

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Berkeley Heights Board of Education**

**County of Union**

**Berkeley Heights, New Jersey**

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

**Prepared by**

**Township of Berkeley Heights, Board of Education  
Finance Department**



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**INTRODUCTORY SECTION**

# **BOARD OF EDUCATION**

**P.O. Box 147**

**Berkeley Heights, Union County**

**New Jersey 07922**

February 5, 2019

Honorable President and  
Members of the Board of Education  
Berkeley Heights School District  
County of Union, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Berkeley Heights 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 Berkeley Heights Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter OMB 15-08. 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 the report.



1) REPORTING ENTITY AND ITS SERVICES: The Berkeley Heights School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Berkeley Heights Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular as well as special education for handicapped students. The District completed the 2017-2018 fiscal year with an enrollment of 2,622 students, which is 78 students less than the previous year's enrollment. The average daily enrollment is a compilation of enrollment and attendance data for the entire year. The statistic is different than the enrollment figure for the end of the year which is the actual number of students enrolled. The following details the changes in the student average daily enrollment of the District over the last ten years.

**AVERAGE DAILY ENROLLMENT**

Fiscal Year	Student Enrollment	Percent Change
2017-18	2,622	(.3%)
2016-17	2,700	1.5%
2015-16	2,659	(.2%)
2014-15	2,666	(1.1%)
2013-14	2,696	(1.1%)
2012-13	2,725	(2.6%)
2011-12	2,797	(0.6%)
2010-11	2,815	(1.4%)
2009-10	2,854	0.7%
2008-09	2,832	0.2%

2) ECONOMIC CONDITION AND OUTLOOK

The Township of Berkeley Heights is a suburban town situated approximately 30 miles west of New York City with easy access to major airports and highways. The Township is 6.2 sq. miles and has a population of approximately 13,000 residents. Berkeley Heights is a stable, affluent municipality.

Berkeley Heights is consistently nationally ranked as one of the best places to live. In NJ Magazine 2018, Berkeley Heights was ranked 6th best place to live in New Jersey. In Money magazine's 2013 Best Places to Live rankings, Berkeley Heights was ranked 6th in the nation, the highest among the three places in New Jersey and was included in the top 50 list. The magazine's 2007 list had the township ranked 45th out of a potential 2,800 places in the United States with populations above 7,500 and under 50,000.

Berkeley Heights has a total tax base of \$1,826,907,220 and the residential portion of the tax base is 77%. The residential base has remained constant over the past ten years while the commercial base has been affected by changes in the economy. The total equalized

value has fluctuated over the past ten years but has stabilized and increased over the past three years.

The landscape of the township will change significantly over the next several years. Several new residential and commercial projects have been approved by the township and building should begin soon. A luxury hotel was built in town this year. Five residential complexes are being planned. The township has begun building a new municipal complex with expectations to complete the project within two years.

### 3) MAJOR INITIATIVES

The community values education and the school district continues to evaluate its educational program and make improvements to the educational experience. The curriculum has been revised to reflect new state standards and to keep pace with community expectations regarding student achievement. Additional AP courses have been added to the high school schedule. The STEAM curriculum has been expanded and opportunities for students to participate in STEAM activities have increased. This past summer the district offered an enrichment and AP exploration program. Each year the district upgrades aspects of its technology infrastructure and improves and increases its inventory of technology equipment.

The high school continues to be a high performing school with 97% of its graduates going on to higher education. Advanced placement courses are offered in 26 subject areas. The class of 2018 had 42 AP Scholars, 24 AP Scholars with Honors, 85 AP Scholars with Distinction, and 17 National Scholars. The average SAT score for 2016/2017 was 600 for reading and writing combined and 588 for math. The class of 2018 had 13 National Merit Scholars, 4 semi-finalists and 9 commended students.

The district continues to make upgrades to the school facilities. The district took on several major building projects during the summer of 2017. One area of focus was school security. The district installed secure vestibules in each school lobby, a keyless access control system and upgraded the school security camera system. The district, with input from the local police, continues to conduct school security assessments and make security improvements.

The district continues to upgrade its technology infrastructure, adding access points as necessary and replacing outdated servers. The number of individual devices for students and staff increased significantly. All students in grades 6 through 12 have iPads and students in the elementary schools are using Chromebooks in their classrooms. The instructional technology equipment in several classrooms was replaced this school year.

### 4) INTERNAL ACCOUNT CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate account data are compiled to allow for the

preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

#### 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 approved by the voters of the municipality. 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.

Budget Analysis Reports are reviewed regularly to identify any anticipated deficits to any expense or revenue account. Transfers between accounts are approved at monthly meetings to ensure that accounts are not over-expended.

An Encumbrance account 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

#### 6) ACCOUNTING SYSTEMS AND REPORTS:

The District's account records reflect generally accepted accounting principles, as promulgated by the Governmental Account Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

#### 7) DEBT ADMINISTRATION:

Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2018, the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested

parties with annual audited financial statements and other pertinent credit information relevant to outstanding securities.

9) CASH MANAGEMENT:

Bank balances are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories.

The Berkeley Heights Board of Education maintains an on line computerized accounting system to record all financial transactions. During the fiscal year, financial reports are prepared monthly and are distributed to the Board of Education Members. The reports detail the monthly transaction and detail the appropriation balance.

10) RISK MANAGEMENT:


The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Recently coverage for cyber liability and pollution were added to our range of coverage.

11) OTHER INFORMATION:

a) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Co., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Berkeley Heights School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Richard Noonan  
Interim Superintendent



Donna A. Felezzola  
School Business Administrator/  
Board Secretary

BOARD OF EDUCATION TOWNSHIP OF BERKELEY HEIGHTS  
BERKELEY HEIGHTS, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2018

MEMBERS OF THE BOARD OF EDUCATION

TERM ENDS

Doug Reinstein, President	2018
Bill Cassano, Vice President	2020
Gerard J. Crisonino	2020
Helen Kirsch	2019
Christine Reilly	2018
Robert Cianciulli	2019
Denis Smalley	2019
Jeane Parker (Mountainside Representative)	

OTHER OFFICIALS

Judith A. Rattner, Superintendent

Donna A. Felezzola, Board Secretary/School Business Administrator

Harold Kessler, Treasurer

Vito A. Gagliardi, Jr., Esq., Board Attorney

BOARD OF EDUCATION  
TOWNSHIP OF BERKELEY HEIGHTS  
**CONSULTANTS AND ADVISORS**

**ARCHITECT**

Solutions Architecture  
81 Clay Street  
Newark, New Jersey 07104

**AUDIT FIRM**

Suplee, Clooney and Company  
308 E. Broad Street  
Westfield, New Jersey 07090

**ATTORNEY**

Porzio, Bromberg & Newman PC  
100 South Gate Parkway  
Morristown, New Jersey 07962

**OFFICIAL DEPOSITORY**

Investors Savings  
441 Springfield Avenue  
Berkeley Heights, NJ 07922

**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@senco.com](mailto:info@senco.com)

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Township of Berkeley Heights School District  
County of Union  
Berkeley Heights, New Jersey 07922

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Berkeley Heights School District, in the County of Union, State of New Jersey (the "District") 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, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

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

### ***Emphasis of Matter***

#### *Change in Accounting Principle*

As discussed in Note 7 to the basic financial statements, during the fiscal year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 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.

# SUPLEE, CLOONEY & COMPANY

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, has 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 it.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2019 on our consideration of the Township of Berkeley Heights School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 5, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – Part I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

## TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

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

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

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is required to be presented in the MD&A.

