Supplies and Materials	1,500	(296)	1,204	1,204	
Other Objects	20,000	1,402	21,402	21,402	
<b>Total Central Services</b>	<b>182,770</b>		<b>182,770</b>	<b>182,569</b>	<b>201</b>

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Admin. Info. Tech</b>					
Salaries	69,590	(4,579)	65,011	60,000	5,011
Supplies and Materials	5,000	2,537	7,537	7,297	240
Other Objects	23,000	4,042	27,042	25,137	1,905
<b>Total Admin. Info. Tech</b>	<u>97,590</u>	<u>2,000</u>	<u>99,590</u>	<u>92,434</u>	<u>7,156</u>
<b>Required Maintenance for School Facilities:</b>					
Salaries	142,114	265	142,379	142,379	
Cleaning, Repair and Maintenance Services	288,175	9,073	297,248	244,919	52,329
General Supplies	34,250	25,241	59,491	53,046	6,445
<b>Total Required Maintenance for School Facilities</b>	<u>464,539</u>	<u>34,579</u>	<u>499,118</u>	<u>440,344</u>	<u>58,774</u>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	318,027	(12,800)	305,227	294,625	10,602
Other Purchased Property Services	78,850	(500)	78,350	64,902	13,448
Insurance	59,586		59,586	53,702	5,884
Miscellaneous Purchased Services	500	500	1,000	795	205
General Supplies	24,000		24,000	21,173	2,827
Energy (Natural Gas)	110,000	(11,000)	99,000	89,329	9,671
Energy (Electricity)	175,000	(1,000)	174,000	127,844	46,156
Gasoline	2,500	1,000	3,500	1,972	1,528
<b>Total Other Operations and Maintenance of Plant</b>	<u>768,463</u>	<u>(23,800)</u>	<u>744,663</u>	<u>654,342</u>	<u>90,321</u>
<b>Undist. Expend. -Security</b>					
Purchased Professional and Technical Services		11,000	11,000	9,288	1,712
<b>Total Undist. Expend. -Security</b>		<u>11,000</u>	<u>11,000</u>	<u>9,288</u>	<u>1,712</u>
<b>Student Transportation Services</b>					
Salary for Pupil Trans. (Other than Bet. Home and School)	14,659		14,659	14,659	
Contracted Services - Aid in Lieu of Payments-Choice Sch.	3,536		3,536	2,652	884
Contracted Services (Other than Bet. Home and School)-Vendors	70,000	24,097	94,097	94,097	
Contracted Services (Spl. Ed Students)-Vendors	110,000	(5,718)	104,282	104,282	
Contracted Services (Regular Students)-ESC's & CTSA's	4,400	(2,579)	1,821		1,821
<b>Total Student Transportation Services</b>	<u>202,595</u>	<u>15,800</u>	<u>218,395</u>	<u>215,690</u>	<u>2,705</u>



TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	150,000	1,015	151,015	151,015	
Other Retirement Contributions - Regular	132,000	31,948	163,948	163,893	55
DCRP Contribution	3,000	2,200	5,200	5,022	178
Unemployment Compensation	33,000	(2,595)	30,405	30,056	349
Workmans Compensation	70,636	(6,148)	64,488	64,322	166
Health Benefits	2,142,800	(78,898)	2,063,902	1,975,303	88,599
Tuition Reimbursement	36,000		36,000	31,414	4,586
Other Employee Benefits	17,980	8,580	26,560	26,560	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>2,585,416</b>	<b>(43,898)</b>	<b>2,541,518</b>	<b>2,447,585</b>	<b>93,933</b>
On-behalf TPAF pension Contrib. (non-budgeted)				824,341	(824,341)
On-behalf TPAF PRM Contrib. (non-budgeted)				532,424	(532,424)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,102	(1,102)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				408,831	(408,831)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>1,766,698</b>	<b>(1,766,698)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>2,585,416</b>	<b>(43,898)</b>	<b>2,541,518</b>	<b>4,214,283</b>	<b>(1,672,765)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>6,621,485</b>	<b>29,810</b>	<b>6,651,295</b>	<b>8,093,743</b>	<b>(1,442,448)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>11,930,792</b>	<b>46,280</b>	<b>11,977,072</b>	<b>13,402,070</b>	<b>(1,424,998)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Grades 6-8		12,270	12,270	12,270	
Undistributed Expenditures-Operation and Maint. Of Plant	98,000	54,184	152,184	119,794	32,390
<b>Total Equipment</b>	<b>98,000</b>	<b>66,454</b>	<b>164,454</b>	<b>132,064</b>	<b>32,390</b>
<b>Facilities Acquisition and Construction:</b>					
Contraction Services		427,367	427,367	358,121	69,246
Assessment for Debt Service on SDA Funding	1,448		1,448	1,448	
<b>Total Facilities Acquisition and Construction</b>	<b>1,448</b>	<b>427,367</b>	<b>428,815</b>	<b>359,569</b>	<b>69,246</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>99,448</b>	<b>493,821</b>	<b>593,269</b>	<b>491,633</b>	<b>101,636</b>

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>TOTAL EXPENDITURES</b>	<b>12,030,240</b>	<b>540,101</b>	<b>12,570,341</b>	<b>13,893,703</b>	<b>(1,323,362)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(600,000)</u>	<u>(540,101)</u>	<u>(1,140,101)</u>	<u>(677,084)</u>	<u>463,017</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(600,000)</u>	<u>(540,101)</u>	<u>(1,140,101)</u>	<u>(677,084)</u>	<u>463,017</u>
<b>Fund Balance, July 1</b>	1,692,993		1,692,993	1,692,993	
<b>Fund Balance, June 30</b>	<u>\$ 1,092,993</u>	<u>\$ (540,101)</u>	<u>\$ 552,892</u>	<u>\$ 1,015,909</u>	<u>\$ 463,017</u>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				29,574	
Maintenance Reserve				315,000	
<b>Assigned to:</b>					
Year-End Encumbrances				122,651	
Designated for Subsequent Year's Expenditures				300,000	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>248,684</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				<u>1,015,909</u>	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(283,279)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 732,630</u>	