#### **Financial Highlights**

Key financial highlights for 2018 are as follows:

- The state continues to delay the final two state aid payments into the subsequent budget year. Therefore, the final two payments were not reflected on the GAAP basis financial statements for the 2017/2018 school year. The amount of the deferred state aid payments, which were received in July 2018, is \$121,540.
- General revenues accounted for \$43,228,399 or 61% of all revenues. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for \$27,650,384 or 39% of all revenues.
- The District had \$70,397,989 in expenses that were adequately provided for by general revenues consisting primarily of state aid and property taxes.
- In fiscal year 2018 the District implemented GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". Prior Year information has not been restated.

#### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

## TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other non-major funds presented in total in one column. In the case of the district, the General Fund is by far the most significant fund.

#### **Reporting the 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 District to provide programs and activities, the view of the 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 answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. 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 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 position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include 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 District is divided into two distinct kinds of activities:

- **Government Activities** – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, student transportation and extracurricular activities.
- **Business-Type Activities** – 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 program is reported a business activity.

## **TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT**

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

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

##### **Fund Financial Statements**

Fund Financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

##### **Governmental Funds**

The 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 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 District's general government operations and the basic services it provides. Governmental fund information helps the reader 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.

##### **Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities. These statements closely resemble financial statements of a private sector business entity.

##### **The School District as a Whole**

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

**TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT**

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

Table 1 provides a comparative summary of the District's net position for 2018 and 2017.

**Table 1  
Net Position**

	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	\$7,805,635.90	\$8,714,245.11
Capital Assets	<u>63,273,662.77</u>	<u>60,839,348.32</u>
Total Assets	71,079,298.67	69,553,593.43
Deferred Outflows:		
Related to Pensions	<u>4,873,771.00</u>	<u>3,096,472.00</u>
	4,873,771.00	3,096,472.00
Liabilities		
Other Liabilities	4,214,913.35	4,658,114.43
Long-Term Liabilities	<u>33,126,082.86</u>	<u>34,246,531.93</u>
Total Liabilities	37,340,996.21	38,904,646.36
Deferred Inflows:		
Related to Pensions	<u>3,223,155.00</u>	<u>304,675.00</u>
Net Position		
Net Investment in Capital Assets	47,588,280.72	43,937,067.97
Restricted	2,168,830.89	2,511,511.32
Unrestricted(Deficit)	<u>(14,368,193.15)</u>	<u>(13,007,835.22)</u>
Total Net Position	<u><u>\$35,388,918.46</u></u>	<u><u>\$33,440,744.07</u></u>

The District's combined net position was \$35,388,918 on June 30, 2018. The District's investment in capital assets is shown net of any related debt used to acquire those assets.



**TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT**

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

Table 2 shows changes in net position for fiscal years 2018 and 2017.

**Table 2  
Changes in Net Position**

	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$6,946,368.19	\$6,895,202.22
Operating Grants and Contributions	20,694,085.29	14,595,862.52
Capital Grants and Contributions	9,930.68	288,242.00
General Revenues:		
Property Taxes	41,927,960.00	40,154,210.00
Grants and Entitlements	724,603.50	674,664.00
Other	<u>575,836.23</u>	<u>416,729.38</u>
Total Revenues	<u>70,878,783.89</u>	<u>63,024,910.12</u>
Program Expenses		
Instruction	43,538,740.41	38,484,218.08
Support Services:		
Student and Instruction Related	9,985,929.08	8,586,876.38
General Administration	1,547,281.63	1,377,435.39
School Administration	3,255,410.71	2,794,094.18
Central Services/ Adm. Of Technology	1,364,058.74	1,052,584.15
Maintenance of Facilities	5,970,093.05	4,843,149.95
Student Transportation	1,634,394.11	1,856,028.85
Business Type Activities	942,760.46	978,879.60
Other	<u>2,159,321.64</u>	<u>1,795,967.82</u>
Total Expenses	<u>70,397,989.83</u>	<u>61,769,234.40</u>
Increase/ (Decrease) in Net Position	<u>\$480,794.06</u>	<u>\$1,255,675.72</u>

Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report

## TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

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

#### **Government Activities**

The nature of funding public education primarily through property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District budget. Property taxes made up 60 percent of revenues for governmental activities in the District. There was a \$1,091,748 increase in property taxes or 2.60 percent from the prior year. The District's total revenues were \$69,875,204 for the year ended June 30, 2018.

Instruction comprises 63 percent of district expenses. Support services make up 34 percent of the district expenses and other services and expenses make up 3 percent.

#### **Business-Type Activities**

Revenues for the District's business-type activities were comprised of charges for services and operating grants and contributions in the food service program. The Board of Education continues to work to increase sales in the program and reduce operating costs. The Board has opted out of the State sponsored Child Nutrition Program which limits the price of lunches and restricts types and sizes of offerings. The cafeterias located in each school building offer flexibility in food selection, menu offerings and pricing that meets the needs of the students. The following are some of our major business type activity results.

- Business type expenses exceeded revenues by \$60,818.
- Revenues consist of \$1,003,579 in operating revenue from charges for services.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

**TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT**

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

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3  
Net Cost of Services**

	<u>Total Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2018</u>	<u>Net Cost of Services 2017</u>
Instruction	\$43,538,740.41	38,469,994.84	\$22,721,815.61	21,341,425.06
Support Services:				
Students and Instruction Related	9,985,929.08	8,566,249.09	6,868,698.95	6,422,531.00
General Administration, School & Central Administration	6,166,751.08	5,471,800.80	4,560,933.24	4,424,648.32
Maintenance of Facilities	5,970,093.05	4,861,724.26	5,175,433.56	4,595,990.07
Student Transportation	1,634,394.11	1,737,275.78	1,362,309.99	1,534,365.27
Other	2,037,942.15	1,688,612.44	652,931.19	639,811.79
Business-Type Activities	<u>942,760.46</u>	<u>978,879.60</u>	<u>(60,818.71)</u>	<u>(11,472.23)</u>
Total Net Cost of Services	<u><u>\$70,276,610.34</u></u>	<u><u>\$61,774,536.81</u></u>	<u><u>\$41,281,303.83</u></u>	<u><u>\$38,947,299.28</u></u>

Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities. Tuition paid to other schools for regular and special education students is also included here.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

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

Student transportation includes activities with the conveyance of special education students to and from school, school activities and athletic events, as provided by state law.

“Other” includes unallocated depreciation and interest on long term debt.

Business-Type activities include activities in the food service program.

**TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT**

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

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$58,834,373.71 and expenditures were \$61,282,955.22.

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, which required significant budget adjustments to contend with state aid reductions. The following schedules, which do not include the Capital Project Fund's activity, present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increase or decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2017</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$48,469,784.81	82.40%	\$719,014.45	2.53%
State Sources	9,615,274.10	16.35%	387,989.12	1.53%
Federal Sources	739,384.12	1.26%	4,561.40	0.31%
<b>Total</b>	<b>\$58,824,443.03</b>	<b>100.00%</b>	<b>\$1,111,564.97</b>	<b>2.01%</b>

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2018, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2017</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$23,690,621.07	39.20%	\$512,818.80	2.12%
Support Services	31,942,859.00	52.85%	2,131,890.31	6.26%
Capital Outlay	2,162,645.40	3.58%	(1,483,950.27)	-218.65%
Debt Service	2,644,453.06	4.38%	395,053.06	13.00%
<b>Total</b>	<b>\$60,440,578.53</b>	<b>100.00%</b>	<b>\$1,555,811.90</b>	<b>2.89%</b>

**TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT**

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

**General Fund Budgeting Highlights**

The 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.

Over the course of the year, the Board of Education, when appropriate, approved budget transfers to keep accounts in balance. Transfers to the budget were made to accurately reflect expenditures according to state guidelines and prevent over-expenditures in specific line item accounts. These revisions bear notation:

- TPAF, which is the State's contribution to the pension fund, post-retirement benefits and the employer's share of FICA costs, is neither a revenue or expenditure item in the budget; however, the School District is required to present this information in the revenue and expenditure sections of the report.

**Debt Administration**

At June 30, 2018, the District had \$33,126,082 of outstanding long-term liabilities. Of this amount, \$1,760,261 is for compensated absences; \$3,047,637 for capital leases, \$15,408,184 of net pension liability and \$12,910,000 of serial bonds for school construction.

**Capital Assets**

At the end of the fiscal year 2018, the District had a net of \$63,273,662.77 invested in land, building and building improvements, and machinery and equipment. Table 4 shows fiscal year 2018 balances compared to 2017.

**Table 4  
Capital Assets (Net of Depreciation)**

	<u>2018</u>	<u>2017</u>
Governmental Activities Capital Assets, Net: of Depreciation		
Land	\$14,043,000.00	\$14,043,000.00
Construction in Progress	\$0.00	\$531,121.30
Land Improvements	1,726,118.72	486,874.48
Building and Building Improvements	45,372,968.39	45,541,773.25
Machinery and Equipment	<u>2,066,127.35</u>	<u>1,929,395.27</u>
Total Governmental Activities Capital Assets, Net	<u>63,208,214.46</u>	<u>62,532,164.30</u>
Business Type Activities Capital Assets, Net: of Depreciation		
Machinery and Equipment	<u>65,448.31</u>	<u>68,951.66</u>
Total Business Type Activities Capital Assets, Net:	<u>65,448.31</u>	<u>68,951.66</u>

**TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT**

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

Total Capital Assets, Net	<u>\$63,273,662.77</u>	<u>\$62,601,115.96</u>
---------------------------	------------------------	------------------------

Overall net capital assets increased by \$672,546.81 from fiscal year 2017 to fiscal year 2018.

**For the Future**

The Berkeley Heights School District has been and continues to utilize sound accounting practices during a period of uncertainty in State funding. The state imposed cap on property tax increases of 2% has effected how the district budgets and plans for current and future expenses.

The district is in the fourth year of a five year strategic plan focusing on student achievement, guidance services, technology, academic curriculum and talent. This plan has provided a frame work for moving the district forward.

Some of the changes that have been made in accordance with the plan are: the district annually coordinates a college fair and guidance programs have been expanded in the elementary schools. The emphasis this year is on mindfulness and staff wellness. The STEAM curriculum has expanded and there are more science and math co-curricular opportunities available for students. At the high school, the number of advanced placement classes has been increased and the number of students taking AP tests has increased. This summer we offered a introduction and preparation AP classes for high school students. Overall, there has been an increase in student achievement demonstrated by increases in SAT and ACT scores

The school district will continue to evaluate its progress and follow the framework of the strategic plan to make changes that will improve student achievement.

The school district continues to evaluate its facilities and make improvements and upgrades to the facilities annually. We continue to work with our local police to access our security needs. This year we have made additional security upgrades based on recommendations from security assessments and are planning to continue these improvements in next year's budget.

Additional building projects the district is evaluating includes upgrades to the media centers. These upgrades would include technology and equipment upgrades as well as building systems improvements.

The district is focusing on energy conservation and energy management improvements and efficiencies. We have contracted with an energy conservation company to monitor and focus on our energy usage, evaluation of equipment schedules and other conservation measures.

The township is planning for additional housing units to be built in town and the district has evaluated current enrollments and building capacity in relation to these proposed developments. Based on our evaluation, there is the building capacity to support the new developments. As the proposed units become a reality, we will continue to evaluate building capacity in relation to enrollment projections.

**TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT**

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

The district will continue to evaluate its facilities in reference to the condition of the buildings, changing curriculum and needs of the students. Based on these evaluations appropriate plans will be made to improve the facilities to meet these changing needs.

Fortunately, the Berkeley Heights School District has entered this period of time with a strong and prudent budget. We continually monitor costs and look for ways to do things more efficiently and look for opportunities to share services. We share services with the township to benefit resident taxpayers.

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

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 any questions about this report or need additional information contact: Donna Felezzola, Business Administrator/Board Secretary, Berkeley Heights Board of Education, 345 Plainfield Avenue, Berkeley Heights, NJ 07922. Also, please visit our website to learn more about our School District.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2018



## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of changes in net position 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.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$4,192,220.98	\$2,518.26	\$4,194,739.24
Receivables, net	3,485,970.09		3,485,970.09
Inventory		14,894.91	14,894.91
Capital assets:			
Non Depreciable	14,043,000.00		14,043,000.00
Depreciable - Net	49,165,214.46	65,448.31	49,230,662.77
Total Assets	<u>70,886,405.53</u>	<u>192,893.14</u>	<u>71,079,298.67</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to pension	<u>4,873,771.00</u>		<u>4,873,771.00</u>
Total deferred outflow of resources	4,873,771.00		4,873,771.00
<b>LIABILITIES:</b>			
Accounts payable	748,124.37	6,627.27	754,751.64
Payable to state government	1,138.45		1,138.45
Other payables	1,609,687.00		1,609,687.00
Payable to other funds	110,031.66		110,031.66
Unearned revenue	1,509,512.71	29,385.92	1,538,898.63
Accrued interest payable	200,405.97		200,405.97
Noncurrent liabilities:			
Net pension liability	15,408,184.00		15,408,184.00
Due within one year	2,618,933.60		2,618,933.60
Due beyond one year	15,098,965.26		15,098,965.26
Total liabilities	<u>37,304,983.02</u>	<u>36,013.19</u>	<u>37,340,996.21</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to pension	<u>3,223,155.00</u>		<u>3,223,155.00</u>
<b>NET POSITION:</b>			
Net Investment in capital assets	47,522,832.41	65,448.31	47,588,280.72
Restricted for:			
Capital Projects	1,049,318.79		1,049,318.79
Debt service(deficit)	(200,405.59)		(200,405.59)
Other purposes	1,319,917.69		1,319,917.69
Unrestricted(deficit)	<u>(14,459,624.79)</u>	<u>91,431.64</u>	<u>(14,368,193.15)</u>
Total net position	<u>\$35,232,038.51</u>	<u>\$156,879.95</u>	<u>\$35,388,918.46</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2018

Functions/Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
						Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>								
Instruction:								
Regular	\$ 16,810,169.77	\$ 13,661,981.60	\$ 5,942,789.02	\$ 9,681,196.68	\$ 9,930.68	\$ (14,838,234.99)	\$	\$ (14,838,234.99)
Special	6,349,181.93	3,771,327.18		4,339,495.30		(5,781,013.81)		(5,781,013.81)
Other Instruction	1,751,024.23	1,195,055.70		843,513.12		(2,102,566.81)		(2,102,566.81)
Support services:								
Tuition								
Student & instruction related services	5,466,472.60	4,519,456.48		3,117,230.13		(6,868,698.95)		(6,868,698.95)
General administrative services	1,075,217.23	472,064.40		333,199.97		(1,214,081.66)		(1,214,081.66)
School administrative services	1,838,990.48	1,416,420.23		911,540.97		(2,343,869.74)		(2,343,869.74)
Central services	536,051.83	379,641.31		250,231.85		(665,461.29)		(665,461.29)
Administration information technology	291,324.76	157,040.84		110,845.05		(337,520.55)		(337,520.55)
Plant operations and maintenance	3,775,037.31	2,195,055.74		794,659.49		(5,175,433.56)		(5,175,433.56)
Pupil transportation	1,433,618.79	200,775.32		272,084.12		(1,362,309.99)		(1,362,309.99)
Unallocated benefits	27,545,718.82	(27,545,718.82)		40,088.61		(81,290.88)		(81,290.88)
Special Schools	64,583.53	56,795.96				(1,385,010.96)		(1,385,010.96)
Unallocated depreciation and amortization	1,864,906.90	(479,895.94)				(652,931.19)		(652,931.19)
Interest on Long-Term Debt	652,931.19					(42,808,424.38)		(42,808,424.38)
Total governmental activities	\$ 69,455,229.37	\$ (0.00)	\$ 5,942,789.02	\$ 20,694,085.29	\$ 9,930.68	\$ (42,808,424.38)	\$	\$ (42,808,424.38)
<b>Business-type activities</b>								
Food Service	942,760.46		1,003,579.17				60,818.71	60,818.71
Total business-type activities	942,760.46		1,003,579.17				60,818.71	60,818.71
<b>Total primary government</b>	\$ 70,397,989.83	\$	\$ 6,946,368.19	\$ 20,694,085.29	\$ 9,930.68	\$ (42,808,424.38)	\$ 60,818.71	\$ (42,747,605.67)
<b>General Revenues:</b>								
<b>Taxes:</b>								
Property taxes, levied for general purposes, net						\$ 40,283,522.00	\$	\$ 40,283,522.00
Taxes levied for debt service						1,644,438.00		1,644,438.00
Federal and state aid not restricted						130,966.50		130,966.50
Federal and state aid restricted						593,637.00		593,637.00
Miscellaneous income						575,836.23		575,836.23
Total general revenues and special items						43,228,399.73		43,228,399.73
Change in net position						419,975.35	60,818.71	480,794.06
Net Position - beginning						\$ 34,812,063.16	\$	\$ 34,908,124.40
Net Position ending						\$ 35,232,038.51	\$	\$ 35,388,918.46