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2018

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		\$ 4,400	\$ 4,400	\$ 4,400	
Federal Sources	\$ 209,000	58,530	267,530	267,530	
<b>Total Revenues</b>	<b>209,000</b>	<b>62,930</b>	<b>271,930</b>	<b>271,930</b>	<b>-</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	44,000	(5,621)	38,379	38,379	
Other Salaries for Instruction	84,000	20,237	104,237	104,237	
Other Purchased Serv. - Instruction	35,000	(35,000)	-	-	
Other Purchased Serv. - Spec. Ed	-	-	-	-	
General Supplies	1,000	46,684	47,684	47,684	
<b>Total Instruction</b>	<b>164,000</b>	<b>26,300</b>	<b>190,300</b>	<b>190,300</b>	
<b>Support Services</b>					
Personal Services - Employee Benefits	7,800	4,381	12,181	12,181	
Other Purchased Services	37,200	32,249	69,449	69,449	
<b>Total Support Services</b>	<b>45,000</b>	<b>36,630</b>	<b>81,630</b>	<b>81,630</b>	
Total Expenditures	209,000	62,930	271,930	271,930	
<b>Other Financing Sources (Uses)</b>					
<b>Total Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<b>\$ 209,000</b>	<b>\$ 62,930</b>	<b>\$ 271,930</b>	<b>\$ 271,930</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				None	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				None	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>None</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2018

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

	General Fund	Special Revenue Fund
	<hr/>	<hr/>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 13,216,619	\$ 271,930
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	12,268
Current Year Encumbrances	N/A	(15,006)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	279,561	
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(283,279)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 13,212,901</u>	<u>\$ 269,192</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 13,893,703	\$ 271,930
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	12,268
Current Year Encumbrances	N/A	(15,006)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 13,893,703</u>	<u>\$ 269,192</u>

**Belvidere School District**  
**Required Supplementary Information - Part III**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Last Ten Fiscal Years \***

Exhibit L-3

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A					
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A					
State's proportionate share of the net pension liability (asset) associated with the District	\$ 36,480,490	\$ 41,418,239	\$ 36,436,093	\$ 32,846,594	\$ 31,437,001					
Total	\$ 36,480,490	\$ 41,418,239	\$ 36,436,093	\$ 32,846,594	\$ 31,437,001					
District's covered employee payroll	\$ 5,728,827	\$ 5,619,481	\$ 5,745,002	\$ 5,618,189	\$ 5,908,579					
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A					
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%					

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

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

Exhibit L-1

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0143523%	0.013864%	0.013050%	0.013576%	0.013823%					
District's proportionate share of the net pension liability (asset)	\$ 3,340,993	\$ 4,106,059	\$ 2,929,437	\$ 2,541,876	\$ 2,641,787					
District's covered employee payroll	\$ 1,005,133	\$ 973,564	\$ 1,522,140	\$ 1,376,850	\$ 1,358,909					
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	332.39%	421.76%	192.46%	184.62%	194.40%					
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.18%	40.14%	47.92%	52.08%	48.72%					

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Belvidere School District  
Required Supplementary Information - Part III  
Schedule of District Contributions  
Last Ten Fiscal Years \***

**Exhibit L-2**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A					
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A					
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A					
District's covered employee payroll	\$ 5,728,827	\$ 5,619,481	\$ 5,745,002	\$ 5,618,189	\$ 5,908,579					
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A					

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 163,893	\$ 124,255	\$ 112,194	\$ 104,151	\$ 111,037					
Contributions in relation to the contractually required contribution	(163,893)	(124,255)	(112,194)	(104,151)	(111,037)					
Contribution deficiency (excess)	-	-	-	-	-					
District's covered employee payroll	\$ 1,005,133	\$ 973,564	\$ 1,522,140	\$ 1,376,850	\$ 1,358,909					
Contributions as a percentage of covered-employee payroll	16.31%	12.76%	7.37%	7.56%	8.17%					

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Belvidere School District  
 Required Supplementary Information - Part III  
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios  
 Last Ten Fiscal Years \*

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

<b>The State of New Jersey's Total OPEB Liability</b>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Service Cost	\$ 2,391,878,884	\$ 1,723,999,319								
Interest	1,699,441,736	1,823,643,792								
Benefit Payments	(1,242,412,566)	(1,223,298,019)								
Contributions from Members	45,748,749	46,273,747								
Changes of Assumptions or other inputs	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>								
<b>Net change in total OPEB liability</b>	(4,191,942,326)	10,982,132,360								
<b>Total OPEB Liability - Beginning</b>	<u>\$ 57,831,784,184</u>	<u>\$46,849,651,824</u>								
<b>Total OPEB Liability - Ending</b>	<u>\$ 53,639,841,858</u>	<u>\$57,831,784,184</u>								
<b>The State of New Jersey's total OPEB liability **</b>	\$ 53,639,841,858	\$57,831,784,184								
<b>The State of New Jersey's OPEB liability attributable to the District **</b>	\$ 33,070,928	\$ 35,858,491								
<b>The District's proportionate share of the total OPEB liability</b>	Zero	Zero								
<b>District's covered employee payroll</b>	\$ 6,733,960	\$ 6,593,045								
<b>Total District's OPEB liability as a percentage of its covered-employee payroll</b>	0.00%	0.00%								
<b>District's contribution</b>	None	None								
<b>State's covered employee payroll ***</b>	\$ 13,493,400,208	\$13,493,400,208								
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	397.53%	428.59%								

\*\* Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

\*\*\* Based on payroll on the June 30, 2016 census data

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

BELVIDERE SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III  
Pension and Other Post-Employment Benefits (OPEB) Schedules**

For the Fiscal Year Ended June 30, 2018

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

**Pension Schedules**

*Changes of benefit terms.* 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.

*Changes of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**OPEB Schedules**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

*Changes of benefit terms.* There were no changes of benefit terms.

*Changes of assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

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

**Pension Schedules**

*Changes of benefit terms.* 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.

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

**OPEB Schedules**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

*Changes of benefit terms.* There were no changes of benefit terms.

*Changes of assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.



**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit E-1

**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2018

	<b>Title I Part A</b>	<b>Title I SIA Part A</b>	<b>Title II Part A</b>	<b>Title IV</b>	<b>IDEA Basic</b>	<b>IDEA Preschool</b>	<b>NJSBAIG Grant</b>	<b>Totals</b>
<b>REVENUES</b>								
Local Sources							\$ 4,400	\$ 4,400
Federal Sources	\$ 42,846	\$ 42,907	\$ 10,129	\$ 10,000	\$ 157,411	\$ 4,237		267,530
<b>TOTAL REVENUES</b>	<b>42,846</b>	<b>42,907</b>	<b>10,129</b>	<b>10,000</b>	<b>157,411</b>	<b>4,237</b>	<b>4,400</b>	<b>271,930</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	31,092		7,287					38,379
Other Salaries for Instruction					100,000	4,237		104,237
Other Purchased Serv. - Instruction								
Other Purchased Serv. - Spec. Ed Tuition								
General Supplies	986	36,698		10,000				47,684
<b>Total Instruction</b>	<b>32,078</b>	<b>36,698</b>	<b>7,287</b>	<b>10,000</b>	<b>100,000</b>	<b>4,237</b>	<b>-</b>	<b>190,300</b>
<b>Support Services:</b>								
Personal Services - Employee Bene.	9,868		2,313					12,181
Other Purchased Services	900	6,209	529		57,411		4,400	69,449
<b>Total Support Services</b>	<b>10,768</b>	<b>6,209</b>	<b>2,842</b>	<b>-</b>	<b>57,411</b>	<b>-</b>	<b>4,400</b>	<b>81,630</b>
<b>TOTAL EXPENDITURES</b>	<b>42,846</b>	<b>42,907</b>	<b>10,129</b>	<b>10,000</b>	<b>157,411</b>	<b>4,237</b>	<b>4,400</b>	<b>271,930</b>
<b>Other Financing Sources (Uses)</b>								
<b>Total Other Financing Sources (Uses)</b>								
<b>Total Outflows</b>	<b>42,846</b>	<b>42,907</b>	<b>10,129</b>	<b>10,000</b>	<b>157,411</b>	<b>4,237</b>	<b>4,400</b>	<b>271,930</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>								

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

N/A

**PROPRIETARY FUND  
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** - This fund provides for the operation of food services in all schools within the school district.

**Internal Services Fund** - This fund provides for the operation of shared services for administrative salaries with Harmony Township School District.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.**

<p style="text-align: center;"><b>FIDUCIARY FUND DETAIL STATEMENTS</b></p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2018**

	<u>AGENCY FUNDS</u>		
	<u>STUDENT</u>	<u>PAYROLL</u>	
	<u>ACTIVITY</u>	<u>AGENCY</u>	<u>TOTALS</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 169,270	\$ 319,207	\$ 488,477
<b>TOTAL ASSETS</b>	<u>\$ 169,270</u>	<u>\$ 319,207</u>	<u>\$ 488,477</u>
<b>LIABILITIES:</b>			
Liabilities:			
Payroll Deductions and Withholdings		17,180	17,180
Accrued Salaries and Wages- Summer Payment Plan		302,027	302,027
Payable to Student Groups	169,270		169,270
<b>Total Liabilities</b>	<u>169,270</u>	<u>319,207</u>	<u>488,477</u>
<b>NET POSITION</b>			
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 169,270</u>	<u>\$ 319,207</u>	<u>\$ 488,477</u>

TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>ACTIVITY</u>	<u>BALANCE JULY 1, 2017</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2018</u>
<b>High School:</b>				
Student Activities	\$ 117,972	\$ 274,838	\$ 253,270	\$ 139,540
<b>Elementary School:</b>				
Student Activities	28,156	53,186	52,914	28,428
<b>Athletic Account:</b>				
Student Activities	4,389	30,134	33,221	1,302
<b>Totals</b>	<u>\$ 150,517</u>	<u>\$ 358,158</u>	<u>\$ 339,405</u>	<u>\$ 169,270</u>



TOWN OF BELVIDERE SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	BALANCE <u>July 1, 2017</u>	ADDITIONS	DELETIONS	BALANCE <u>June 30, 2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 279,417	\$ 13,912,271	\$ 13,872,481	\$ 319,207
<b>Total Assets</b>	<u>\$ 279,417</u>	<u>\$ 13,912,271</u>	<u>\$ 13,872,481</u>	<u>\$ 319,207</u>
 <b>LIABILITIES:</b>				
Payroll Deductions & Withholdings	\$ 1,338	\$ 8,781,181	\$ 8,765,339	\$ 17,180
Accrued Salaries & Wages	-	4,827,560	4,827,560	-
Accrued Salaries & Wages-Summer Payment Plan	<u>278,079</u>	<u>303,530</u>	<u>279,582</u>	<u>302,027</u>
<b>Total Liabilities</b>	<u>\$ 279,417</u>	<u>\$ 13,912,271</u>	<u>\$ 13,872,481</u>	<u>\$ 319,207</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**N/A**

Town of Belvidere School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	86-91
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	92-95
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	96-99
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	100-101
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	102-106

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

**Town of Belvidere School District  
Net Position by Component,  
Last Ten Fiscal Years**

*(accrual basis of accounting)*

**Exhibit J-1**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 2,099,120	\$ 2,199,595	\$ 2,092,423	\$ 2,008,480	\$ 1,986,620	\$ 1,891,365	\$ 1,812,654	\$ 1,568,798	\$ 1,493,768	\$ 1,611,274
Restricted	440,000	508,000	641,659	936,392	905,000	925,000	1,398,000	1,310,574	904,574	644,574
Unrestricted	(129,458)	29,920	37,051	391,121	117,418	217,227	(2,483,043)	(2,318,398)	(2,397,180)	(2,909,524)
<b>Total governmental activities net position</b>	<u>\$ 2,409,662</u>	<u>\$ 2,737,515</u>	<u>\$ 2,771,133</u>	<u>\$ 3,335,993</u>	<u>\$ 3,009,038</u>	<u>\$ 3,033,592</u>	<u>\$ 727,611</u>	<u>\$ 560,974</u>	<u>\$ 1,162</u>	<u>\$ (653,676)</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 58,115	\$ 80,526	\$ 99,454	\$ 100,940	\$ 83,380	\$ 63,501	\$ 54,986	\$ 41,776	\$ 30,926	\$ 21,303
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities net position</b>	<u>\$ 58,115</u>	<u>\$ 80,526</u>	<u>\$ 99,454</u>	<u>\$ 100,940</u>	<u>\$ 83,380</u>	<u>\$ 63,501</u>	<u>\$ 54,986</u>	<u>\$ 41,776</u>	<u>\$ 30,926</u>	<u>\$ 21,303</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 2,280,121	\$ 2,191,877	\$ 2,109,420	\$ 2,070,000	\$ 1,954,866	\$ 1,954,866	\$ 1,867,640	\$ 1,610,574	\$ 1,524,694	\$ 1,632,577
Restricted	508,000	641,659	936,392	905,000	925,000	925,000	1,398,000	1,310,574	904,574	644,574
Unrestricted	29,920	37,051	391,121	117,418	217,227	217,227	(2,483,043)	(2,318,398)	(2,397,180)	(2,909,524)
<b>Total district net position</b>	<u>\$ 2,818,041</u>	<u>\$ 2,870,587</u>	<u>\$ 3,436,933</u>	<u>\$ 3,092,418</u>	<u>\$ 3,097,093</u>	<u>\$ 3,097,093</u>	<u>\$ 782,597</u>	<u>\$ 602,750</u>	<u>\$ 32,088</u>	<u>\$ (632,373)</u>