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

## **MAJOR FUND FINANCIAL STATEMENTS**

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 4,906,783.09	\$ 27,746.53		\$ 0.38	\$ 4,934,530.00
Cash with fiscal agents	272,255.19				272,255.19
Accounts receivable:					
Federal		14,847.48			14,847.48
State	468,981.62		2,462,746.24		2,931,727.86
Local	539,394.75				539,394.75
	<u>6,187,414.65</u>	<u>42,594.01</u>	<u>2,462,746.24</u>	<u>0.38</u>	<u>8,692,755.28</u>
<b>Total assets</b>	<b>\$ 6,187,414.65</b>	<b>\$ 42,594.01</b>	<b>\$ 2,462,746.24</b>	<b>\$ 0.38</b>	<b>\$ 8,692,755.28</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Cash Deficit	\$	\$	\$ 1,014,564.21	\$	\$ 1,014,564.21
Accounts payable	57,777.12	28,347.25			86,124.37
Accrued liability for insurance claims	1,609,687.00				1,609,687.00
Interfund payable	110,031.66				110,031.66
Intergovernmental payables:					
State		1,138.45			1,138.45
Unearned revenue	289,230.19	13,108.31	1,479,429.40		1,781,767.90
	<u>2,066,725.97</u>	<u>42,594.01</u>	<u>2,493,993.61</u>		<u>4,603,313.59</u>
<b>Total liabilities</b>	<b>2,066,725.97</b>	<b>42,594.01</b>	<b>2,493,993.61</b>		<b>4,603,313.59</b>
<b>Fund balances.</b>					
<b>Restricted for:</b>					
Capital reserve account	1,051,168.79				1,051,168.79
Excess surplus	581,911.50				581,911.50
Excess surplus designated for subsequent years expenditures	736,156.19				736,156.19
Debt service				0.38	0.38
<b>Assigned:</b>					
Year-end encumbrances	414,168.78				414,168.78
Designated for subsequent years expenditures	99,050.81				99,050.81
Unassigned	1,238,232.61		(31,247.37)		1,206,985.24
	<u>4,120,688.68</u>		<u>(31,247.37)</u>	<u>0.38</u>	<u>4,089,441.69</u>
<b>Total fund balances</b>	<b>4,120,688.68</b>		<b>(31,247.37)</b>	<b>0.38</b>	<b>4,089,441.69</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,187,414.65</b>	<b>\$ 42,594.01</b>	<b>\$ 2,462,746.24</b>	<b>\$ 0.38</b>	<b>\$ 8,692,755.28</b>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

Total Fund Balances (Brought Forward)	\$	4,089,441.69
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.		
Cost of Assets	\$	92,735,728.58
Accumulated Depreciation		<u>(29,527,514.12)</u>
		63,208,214.46
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Serial bonds payable		(12,910,000.00)
Net Pension Liability		(15,408,184.00)
Capital leases payable		(3,047,637.24)
Less: unexpended capital lease proceeds		272,255.19
Compensated absences payable		<u>(1,760,261.62)</u>
		(32,853,827.67)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension related		4,873,771.00
Deferred Inflows:		
Pension related		(3,223,155.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts payable - pension related		(662,000.00)
Accrued Interest Payable		<u>(200,405.97)</u>
		<u>(862,405.97)</u>
Net Position of Governmental Activities	\$	<u><u>35,232,038.51</u></u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 40,283,522.00			\$ 1,644,438.00	\$ 41,927,960.00
Interest earned on capital reserve funds	5,834.38				5,834.38
Tuition	5,942,789.02				5,942,789.02
Miscellaneous	570,001.85	23,199.56			593,201.41
Total - local sources	46,802,147.25	23,199.56		1,644,438.00	48,469,784.81
State sources	9,014,517.55	7,119.55	9,930.68	593,637.00	9,625,204.78
Federal sources		739,384.12			739,384.12
Total revenues	55,816,664.80	769,703.23	9,930.68	2,238,075.00	58,834,373.71
EXPENDITURES:					
Current expense:					
Regular instruction	16,408,409.31	215,334.18			16,623,743.49
Special instruction	4,848,697.21	524,940.89			5,373,638.10
Other Instruction	1,693,239.48				1,693,239.48
Support services:					
Tuition	1,441,486.00				1,441,486.00
Student & instruction related services	5,506,884.30	3,031.49			5,509,915.79
General administrative services	1,128,893.22				1,128,893.22
School administrative services	1,873,042.88				1,873,042.88
Central services	468,281.00				468,281.00
Administrative information technology	512,526.45				512,526.45
Plant operations and maintenance	3,557,726.73	1,396.67			3,559,123.40
Student transportation	1,529,641.91				1,529,641.91
Unallocated benefits	15,855,364.82				15,855,364.82
Special schools	64,583.53				64,583.53
Debt Service:					
Principal	406,378.06			1,615,000.00	2,021,378.06
Interest				623,075.00	623,075.00
Capital outlay	2,137,645.40	25,000.00	842,376.69		3,005,022.09
Total expenditures	57,432,800.30	769,703.23	842,376.69	2,238,075.00	61,282,955.22
Excess (deficiency) of revenues over (under) expenditures	(1,616,135.50)		(832,446.01)		(2,448,581.51)
Other financing sources (uses):					
Operating transfers in/out	(800,000.00)		800,000.00		
Capital leases (non-budgeted)	2,064,952.67				2,064,952.67
Total other financing sources	1,264,952.67		800,000.00		2,064,952.67
Net change in fund balances	(351,182.83)		(32,446.01)		(383,628.84)
Fund balances, July 1,	4,471,871.51		1,198.64	0.38	4,473,070.53
Fund balances, June 30,	\$ 4,120,688.68	\$ -0-	\$ (31,247.37)	\$ 0.38	\$ 4,089,441.69

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2) \$ (383,628.84)

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

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

Depreciation expense	\$	(1,864,906.90)	
Capital outlays		3,005,022.09	
Less: Capital outlays not capitalized		<u>(464,065.03)</u>	
			676,050.16

Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Capital lease proceeds			(2,064,952.67)
Refunding Bond Proceeds			
Original Issue Discount on Refunding Bonds			
Deferred Amount on Refunding Bond Payments to Escrow Agent			

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

Payment of capital lease principal		1,113,074.73	
Payment of bond principal		<u>1,615,000.00</u>	
			2,728,074.73

Bond Issue costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the statement of activities the costs are amortized over the life of the Bonds

In the statement of changes in net position, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an increase in the reconciliation.

Decrease in accrued interest payable			16,099.02
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District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions		613,188.00	
Less: Pension expense		<u>(1,262,711.00)</u>	
			(649,523.00)

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Decrease in compensated absences payable			<u>97,855.94</u>
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Change in net position of governmental activities			<u>\$ 419,975.34</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.



OTHER FUNDS

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 2,518.26
Accounts receivable:	
Interfunds	110,031.66
Inventories	<u>14,894.91</u>
Total current assets	<u>127,444.83</u>
Noncurrent assets:	
Furniture, machinery and equipment	277,022.68
Less accumulated depreciation	<u>(211,574.37)</u>
Total noncurrent assets	<u>65,448.31</u>
Total assets	<u>192,893.14</u>
 <b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	6,627.27
Unearned revenue	<u>29,385.92</u>
Total current liabilities	<u>36,013.19</u>
Total liabilities	<u>36,013.19</u>
 <b>NET POSITION:</b>	
Net Investment in capital assets	65,448.31
Unrestricted	<u>91,431.64</u>
Total net position	<u>\$ 156,879.95</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales	\$ 989,482.47
Daily sales - non-reimbursable programs	14,096.70
	1,003,579.17
OPERATING EXPENSES:	
Cost of sales	436,653.52
Salaries	290,312.69
Employee benefits and taxes	71,473.38
Other purchased services	57,896.45
Supplies and materials	27,247.83
Miscellaneous	51,571.78
Depreciation	7,604.81
	942,760.46
Total operating expenses	942,760.46
Operating Income	60,818.71
Change in net position	60,818.71
Total net position - beginning	96,061.24
Total net position - ending	\$ 156,879.95

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,008,733.30
Payments to employees and employee benefits	(290,312.69)
Payments to suppliers	<u>(651,209.66)</u>
Net cash provided by (used for) operating activities)	<u>67,210.95</u>
Cash flows from noncapital financing activities:	
Transfers from/(to) other funds	<u>(63,554.46)</u>
Net cash provided by noncapital financing activities:	<u>(63,554.46)</u>
Purchase of capital assets	<u>(4,101.46)</u>
Net cash provided by (used for) capital and related financing activities	<u>(4,101.46)</u>
Net decrease in cash and cash equivalents	(444.97)
Cash and cash equivalents, July 1,	<u>2,963.23</u>
Cash and cash equivalents, June 30,	<u><u>\$ 2,518.26</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 60,818.71
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	7,604.81
Change in assets and liabilities:	
Increase/(decrease) in accounts payable	928.27
Increase/(decrease) in unearned revenue	5,154.13
(Increase)/decrease in inventories	<u>(7,294.97)</u>
	<u>6,392.24</u>
Net cash provided by (used for) operating activities	<u><u>\$ 67,210.95</u></u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUNDS
<b>ASSETS:</b>			
Cash and cash equivalents	\$ <u>5,156.34</u>	\$ <u>361,829.06</u>	\$ <u>887,917.57</u>
<b>Total assets</b>	<u>5,156.34</u>	<u>361,829.06</u>	<u>887,917.57</u>
<b>LIABILITIES:</b>			
Payroll deductions and withholdings			626,738.66
Due to Student Groups			<u>261,178.91</u>
<b>Total liabilities</b>			<u>\$ 887,917.57</u>
<b>NET POSITION:</b>			
Held in trust for unemployment claims		\$ <u>361,829.06</u>	
Held in trust for scholarships	<u>\$ 5,156.34</u>		

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS:		
Contributions:		
Unemployment	\$ _____	\$ 47,754.89
Total contributions	<u>125.00</u>	<u>47,754.89</u>
Investment earnings:		
Interest earned	<u>76.17</u>	<u>4,112.23</u>
Net investment earnings	<u>76.17</u>	<u>4,112.23</u>
Total additions	<u>201.17</u>	<u>51,867.12</u>
DEDUCTIONS:		
Other purposes	6,575.06	
Unemployment claims		<u>31,555.80</u>
Total deductions	<u>6,575.06</u>	<u>31,555.80</u>
Change in net position	(6,373.89)	20,311.32
Net position beginning of year	<u>11,530.23</u>	<u>341,517.74</u>
Net position end of year	<u>\$ 5,156.34</u>	<u>\$ 361,829.06</u>

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

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

The financial statements of the Berkeley Heights School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District's accounting policies are described below:

**Reporting Entity**

The Township of Berkeley Heights School District is a Type II District located in Union County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a seven member board and one sending district member. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Basis of Presentation**

The District's basic financial statements consist of District-wide statements, including a Statement of Net Positions and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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 generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally 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 District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain 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. 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, as the oversight entity, believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.



**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Governmental Fund Types**

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. U.S. 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 the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

**Special Revenue Fund** - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the State to offset the cost of approved capital projects.

**Debt Service Fund** - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Proprietary Fund**

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

**Fiduciary Fund Types**

**Agency Funds** - The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

**Unemployment Compensation Insurance Trust Fund** - A trust fund used to account for unemployment compensation claims as they arise

**Private Purpose Trust Funds** - These are agency funds used to account for the assets donated by individuals that will provide for the payment of awards and other purposes.

**Payroll and Student Activities Funds (Agency)** - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Basis of Accounting - Measurement Focus**

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. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State 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.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Basis of Accounting - Measurement Focus (Continued)**

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 are 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 transactions 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.

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 totaled net \$398,662.00, representing prior unbudgeted state aids, and other approved modifications. 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).

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Budgets/Budgetary Control (Continued)**

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 year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated 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 records.

**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 assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund and capital projects fund for which the District has received advances are reflected in the balance sheet as unearned 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.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Interfunds**

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

**Inventories and Prepaid Expenses**

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

**Capital Assets**

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values 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. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	40
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation and sick days) 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 varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four 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 days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive termination payments.

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.

**Fund Equity**

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

**Unearned Revenue**

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under GAAP.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**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. Long term debt is recognized as a liability on the fund financial statements when due.

**Net Position**

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets 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 is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Fund Balance Reserves**

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spend because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve, Tuition Reserve, and Excess Surplus as Restricted Fund Balance.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Fund Balance Reserves (Continued)**

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amount that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposed for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, he District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**Revenues Exchange and Non-Exchange 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.



**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Revenues Exchange and Non-Exchange Transactions (Continued)**

Non-exchange transactions, in which the 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 property 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. 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 the program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Accounting and Financial Reporting for Pensions**

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and 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.

In the Governmental Fund Financial Statements the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1<sup>st</sup> of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Board considers petty cash, change funds, cash in banks, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

The Township of Berkeley Heights School District had the following cash and cash equivalents at June 30, 2018:

Fund Type:	Bank	Reconciling Items:		Reconciled
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental	\$5,412,957.50	\$27.81	\$1,220,764.33	\$4,192,220.98
Proprietary	3,184.60	0.00	666.34	2,518.26
Fiduciary	<u>1,310,793.39</u>	<u>22.09</u>	<u>55,912.51</u>	<u>1,254,902.97</u>
	<u>\$6,726,935.49</u>	<u>\$49.90</u>	<u>\$1,277,343.18</u>	<u>\$5,449,642.21</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$529,257.11 was covered by Federal Depository Insurance and \$6,197,678.38 was covered under the provisions of NJGUDPA.