Source: CAFR Schedule A-1

**Town of Belvidere School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	2009	2010	2011	2012	2013	2014	2015	2017	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 5,284,809	\$ 5,484,330	\$ 5,479,092	\$ 5,645,113	\$ 5,960,899	\$ 5,602,210	\$ 6,704,378	\$ 5,119,106	\$ 7,612,502	\$ 8,071,843
Special education	1,494,811	1,550,795	1,375,200	1,402,835	1,351,784	1,323,646	1,540,037	1,215,591	1,915,070	2,015,680
Other special education	570,860	632,084	620,085	543,567	439,273	444,762	505,616	530,546	522,185	565,280
Support Services:										
Tuition	138,399	77,350	165,126	102,279	135,688	142,304	145,456	100,751	122,078	88,238
Student & instruction related services	1,489,057	1,672,266	1,676,564	1,614,451	1,670,787	1,590,942	1,868,617	1,428,396	2,239,008	2,523,324
General administrative services	941,591	954,675	998,454	941,163	955,374	882,892	1,082,428	870,255	1,269,026	1,255,837
School administrative services	675,432	691,394	709,807	684,400	688,695	727,140	799,111	686,389	958,528	1,003,494
Business administrative services	1,407,820	1,529,182	1,582,188	1,310,116	1,550,330	1,371,599	1,472,010	1,470,116	1,563,393	1,553,578
Plant operations and maintenance	97,499	132,244	140,663	89,756	96,423	90,605	116,433	141,253	201,205	215,690
Pupil transportation										
Other Fiscal Charges				1,055	1,448	1,448	1,448	1,448	1,448	1,448
Total governmental activities expenses	<u>12,100,278</u>	<u>12,724,320</u>	<u>12,747,179</u>	<u>12,333,680</u>	<u>12,850,701</u>	<u>12,177,548</u>	<u>14,235,534</u>	<u>11,563,851</u>	<u>16,404,443</u>	<u>17,294,412</u>
Business-type activities:										
Food service	301,750	303,068	291,388	290,261	239,013	218,098	218,013	206,037	200,405	186,632
Child Care										
Total business-type activities expense	<u>301,750</u>	<u>303,068</u>	<u>291,388</u>	<u>290,261</u>	<u>239,013</u>	<u>218,098</u>	<u>218,013</u>	<u>206,037</u>	<u>200,405</u>	<u>186,632</u>
Total district expenses	<u>\$ 12,402,028</u>	<u>\$ 13,027,388</u>	<u>\$ 13,038,567</u>	<u>\$ 12,623,941</u>	<u>\$ 13,089,714</u>	<u>\$ 12,395,646</u>	<u>\$ 14,453,547</u>	<u>\$ 11,769,888</u>	<u>\$ 16,604,848</u>	<u>\$ 17,481,044</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)	\$ 3,073,838	\$ 3,497,493	\$ 3,779,266	\$ 3,523,619	\$ 3,054,657	\$ 2,959,815	\$ 3,366,022	\$ 3,375,196	\$ 3,288,397	\$ 3,165,705
Business and other support services	1,626,220	1,850,355	1,999,428	1,864,178	1,616,073	1,565,895	1,780,800	1,785,655	1,739,732	1,674,822
Operating grants and contributions	4,000,673	4,352,108	3,731,653	4,127,041	4,361,829	4,107,550	5,736,577	2,592,735	7,099,467	8,027,203
Capital grants and contributions										
Total governmental activities program revenues	<u>8,700,731</u>	<u>9,699,956</u>	<u>9,510,347</u>	<u>9,514,838</u>	<u>9,032,559</u>	<u>8,633,260</u>	<u>10,883,399</u>	<u>7,753,586</u>	<u>12,127,596</u>	<u>12,867,730</u>
Business-type activities:										
Charges for services										
Food service	252,402	254,830	235,661	219,081	158,136	141,585	145,344	141,976	128,681	116,373
Operating grants and contributions	66,302	70,649	74,655	72,666	63,317	56,634	64,154	50,851	60,874	60,636
Capital grants and contributions										
Total business type activities program revenues	<u>318,704</u>	<u>325,479</u>	<u>310,316</u>	<u>291,747</u>	<u>221,453</u>	<u>198,219</u>	<u>209,498</u>	<u>192,827</u>	<u>189,555</u>	<u>177,009</u>
Total district program revenues	<u>\$ 9,019,435</u>	<u>\$ 10,025,435</u>	<u>\$ 9,820,663</u>	<u>\$ 9,806,585</u>	<u>\$ 9,254,012</u>	<u>\$ 8,831,479</u>	<u>\$ 11,092,897</u>	<u>\$ 7,946,413</u>	<u>\$ 12,317,151</u>	<u>\$ 13,044,739</u>

Continued

**Town of Belvidere School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	2009	2010	2011	2012	2013	2014	2015	2017	2017	2018
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (3,024,364)	\$ (3,236,832)	\$ (2,818,842)	\$ (3,818,142)	\$ (3,544,288)	\$ (3,544,288)	\$ (3,352,135)	\$ (3,810,265)	\$ (4,276,847)	\$ (4,426,682)
Business-type activities	22,411	18,928	1,486	(17,560)	(19,879)	(19,879)	(8,515)	(13,210)	(10,850)	(9,623)
Total district-wide net expense	<u>\$ (3,001,953)</u>	<u>\$ (3,217,904)</u>	<u>\$ (2,817,356)</u>	<u>\$ (3,835,702)</u>	<u>\$ (3,564,167)</u>	<u>\$ (3,564,167)</u>	<u>\$ (3,360,650)</u>	<u>\$ (3,823,475)</u>	<u>\$ (4,287,697)</u>	<u>\$ (4,436,305)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,335,000	\$ 3,325,750	\$ 3,367,750	\$ 3,367,750	\$ 3,460,105	\$ 3,554,307	\$ 3,554,307	\$ 3,625,393	\$ 3,697,901	\$ 3,753,370
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	10,717	4,441	2,155	1,540	1,500	749	551	843	694	1,695
Miscellaneous income	48,918	22,026	21,101	15,467	29,582	13,786	21,104	17,392	18,440	16,779
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>3,394,635</u>	<u>3,352,217</u>	<u>3,391,006</u>	<u>3,384,757</u>	<u>3,491,187</u>	<u>3,568,842</u>	<u>3,575,962</u>	<u>3,643,628</u>	<u>3,717,035</u>	<u>3,771,844</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 3,394,635</u>	<u>\$ 3,352,217</u>	<u>\$ 3,391,006</u>	<u>\$ 3,384,757</u>	<u>\$ 3,491,187</u>	<u>\$ 3,568,842</u>	<u>\$ 3,575,962</u>	<u>\$ 3,643,628</u>	<u>\$ 3,717,035</u>	<u>\$ 3,771,844</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 115,385	\$ 572,164	\$ (433,385)	\$ (53,101)	\$ 24,554	\$ 24,554	\$ 223,827	\$ (166,637)	\$ (559,812)	\$ (654,838)
Business-type activities	18,928	1,486	(17,560)	(19,879)	(19,879)	(19,879)	(8,515)	(13,210)	(10,850)	(9,623)
Total district	<u>\$ 134,313</u>	<u>\$ 573,650</u>	<u>\$ (450,945)</u>	<u>\$ (72,980)</u>	<u>\$ 4,675</u>	<u>\$ 4,675</u>	<u>\$ 215,312</u>	<u>\$ (179,847)</u>	<u>\$ (570,662)</u>	<u>\$ (664,461)</u>

Source: CAFR Schedule A-2

**Town of Belvidere School District**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-3**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Fiscal Year Ending June 30,</u>		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
					<u>2013</u>	<u>2014</u>				
General Fund										
Reserved	\$ 254,420	\$ 293,000	\$ 734,989	\$ 1,389,282	\$ 997,981	\$ 1,216,798	\$ 1,510,775	\$ 1,659,926	\$ 1,444,591	\$ 767,225
Unreserved	149,903	205,420	59,507	30,730	32,394	(13,616)	(13,133)	(36,479)	(31,159)	(34,595)
Total general fund	<u>\$ 404,323</u>	<u>\$ 498,420</u>	<u>\$ 794,496</u>	<u>\$ 1,420,012</u>	<u>\$ 1,030,375</u>	<u>\$ 1,203,182</u>	<u>\$ 1,497,642</u>	<u>\$ 1,623,447</u>	<u>\$ 1,413,432</u>	<u>\$ 732,630</u>
All Other Governmental Funds										
Reserved							-	-	-	-
Unreserved, reported in:										
Special revenue fund							-	-	-	-
Capital projects fund							-	-	-	-
Debt service fund							-	-	-	-
Permanent fund							-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: CAFR Schedule B-1

**Town of Belvidere School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

**Exhibit J-4**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues</b>										
Tax levy	\$ 3,335,000	\$ 3,325,750	\$ 3,367,750	\$ 3,367,750	\$ 3,460,105	\$ 3,554,307	\$ 3,554,307	\$ 3,625,393	\$ 3,697,901	\$ 3,753,370
Tuition charges	4,700,058	5,347,848	5,778,694	5,387,797	4,670,730	4,525,710	5,146,822	5,160,851	5,028,129	4,840,527
Interest earnings					-	-	-	-	-	-
Miscellaneous	59,635	26,467	23,256	17,007	31,082	14,535	21,655	18,235	19,134	18,474
State sources	3,791,671	3,488,897	3,528,536	3,818,060	4,164,433	3,924,438	4,053,768	4,170,543	4,361,316	4,601,367
Federal sources	209,002	863,211	203,117	308,981	197,396	183,112	227,021	225,404	236,100	268,355
<b>Total revenue</b>	<b>12,095,366</b>	<b>13,052,173</b>	<b>12,901,353</b>	<b>12,899,595</b>	<b>12,523,746</b>	<b>12,202,102</b>	<b>13,003,573</b>	<b>13,200,426</b>	<b>13,342,580</b>	<b>13,482,093</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,813,265	3,992,437	3,946,058	3,981,591	4,057,411	3,765,222	4,059,976	3,944,659	4,060,316	4,055,788
Special education instruction	1,070,076	1,124,540	944,942	936,955	820,652	815,229	796,463	911,004	907,534	877,559
Other special instruction	570,860	632,084	620,085	543,567	439,273	444,762	505,616	530,546	522,185	565,280
Other instruction					-	-	-	-	-	-
<b>Support Services:</b>										
Tuition	138,399	77,350	165,126	102,279	135,688	142,304	145,456	100,751	122,078	88,238
Student & instruction related services	1,062,695	1,244,168	1,242,266	1,204,536	1,134,072	1,076,376	1,123,831	1,116,975	1,224,056	1,376,632
General administrative services	696,540	708,760	750,363	672,544	649,155	589,819	653,660	694,869	687,947	599,459
School Administrative services	514,136	529,674	548,159	509,509	489,583	537,131	519,552	574,854	578,505	574,359
Business administrative services					-	-	-	-	-	-
Plant operations and maintenance	1,246,841	1,482,283	1,408,757	1,121,493	1,333,656	1,160,703	1,173,455	1,330,126	1,166,122	1,103,974
Pupil transportation	97,499	132,244	140,663	89,756	96,423	90,605	116,433	141,253	201,205	215,690
Unallocated employee benefits	2,815,500	2,798,663	2,798,938	3,047,589	3,456,889	3,261,625	3,372,362	3,651,142	3,832,097	4,214,283
Charter School			8,659	9,126	28,265	21,959	33,280	8,111	1,593	-
Special Revenue										
Capital outlay	11,579	78,118	189,016	55,134	222,316	173,560	209,029	70,331	248,957	491,633
<b>Debt service:</b>										
Principal										
Interest and other charges										
<b>Total expenditures</b>	<b>12,037,390</b>	<b>12,800,321</b>	<b>12,763,032</b>	<b>12,274,079</b>	<b>12,863,383</b>	<b>12,079,295</b>	<b>12,709,113</b>	<b>13,074,621</b>	<b>13,552,595</b>	<b>14,162,895</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>251,852</b>	<b>138,321</b>	<b>625,516</b>	<b>(339,637)</b>	<b>122,807</b>	<b>294,460</b>	<b>125,805</b>	<b>125,805</b>	<b>(210,015)</b>	<b>(680,802)</b>
<b>Other Financing Sources (uses)</b>										
Transfers in										
Transfers out										
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 251,852</b>	<b>\$ 138,321</b>	<b>\$ 625,516</b>	<b>\$ (339,637)</b>	<b>\$ 122,807</b>	<b>\$ 294,460</b>	<b>\$ 125,805</b>	<b>\$ 125,805</b>	<b>\$ (210,015)</b>	<b>\$ (680,802)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: CAFR Schedule B-2



TOWN OF BELVIDERE SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Room</u> <u>Rentals</u>	<u>Pepsi</u> <u>Commission</u>	<u>PCFA</u> <u>Lease</u>	<u>Athletics</u> <u>Cocurricular</u> <u>Events</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 10,717		\$ 12,200	\$ 2,845	\$ 5,500	\$ 12,099	\$ 4,700,058	\$ 16,274	\$ 4,759,693
2010	4,441		3,000	1,466	5,500	8,837	5,347,848	3,223	5,374,315
2011	2,155	\$ 2,599		1,474		13,626	5,778,694	3,402	5,801,950
2012	1,540	1,025		1,572		9,609	5,387,797	3,261	5,404,804
2013	1,500		17,000	940		10,766	4,670,730	876	4,701,812
2014	749	195		1,627		11,835	4,525,710	129	4,540,245
2015	551	185		1,991		13,327	5,146,822	101	5,162,977
2016	843	1,935		886		12,671	5,160,851		5,177,186
2017	694	81	1,480	331		12,735	5,028,129	913	5,044,363
2018	1,695	637		500		6,829	4,840,527	7,238	4,857,426