**Investments**

The purchase of investments by the District is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

At June 30, 2018, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

**NOTE 3: CHANGE IN CAPITAL ASSETS**

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

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$14,043,000.00			\$14,043,000.00
Construction in progress	<u>531,121.30</u>		<u>(531,121.30)</u>	<u>0.00</u>
Total Capital Assets not being depreciated	<u>14,574,121.30</u>	<u>0.00</u>	<u>(531,121.30)</u>	<u>14,043,000.00</u>
Land Improvements	3,160,290.65	1,339,691.57		4,499,982.22
Buildings & Building Improvements	67,419,268.67	601,346.80	531,121.30	68,551,736.77
Machinery & Equipment	<u>5,153,116.90</u>	<u>599,918.69</u>	<u>(112,026.00)</u>	<u>5,641,009.59</u>
Totals at historical cost	<u>75,732,676.22</u>	<u>2,540,957.06</u>	<u>419,095.30</u>	<u>78,692,728.58</u>
Gross Assets (Memo only)	<u>90,306,797.52</u>	<u>2,540,957.06</u>	<u>(112,026.00)</u>	<u>92,735,728.58</u>
Less: Accumulated Depreciation				
Land Improvements	(2,673,416.17)	(100,447.33)		(2,773,863.50)
Buildings & Building Improvements	(21,877,495.42)	(1,301,272.96)		(23,178,768.38)
Machinery & Equipment	<u>(3,223,721.63)</u>	<u>(463,186.61)</u>	112,026.00	<u>(3,574,882.24)</u>
Total Depreciation	<u>(27,774,633.22)</u>	<u>(1,864,906.90)</u>	<u>112,026.00</u>	<u>(29,527,514.12)</u>
Total capital assets being depreciated, net of depreciation	<u>47,958,043.00</u>	<u>676,050.16</u>	<u>531,121.30</u>	<u>49,165,214.46</u>
Total Governmental Fund Activities	<u>\$62,532,164.30</u>	<u>\$676,050.16</u>	<u>\$0.00</u>	<u>\$63,208,214.46</u>

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)**

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

Proprietary Activities:			
Machinery & Equipment	\$272,921.22	\$4,101.46	\$277,022.68
Totals at historical cost	<u>272,921.22</u>	<u>4,101.46</u>	<u>277,022.68</u>
Less: Accumulated Depreciation			
Machinery & Equipment	(203,969.56)	(7,604.81)	(211,574.37)
Total Depreciation	<u>(203,969.56)</u>	<u>(7,604.81)</u>	<u>(211,574.37)</u>
Total Proprietary Fund Activities	<u>\$68,951.66</u>	<u>(\$3,503.35)</u>	<u>\$0.00</u>

Depreciation expense was charged to functional expenses areas of the District as follows:

Instruction:	
Regular	\$251,125.57
Support services:	
Student & instruction related services	45,461.25
Technology	25,122.80
Plant operations and maintainance	87,615.01
Pupil transportation	70,571.31
Direct Expense of various functions	<u>1,385,010.96</u>
	<u>\$1,864,906.90</u>

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 4: LONG-TERM LIABILITIES**

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2018, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2018.

	Balance, <u>June 30, 2017</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
Bonds Payable	\$14,525,000.00	(\$1,615,000.00)	\$12,910,000.00	\$1,635,000.00
Compensated Absence	1,858,117.56	(97,855.94)	1,760,261.62	
Net Pension Liability	19,115,359.00	(3,707,175.00)	15,408,184.00	
Capital Leases Payable	<u>4,160,711.97</u>	<u>(1,113,074.73)</u>	<u>3,047,637.24</u>	<u>983,933.60</u>
Total	<u>\$39,659,188.53</u>	<u>(\$6,533,105.67)</u>	<u>\$33,126,082.86</u>	<u>\$2,618,933.60</u>



**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

**Debt Service Requirements**

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments on issued debt, are as follows:

Fiscal Year <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$1,635,000.00	\$579,225.00	\$2,210,225.00
2020	1,705,000.00	509,975.00	2,214,975.00
2021	1,760,000.00	426,650.00	2,186,650.00
2022	1,840,000.00	342,600.00	2,182,600.00
2023	1,485,000.00	298,500.00	1,783,500.00
2024-2026	<u>4,485,000.00</u>	<u>448,750.00</u>	<u>4,933,750.00</u>
	<u>\$12,910,000.00</u>	<u>\$2,605,700.00</u>	<u>\$15,511,700.00</u>

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2018</u>
\$4,005,000.00 in 2009 Refunding Bonds due in remaining annual installments of between \$380,000.00 and \$385,000.00 ending August, 2021 with interest between 4.000% to 5.000%	\$1,535,000.00
\$13,970,000.00 in 2014 Refunding Bonds due in remaining annual installments of between \$1,210,000.00 and \$1,500,000.00 ending November, 2026 with interest between 2.500% to 5.000%	<u>11,375,000.00</u>
	<u>\$12,910,000.00</u>

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

**Debt Capacity**

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2018, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2017	\$3,390,482,581
2016	3,341,972,551
2015	<u>3,216,617,924</u>
	<u>\$9,949,073,056</u>
 Average equalized valuation	 <u>\$3,316,357,685</u>
 School borrowing margin (4% of \$3,316,357,685)	  \$132,654,307
Net school debt as of June 30, 2018	<u>12,910,000</u>
 School borrowing power available	 <u>\$119,744,307</u>

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

**Capital Leases Payable**

The District is leasing copier equipment, boilers and buses under capital leases. The capital leases are for terms up to five years. The following is a schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2018:

Fiscal Year Ended	<u>Amount</u>
<u>June 30,</u>	
2019	\$1,039,318.00
2020	808,079.41
2021	716,992.35
2022	<u>611,179.25</u>
Total Minimum Lease Payments	3,175,569.01
Less: Amount Representing Interest	<u>(127,931.77)</u>
 Present Value of Lease Payments	 <u><u>\$3,047,637.24</u></u>

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 5: 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 Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**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, all 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.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision 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.

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes**

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes**

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Vesting and Benefit Provisions** The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A, 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Contribution Requirements** The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts.)

Three Year Trend Information for PERS

Year Ended	Annual Pension Cost	Percentage of APC	Net Pension
<u>June 30,</u>	<u>(APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2018	\$613,188.00	100%	\$613,188.00
2017	573,378.00	100%	561,120.00
2016	561,120.00	100%	506,903.00

During the fiscal years ended June 30, 2018, 2017, and 2016, the State of New Jersey contributed \$3,319,252.00, \$2,395,397.00 and \$1,706,946.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2018, 2017 and 2016, the State of New Jersey reimbursed the District \$1,734,266.05, \$1,684,902.65 and \$1,676,156.51 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.



**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2019	\$514,064.00
2020	698,699.00
2021	456,125.00
2022	(390,249.00)
2023	(290,023.00)
	<u>\$988,616.00</u>

**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 rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

**Mortality Rate**

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.



**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

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

**Actuarial Assumptions (Continued)**

**Mortality Rate (Continued)**

Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) 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.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

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

**Actuarial Assumptions (Continued)**

**Long-Term Rate of Return (continued)**

Best estimates of arithmetic 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	5.50%	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 estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

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

**Actuarial Assumptions (Continued)**

**Discount Rate (Continued)**

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employer contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 collective net pension liability to changes in the discount rate.**

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
District's proportionate share of the pension liability	19,114,897.00	15,408,184.00	12,320,032.00

**Pension Plan Fiduciary Net Position.**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are 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 local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$148,788,729</u>
	<u><u>\$148,788,729</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was .2206775019% which was an decrease of .0031406375 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$10,307,330.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**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 rate	2.25%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

**Mortality Rate**

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.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.65% at June 30, 2017 and June 30, 2016 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Expected Rate of Return (Continued)**

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	5.50%	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 estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability,

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Pension Plan Fiduciary Net Position.**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75**

**Plan Description and Benefits Provided**

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with 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 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. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. 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.