SOURCE: District Records

**Town of Belvidere School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2009	\$2,704,900	\$100,419,700	\$557,300	\$38,500	\$14,842,200	\$21,362,200	\$2,488,700	\$181,855,545	\$38,080,500	\$1,361,545	\$143,775,045	\$2.319	\$290,557,630
2010	2,630,700	100,914,900	557,300	38,500	14,246,700	20,762,200	2,878,200	181,054,008	38,117,500	908,008	142,936,508	2.327	295,794,971
2011	3,196,200	101,130,000	499,800	40,000	13,950,600	20,192,100	2,878,200	180,694,388	38,120,100	687,388	142,574,288	2.363	280,764,929
2012	3,225,200	101,204,500	512,800	40,000	13,855,900	15,497,100	2,878,200	175,884,521	38,119,600	551,221	137,764,921	2.444	263,927,541
2013	1,816,700	100,931,300	296,100	42,900	13,664,800	10,277,600	2,878,200	168,706,716	38,336,300	462,816	130,370,416	2.654	229,951,463
2014	1,814,600	100,889,900	512,800	42,900	13,572,699	9,480,450	2,878,200	167,720,312	38,119,600	409,163	129,600,712	2.743	200,659,426
2015	1,749,000	100,811,500	472,900	42,900	13,592,199	9,068,350	2,878,200	167,261,046	38,119,600	526,397	129,141,446	2.752	183,621,188
2016	1,730,000	100,588,199	472,900	42,900	13,154,599	8,993,350	2,878,200	166,506,200	38,119,600	526,452	128,386,600	2.824	175,682,635
2017	1,758,800	100,686,699	296,100	41,600	13,086,799	8,993,350	2,878,200	166,418,900	38,152,600	524,752	128,266,300	2.883	182,538,876
2018	1,702,700	100,381,123	459,900	44,000	12,653,899	8,993,350	2,760,300	165,624,624	38,104,600	524,752	127,520,024	2.943	183,780,143

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

**b** Tax rates are per \$100

**Town of Belvidere School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Belvidere Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Belvidere Town	Warren County	
2009	\$2.319	\$0.000	\$2.319	\$1.101	\$1.125	\$4.545
2010	\$2.327	\$0.000	\$2.327	\$1.198	\$1.129	\$4.654
2011	\$2.363	\$0.000	\$2.363	\$1.298	\$1.114	\$4.775
2012	\$2.444	\$0.000	\$2.444	\$1.323	\$1.115	\$4.882
2013	\$2.654	\$0.000	\$2.654	\$1.542	\$1.092	\$5.288
2014	\$2.743	\$0.000	\$2.743	\$1.605	\$0.880	\$5.228
2015	\$2.752	\$0.000	\$2.752	\$1.648	\$1.021	\$5.421
2016	\$2.824	\$0.000	\$2.824	\$1.646	\$0.989	\$5.459
2017	\$2.883	\$0.000	\$2.883	\$1.668	\$1.011	\$5.562
2018	\$2.943	\$0.000	\$2.943	\$1.641	\$1.048	\$5.632

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

**Town of Belvidere School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2017			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
DSM Nutritional Products, Inc.(formerly Hoffman LaRoche)	\$ 4,615,000	1	3.62%	\$ 9,297,000	1	6.74%
BASF Corp. Coating and Ink	1,505,250	2	1.18%	6,728,150	2	4.88%
Graham Packaging Plastic Products(formerly Owens Illinois)	1,421,700	3	1.11%	2,597,900	3	1.88%
ADTI Housing Corp.	950,000	4	0.74%			
Sprint	712,800	5	0.56%	864,200	10	0.63%
3 Greenwich Street	665,900	6	0.52%			
Westgate Apartments, LLC	640,500	7	0.50%			
Individual Taxpayer #1	631,500	8	0.50%	1,513,700	5	1.10%
Transistor Devices Inc.	600,000	9	0.47%	887,900	8	0.64%
Individual Taxpayer #2	571,500	10	0.45%			
Georgia Pacific Corp.				1,008,600	7	0.73%
Embarq Corp.				1,745,174	4	1.27%
Belvidere Heights, Inc.				1,410,000	6	1.02%
Synergy Housing Development				875,000	9	0.63%
<b>Total</b>	<b>\$ 12,314,150</b>		<b>9.66%</b>	<b>\$ 26,927,624</b>		<b>19.52%</b>

Source: District CAFR & Municipal Tax Assessor

**Town of Belvidere School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$3,335,000	\$3,335,000	100.00%	-
2010	\$3,325,750	\$3,325,750	100.00%	-
2011	\$3,367,750	\$3,367,750	100.00%	-
2012	\$3,367,750	\$3,367,750	100.00%	-
2013	\$3,460,105	\$3,460,105	100.00%	-
2014	\$3,554,307	\$3,554,307	100.00%	-
2015	\$3,554,307	\$3,554,307	100.00%	-
2016	\$3,625,393	\$3,625,393	100.00%	-
2017	\$3,697,901	\$3,697,901	100.00%	-
2018	\$3,753,370	\$3,753,370	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Town of Belvidere School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	-	-	-	-	-	-	N/A	N/A	
2010	-	-	-	-	-	-	N/A	N/A	
2011	-	-	-	-	-	-	N/A	N/A	
2012	-	-	-	-	-	-	N/A	N/A	
2013	-	-	-	-	-	-	N/A	N/A	
2014	-	-	-	-	-	-	N/A	N/A	
2015	-	-	-	-	-	-	N/A	N/A	
2016	-	-	-	-	-	-	N/A	N/A	
2017	-	-	-	-	-	-	N/A	N/A	
2018	-	-	-	-	-	-	N/A	N/A	

Source: District CAFR Schedules I-1, I-2

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Town of Belvidere School District  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-
2013	-0-	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-	-0-
2015	-0-	-0-	-0-	-0-	-0-
2016	-0-	-0-	-0-	-0-	-0-
2017	-0-	-0-	-0-	-0-	-0-
2018	-0-	-0-	-0-	-0-	-0-

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

**Town of Belvidere School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2018**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Town of Belvidere	\$ 2,001,364	100%	\$ 2,001,364
<b>Other debt</b> Warren County	3,040,000	1.72%	<u>52,153</u>
Subtotal, overlapping debt			2,053,517
<b>Town of Belvidere School District Direct Debt</b>	None	100%	<u>None</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 2,053,517</u></u>

**Sources:** Belvidere Finance Officer, Warren County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.



**Town of Belvidere School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years**

**Exhibit J-13**

**Legal Debt Margin Calculation for Fiscal Year 2018**

	Equalized valuation basis
	2015 \$179,755,586
	2016 \$181,838,502
	2017 \$190,340,635
	[A] <u>\$551,934,723</u>
Average equalized valuation of taxable property	[A/3] \$ 183,978,241
Debt limit (4 % of average equalization value)	[B] 7,359,130
Net bonded school debt	[C] None
Legal debt margin	[B-C] <u>\$ 7,359,130</u>

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$11,205,373	\$11,433,034	\$11,433,034	\$10,435,285	\$9,394,774	\$8,233,950	\$7,370,698	\$7,125,832	\$7,136,453	\$7,359,130
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$11,205,373</u>	<u>\$11,433,034</u>	<u>\$11,433,034</u>	<u>\$10,435,285</u>	<u>\$9,394,774</u>	<u>\$8,233,950</u>	<u>\$7,370,698</u>	<u>\$7,125,832</u>	<u>\$7,136,453</u>	<u>\$7,359,130</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

**Town of Belvidere School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2009	2,642	\$112,794,906	\$42,693 R	11.9%
2010	2,632	\$113,668,184	\$43,187 R	12.2%
2011	2,678	\$120,287,726	\$44,917 R	11.3%
2012	2,662	\$122,909,864	\$46,172 R	11.0%
2013	2,644	\$122,932,780	\$46,495 R	4.0%
2014	2,626	\$127,741,770	\$48,645 R	6.0%
2015	2,626	\$133,668,652	\$50,902 R	5.3%
2016	2,621	\$133,414,142	\$50,902 R	4.9%
2017	2,608	\$132,752,416	\$50,902 *	4.1%
2018	2,603	\$132,497,906	\$50,902 *	*

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

\* Current data unavailable

**Town of Belvidere School District  
Principal Employers,  
Current Year and Nine Years Ago**

**Exhibit J-15**

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	<hr/>		<hr/>	<hr/>		<hr/>
	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

**Source:**  
No reliable information is available at the local or county level.

**Town of Belvidere School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

**Exhibit J-16**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	55.0	57.5	57.5	57.0	55.5	55.5	57.5	57.5	54.0	54.0
Special education	27.0	29.0	28.0	24.1	22.7	21.1	22.0	22.5	20.5	22.0
Support Services:										
Student & instruction related services	18.0	16.5	15.5	14.0	13.0	13.0	13.0	13.0	13.0	13.0
General administrative services	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
School administrative services	9.5	9.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Business administrative services	3.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	8.5	9.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Other Support Services - Athletics	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>125.0</u>	<u>129.0</u>	<u>125.0</u>	<u>119.1</u>	<u>115.2</u>	<u>113.6</u>	<u>116.5</u>	<u>117.0</u>	<u>111.5</u>	<u>113.0</u>

**Source:** District Personnel Records

**Town of Belvidere School District  
Operating Statistics  
Last Ten Fiscal Years**

**Exhibit J-17**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2009	891	12,025,811	13,497	6.55%	98	1:25	1:15	1:15	884.8	829.7	-4.31%	93.8%
2010	906	12,722,203	14,042	4.04%	101.0	1:25	1:15	1:15	904.5	846.9	2.23%	93.6%
2011	860	12,574,016	14,621	4.12%	99.0	1:25	1:15	1:15	865.1	809.4	-4.36%	93.6%
2012	803	12,218,945	15,217	4.07%	94.0	1:25	1:15	1:15	807.4	742.5	-6.67%	92.0%
2013	793	12,641,067	15,941	4.76%	90.2	1:25	1:15	1:15	784.8	720.9	-2.80%	91.9%
2014	737	11,905,735	16,154	1.34%	88.6	1:25	1:15	1:15	737.3	691.9	-6.05%	93.8%
2015	773	12,500,084	16,171	0.10%	91.5	1:25	1:15	1:15	772.2	726.9	4.73%	94.1%
2016	742	13,004,290	17,526	8.38%	92.0	1:25	1:15	1:15	747.5	705.0	-3.20%	94.3%
2017	739	13,671,262	18,500	5.56%	86.5	1:25	1:15	1:15	735.3	683.7	-1.63%	93.0%
2018	704	13,671,262	19,419	4.97%	88.0	1:25	1:15	1:15	705.0	668.2	-4.12%	94.8%

**Sources:** District records, ASSA and Schedules J-12, J-14

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

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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).

**Town of Belvidere School District  
School Building Information  
Last Ten Fiscal Years**

**Exhibit J-18**

<u>District Building</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>Elementary</u></b>										
Third Street Elementary (1916)										
Square Feet	17,688	17,688	17,688	17,688	17,688	17,688	17,688	17,688	17,688	17,688
Capacity (students)	239	239	239	239	239	239	239	239	239	239
Enrollment	141	141	130	116	113	98	94	94	98	104
Oxford Street Elementary School (1958/1976)										
Square Feet	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500
Capacity (students)	250	250	250	250	250	250	250	250	250	250
Enrollment	193	183	181	185	193	187	195	171	165	145
<b><u>High School</u></b>										
Belvidere High School (1938/1958/1976)										
Square Feet	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500
Capacity (students)	940	940	940	940	940	940	940	940	940	940
Enrollment	548	582	549	502	487	452	484	477	476	455
<b><u>Other</u></b>										
Storage Building (1958)										
Square Feet	1,548	1,548	1,548	1,548	1,548	1,548	1,548	1,548	1,548	1,548

Number of Schools at June 30, 2018  
 Elementary = 2  
 High School = 1

**Source:** District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovataions and/or additions. Enrollment is based on the annual October district count.

TOWN OF BELVIDERE SCHOOL DISTRICT  
 GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 Last Ten Fiscal Years Ending June 30, 2018  
 UNAUDITED

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx

<u>School Facilities</u>	<u>Project #</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Third Street Elementary	N/A	\$ 41,822	\$ 19,747	\$ 20,757	\$ 12,667	\$ 23,359	\$ 16,646	\$ 17,795	\$ 24,431	\$ 17,243	\$ 16,293	\$ 210,760
Oxford Elementary	N/A	29,756	14,408	15,147	9,243	17,046	12,147	12,986	17,828	12,583	11,889	\$ 153,033
Belvidere High School	N/A	244,720	501,655	525,109	320,431	590,925	421,103	450,173	618,030	436,205	412,162	\$ 4,520,513
Total School Facilities		316,298	535,810	561,013	342,341	631,330	449,896	480,954	660,289	466,031	440,344	4,884,306
Other Facilities												
<b>Grand Total</b>		<b>\$ 316,298</b>	<b>\$ 535,810</b>	<b>\$ 561,013</b>	<b>\$ 342,341</b>	<b>\$ 631,330</b>	<b>\$ 449,896</b>	<b>\$ 480,954</b>	<b>\$ 660,289</b>	<b>\$ 466,031</b>	<b>\$ 440,344</b>	<b>\$ 4,884,306</b>