**Employees Covered by Benefit Terms**

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>366,078</u>



**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Total Nonemployer OPEB Liability**

The portion of the Total Nonemployer OPEB Liability that was associated with the District at June 30, 2018 was as follows:

Nonemployer OPEB Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	\$102,300,890.00
	<u>\$102,300,890.00</u>

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 was determined separately based on actual data of the District.

For the year ended June 30, 2018, the District recognized on-behalf post-employment expense and revenue of \$6,332,752.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2017 measurement date.

At June 30, 2017, the District's proportion was 0.1907181052 percent, which was a increase of .0005336183 from its proportion measured as of June 30, 2016.

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, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Imputes**

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55%	2.15-4.15%	2.10-8.98%
	Based on years Of Service	Based on Age	Based of Age
Thereafter	2.00-5.45%	3.15-5.15%	3.10-9.98
	Based on years Of Service	Based on Age	Based of Age

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. Post-Retirement 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.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount Rate**

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.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Changes in the Total Nonemployer OPEB Liability**

Shown below are details regarding the Total Nonemployer OPEB Liability for the Measurement Period from June 30, 2016 to June 30, 2017.

Balance at 6/30/16		\$109,987,082
Changes for the year:		
Service cost	\$4,479,767	
Interest	3,230,012	
Changes in assumptions or other inputs	(13,113,716)	
Benefit payments	(2,369,506)	
Contributions from Members	87,251	
Net change in OPEB Liability		(7,686,192)
Balance at 6/30/17		\$102,300,890

**Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate**

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	<u>1.00% Decrease (2.58%)</u>	<u>At Discount Rate (3.58)</u>	<u>1.00% Increase (4.58%)</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$121,438,537	\$102,300,890	\$87,120,726

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Sensitivity of the Total Nonemployer OPEB Liability to Changes in Healthcare Trends**

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	<u>1.00%</u> <u>Decrease</u>	<u>June 30, 2017</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$84,132,593	\$102,300,890	\$126,428,175

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

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>
Changes of assumptions	\$12,098,716.00	-
Changes in proportion	-	\$243,849.00
	<u>\$12,098,716.00</u>	<u>\$243,849.00</u>

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2019	(\$1,367,942)
2020	(\$1,367,942)
2021	(\$1,367,942)
2022	(\$1,367,942)
2023	(\$1,367,942)
Total Thereafter	<u>(\$5,015,159)</u>
	<u><u>(\$11,854,867)</u></u>

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

**State Health Benefit Local Education Retired Employee Plan Information**

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 8: LITIGATION**

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

**NOTE 9: CONTINGENCIES**

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2017-2018 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 10: 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. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Property and Liability Insurance** - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

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

Year Ended	Employer	Interest and Employee	Amount	Ending
<u>June 30,</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2018	\$-0-	\$51,867.12	\$31,555.80	\$361,829.06
2017	-0-	49,050.20	8,087.87	341,517.74
2016	-0-	45,899.90	30,387.49	300,555.41

**Health and Prescription Drug Insurance** The District has entered into an agreement with Cigna Insurance Company for a Minimum Premium funded medical and prescription drug program. The agreement is administered by Centric Benefits Consulting. At June 30, 2018 total unpaid claims, including an estimate of claims that have been incurred but not yet reported (IBNR) to the administrative agent, totaled \$1,609,687.00.



**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 10: RISK MANAGEMENT (CONTINUED)**

The estimates are developed based on reports prepared by the administrative agent. For the year ended June 30, 2018 changes in the liability reported in the General Fund for unpaid claims are summarized below:

	<u>Year Ended</u> <u>June 30, 2018</u>
Accrued Liability for Claims-Beginning Balance	\$1,551,338.00
Premiums	6,278,167.00
Incurred Claims (including IBNR) and Administrative Expenses	<u>(6,219,818.00)</u>
Accrued Liability for Claims-Ending Balance	<u><u>\$1,609,687.00</u></u>

**NOTE 11: COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g. unused vacation and 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 varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2018, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$1,760,261.62.

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 funds.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 12: FUND BALANCE APPROPRIATED**

General Fund - Of the \$4,120,688.68 in General Fund Balance at June 30, 2018, \$414,168.78 has been assigned for encumbrances; \$1,051,168.79 has been restricted in the Capital Reserve Account; \$581,911.50 has been restricted as excess surplus; \$736,156.19 has been restricted as excess surplus - subsequent years' expenditures; \$99,050.81 is assigned for subsequent years' expenditures; and \$1,238,232.61 is unassigned.

**NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS**

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General 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 resulting from the year ended June 30, 2018 is \$583,761.50.

**NOTE 14: CAPITAL RESERVE ACCOUNT**

A capital reserve account was originally established by the District 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. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 14: CAPITAL RESERVE ACCOUNT (CONTINUED)**

The activity of the capital reserve during the year ended June 30, 2018, is as follows:

Balance, July 1, 2017		\$1,515,334.41
Interest Earnings	\$5,834.38	
Deposits:		
Board Resolution	500,000.00	
		505,834.38
		\$2,021,168.79
Withdrawals:		
2017-18 Budget		(970,000.00)
Balance, June 30, 2018		\$1,051,168.79

**NOTE 15: INVENTORY**

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

Food and Supplies		<u>\$14,894.91</u>
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**NOTE 16: DEFERRED COMPENSATION**

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2018.

**Township of Berkeley Heights School District**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 17: OPERATING LEASES**

The District has commitments to lease postage equipment under operating leases which expire in June 2021. The operating lease payments made during the year ended June 30, 2018 were \$2,148.00. Future minimum lease payments are as follows:

Fiscal Year Ended	
<u>June 30,</u>	<u>Amount</u>
2019	2,148.00
2020	2,148.00
2021	<u>1,611.00</u>
Total Future Minimum Lease Payments	<u><u>\$5,907.00</u></u>

**NOTE 18: SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after the financial statement date through February 5, 2019 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events needed to be disclosed.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 40,283,522.00	\$	\$ 40,283,522.00	\$ 40,283,522.00	\$ 3,884.38
Interest Earned on Capital Reserve Funds	1,850.00		1,850.00	5,834.38	36,862.00
Tuition from Individuals			114,000.00	150,862.00	121,576.02
Tuition from Other LEAs Within State	5,784,351.00		5,670,351.00	5,791,927.02	24,348.89
Rents and Royalties	117,000.00		117,000.00	141,348.89	78,652.96
Miscellaneous	350,000.00		350,000.00	428,652.96	285,424.25
Total Local Sources	46,536,723.00		46,536,723.00	46,802,147.25	99,051.00
Slate Sources:					
Categorical Special Education Aid	953,530.00		953,530.00	1,052,581.00	11,521.50
Categorical Security Aid	40,882.00		40,882.00	40,882.00	333,496.00
Categorical Transportation Aid	134,464.00		134,464.00	134,464.00	49,590.00
Other State Aid				11,521.50	23,045.00
Extraordinary Aid				333,496.00	22,285.00
Non Public Transportation Aid				49,590.00	23,045.00
PARCC Readiness Aid	23,045.00		23,045.00	23,045.00	3,319,252.00
Professional Learning Community Aid	22,285.00		22,285.00	22,285.00	80,550.00
Per Pupil Growth Aid	23,045.00		23,045.00	23,045.00	2,195,860.00
On-behalf TPAF Contributions-non-budgeted				3,319,252.00	3,589.00
NCGI-non-budgeted				80,550.00	1,734,266.05
Post Retirement Medical-non budgeted				2,195,860.00	7,827,175.55
Long-Term Disability Insurance-non-budgeted				3,589.00	
Reimbursed TPAF Social Security Contribution-non-budgeted				1,734,266.05	
Total State Sources	1,197,251.00		1,197,251.00	9,024,426.55	8,092,598.80
Total Revenues	47,733,974.00		47,733,974.00	55,826,573.80	
<b>EXPENDITURES:</b>					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool / Kindergarten	435,890.00	9,000.00	444,890.00	436,702.12	8,187.88
Grades 1-5	5,364,742.00	9,954.10	5,374,736.10	5,324,183.46	50,552.64
Grades 6-8	3,325,634.00	13,810.88	3,339,644.88	3,329,288.50	10,356.38
Grades 9-12	6,194,709.00	(121,182.77)	6,073,526.23	6,054,490.57	19,035.66
Regular programs - home instruction:					
Salaries of teachers	30,000.00	11,399.67	41,399.67	41,399.67	1,669.90
Purchased professional educational services	7,650.00	8,950.00	16,600.00	14,930.10	1,603.37
Regular programs - undistributed instruction:					
Other salaries for instruction	65,293.00	129.56	65,422.56	63,619.21	2,892.55
Purchased professional - educational services	46,055.00	16,608.70	62,663.70	59,771.15	11,658.19
Purchased technical services	199,126.00	2,609.08	201,735.08	190,076.89	8,710.80
Lease Purchase	25,244.38	308,364.85	333,609.24	333,609.24	851.30
Other purchased services (400 - 500 series)	374,401.00	(286,296.49)	88,104.51	79,393.71	77,117.86
Travel	117.31	3,545.00	3,662.31	2,811.01	56,727.50
General supplies	501,153.00	(30,482.67)	470,670.33	393,552.47	597.00
Textbooks	94,306.00	46,387.71	140,703.71	83,976.21	250,161.03
Other objects	1,000.00	202.00	1,202.00	605.00	
Total regular programs	16,665,520.70	(6,950.36)	16,658,570.34	16,408,409.31	