BELVIDERE BOARD OF EDUCATION

Exhibit J-20

INSURANCE SCHEDULE

6/30/2018

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - NJ Schools Insurance Group (NJSIG):		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 450,000,000	\$ 1,000
Accounts Receivable	250,000	1,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	375,000	1,000
 <u>LIABILITY SECTION:</u>		
Comprehensive General Liability	11,000,000	
Automobile Liability	11,000,000	
Employee Benefit Liability	11,000,000	1,000
 <u>CRIME:</u>		
Blanket Employee Dishonesty	100,000	500
Forgery	50,000	500
Theft/Disappearance/Destruction:		
Inside	50,000	500
Outside	50,000	500
 <u>SCHOOL BOARD LEGAL LIABILITY - NJSIG</u>	 11,000,000	 5,000
 Zurich Insurance Company (NJSIG):		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
 <u>WORKERS' COMPENSATION (NJSIG):</u>		
(a) Statutory Benefits	Included	
(a) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	
 Selective Insurance Company		
Public Employees' Faithful Performance Blanket Position Bond -		
Board Secretary - R Tjalma	25,000	
Treasurer -R Wilson	206,000	

Source: District Records



# **Single Audit Section**





## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA  
 Douglas R. Williams, CPA, RMA, PSA

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

#### Independent Auditor's Report

Honorable President and  
 Members of the Board of Education  
 Belvidere School District  
 County of Warren  
 Belvidere, New Jersey 07823

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 Town of Belvidere School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Belvidere School District Board of Education's basic financial statements, and have issued our report thereon dated January 16, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

-Continued-

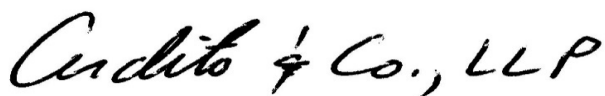
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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**

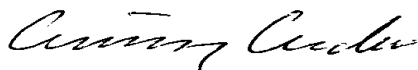
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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** or 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 for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ARDITO & CO., LLP  
January 16, 2019



Licensed Public School Accountant No.2369



## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA  
 Douglas R. Williams, CPA, RMA, PSA

### **Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB Circular 15-08**

#### Independent Auditor's Report

Honorable President and  
 Members of the Board of Education  
 Belvidere School District  
 County of Warren  
 Belvidere, New Jersey 07823

#### **Report on Compliance for Each Major State Program**

We have audited the Town of Belvidere School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The Town of Belvidere School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 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 state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major State Program**

In our opinion, the Town of Belvidere School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of the Town of Belvidere School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Belvidere School District Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 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 New Jersey OMB Circulars 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
January 16, 2019

*Carmen Acosta*

Licensed Public School Accountant No.2369

TOWN OF BELVIDERE SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2018

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	Balance at June 30, 2017			CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	Balance at June 30, 2018			MEMO	
				DEFER. REVENUE (ACCTS. RECEIV.)	DUE TO GRANTOR	CARRY- OVER AMOUNT					(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.
<b>STATE DEPARTMENT OF EDUCATION</b>															
<b>General Fund:</b>															
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$2,549,473				\$2,549,473	\$ (2,549,473)							
Transortation Aid	18-495-034-5120-014	7/1/17-6/30/18	1,860				1,860	(1,860)							
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	249,632				249,632	(249,632)							
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	8,387				8,387	(8,387)							
Add'l Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	17,405				17,405	(17,405)							
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	3,880				3,880	(3,880)							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	3,880				3,880	(3,880)							
Prof. Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	3,870				3,870	(3,870)							
TPAF Pension	18-495-034-5094-002	7/1/17-6/30/18	824,341				824,341	(824,341)							
TPAF Pension PMR	18-495-034-5094-001	7/1/17-6/30/18	532,424				532,424	(532,424)							
TPAF Pension LTD Ins	18-495-034-5094-004	7/1/17-6/30/18	1,102				1,102	(1,102)							
Reimbursed TPAF Soc. Sec. Contrib.	18-495-034-5094-003	7/1/17-6/30/18	408,831	\$ (21,829)			428,029	(408,831)			\$ (2,631)				
<b>Total General Fund</b>				<b>(21,829)</b>			<b>4,624,283</b>	<b>(4,605,085)</b>			<b>(2,631)</b>			<b>283,279</b>	<b>4,605,085</b>
<b>STATE DEPARTMENT OF AGRICULTURE</b>															
<b>Enterprise Fund:</b>															
Nation.School Lunch Prog.(State Share)	17-100-010-3350-023	7/1/16-6/30/17		(64)			64								
Nation.School Lunch Prog.(State Share)	18-100-010-3350-023	7/1/17-6/30/18	1,793				1,736	(1,793)			(57)				1,793
<b>Total Enterprise Fund</b>				<b>(64)</b>			<b>1,800</b>	<b>(1,793)</b>			<b>(57)</b>				<b>1,793</b>
<b>Total State Financial Assistance</b>				<b>\$ (21,893)</b>			<b>\$ 4,626,083</b>	<b>\$ (4,606,878)</b>			<b>\$ (2,688)</b>			<b>\$ 283,279</b>	<b>\$ 4,606,878</b>
Less: On-behalf TPAF Pension Amounts <u>1,357,867</u>															
Total State Expenditures Subject to Major Program Determination <u>\$ (3,249,011)</u>															

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2018

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Town of Belvidere School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE 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.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 last state aid payment 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 \$4,856 for the general fund and \$1,044 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:



NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2018

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 738	\$ 4,601,367	\$ 4,602,105
Special Revenue Fund	267,617	-	267,617
Food Service Fund	<u>58,843</u>	<u>1,793</u>	<u>60,636</u>
Total Financial Assistance	<u>\$ 327,198</u>	<u>\$ 4,603,160</u>	<u>\$ 4,930,358</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

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 district for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_ Yes \_\_x\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses?  
\_\_\_ Yes  
\_\_x\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_x\_\_ No

**Federal Awards**

N/A

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses?  
\_\_\_ Yes  
\_\_\_ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? \_\_\_ Yes \_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

Auditee qualified as low-risk auditee? \_\_\_ yes \_\_\_ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**State Financial Assistance Section**

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

Auditee qualified as low-risk auditee? x yes    no

Internal Control over major programs:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses?    yes x none

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable?    yes x no

Identification of major programs:

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

**Name of State Program**

18-495-034-5120-078  
18-495-034-5094-003

Equalization Aid  
Reimbursed TPAF Social Security

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Section II-Financial Statement Findings**

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

**Section III - State Financial Assistance Findings and Questioned Costs**

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**STATUS OF PRIOR YEAR FINDINGS**

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year findings.