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Instruction - Special Education: Learning and/or Language Disabilities					
Salaries of Teachers	\$ 209,894.00	\$ 18,520.00	\$ 228,414.00	\$ 228,446.80	\$ 4.20
Other Salaries for Instruction	57,268.00	24,580.00	81,848.00	80,882.94	965.06
Other purchased services (400 - 500 series)		(953.92)			
General Supplies	1,782.00	42,106.08	788.08	741.35	46.73
Total Learning and/or Language Disabilities	268,981.00		311,087.06	310,071.09	1,015.99
Auditory Impairments					
Salaries of Teachers	391,725.00	(5,490.00)	391,725.00	386,912.91	2,812.09
Other Salaries for Instruction	338,635.00	(497.50)	333,145.00	306,444.48	26,700.52
General Supplies	1,612.00	3,000.00	1,114.50	1,114.50	
Other Objects			3,000.00	2,107.87	892.13
Total Auditory Impairments	731,972.00	(2,987.50)	728,984.50	698,578.76	30,404.74
Resource Room / Resource Center:					
Salaries of Teachers	2,615,003.00	(2,802.99)	2,612,200.01	2,605,527.91	6,672.10
Other salaries for instruction	521,803.00	51,367.50	573,170.50	573,055.11	115.39
General Supplies	3,688.00	(200.00)	3,488.00	1,933.35	1,554.65
Total Resource Room / Resource Center	3,140,494.00	48,364.51	3,188,858.51	3,180,516.37	8,342.14
Autism					
Salaries of Teachers	211,169.00	12,663.41	223,832.41	223,832.41	
Other salaries for instruction	222,269.00	6,870.00	229,139.00	228,786.37	352.63
General Supplies	6,690.00	(3,185.18)	3,504.82	3,012.98	491.84
Total Autism	440,128.00	16,348.23	456,476.23	455,631.76	844.47
Preschool Disabilities - Part - Time:					
Salaries of Teachers	148,070.00	(970.57)	147,099.43	147,099.43	
Other Salaries for Instruction	61,966.00	(4,798.53)	57,167.47	56,798.80	368.67
Total Preschool Disabilities - Part - Time	210,036.00	(5,769.10)	204,266.90	203,898.23	368.67
Total Special Education	4,791,611.00	98,052.22	4,889,673.22	4,846,697.21	40,976.01
Basic Skills / Remedial:					
Salaries of Teachers	178,488.00	42,882.00	221,370.00	216,872.96	4,497.04
General Supplies	3,775.00	(3,238.67)	536.33	536.33	
Total Basic Skills / Remedial	182,263.00	39,643.33	221,906.33	216,872.96	5,033.37



TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Bilingual Education:					
Salaries of Teachers	123,508.00	(5,575.00)	117,934.00	117,244.81	689.19
Purchased Professional-Educational Services	96.00		96.00	96.00	96.00
Other Purchased Services (400-500 series)	700.00		700.00	700.00	700.00
General Supplies	150.00		150.00	122.05	122.05
Total Bilingual Education:	124,455.00	(5,575.00)	118,880.00	117,272.76	1,607.24
School Sponsored Co-Curricular Activities:					
Salaries	216,133.00	17,543.00	233,676.00	233,673.98	2.02
Purchased Services (300-500 series)	22,219.50	(1,240.00)	20,979.50	20,976.63	2.87
Supplies and Materials	16,275.00	2,552.03	18,827.03	18,827.03	
Other Objects	4,873.00	(403.00)	4,470.00	4,143.00	327.00
Total School Sponsored Co-Curricular Activities	259,500.50	18,452.03	277,952.53	277,620.64	331.89
School Sponsored Athletics:					
Salaries	791,253.00	7,210.00	798,463.00	786,479.41	11,983.59
Purchased Services (300-500 Series)	95,410.84	(4,852.53)	90,558.31	62,574.28	27,984.03
Supplies and Materials	209,859.17	(28,470.74)	181,388.43	133,639.62	47,748.81
Other Objects	89,942.50	4,258.24	94,200.74	94,135.38	65.36
Total School Sponsored Athletics	1,186,465.51	(21,855.03)	1,164,610.48	1,076,828.69	87,781.79
Community Service Program					
Salaries	8,235.00		8,235.00	4,644.43	3,590.57
Total Community Service Program	8,235.00		8,235.00	4,644.43	3,590.57
Total Other Instructional Programs	1,760,919.01	30,665.33	1,791,584.34	1,695,239.48	98,344.86
Total - Instruction	23,218,050.71	121,777.19	23,339,827.90	22,950,346.00	389,481.90
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	772,209.00	(347,615.54)	424,593.46	386,068.64	38,524.82
Tuition to Other LEAs within the State - Special	430,000.00	42,649.70	472,649.70	472,250.00	399.70
Tuition to County Vocational School District - Regular	15,000.00	21,000.00	36,000.00	36,000.00	
Tuition to County Vocational School District - Sp Ed	423,190.00	127,827.84	551,017.84	547,167.16	3,850.68
Tuition to Private Schools for the Handicapped w/in State	1,640,399.00	(156,138.00)	1,484,261.00	1,441,486.00	42,775.00
Total Undistributed Expenditures - Instruction					
Attendance and Social Work Services:					
Salaries	52,970.00		52,970.00	52,969.92	0.08
Total Attendance and Social Work Services	52,970.00		52,970.00	52,969.92	0.08
Health Services:					
Salaries	496,992.00	2,881.14	499,873.14	497,325.88	2,547.26
Purchased Professional and Technical Services	33,685.00	213.00	33,908.00	31,788.08	2,119.92
Other Purchased Services (400-500 series)	335.00	(335.00)			
Supplies and Materials	11,847.00	(2,187.03)	9,659.97	7,649.37	2,010.60
Other Objects	870.00	(630.00)	240.00	340.00	
Total Health Services	543,739.00	42.11	543,781.11	537,103.33	6,677.78
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	649,929.00	(7,650.00)	642,279.00	641,665.03	613.97
Purchased Professional - Educational Services	50,380.00	86,975.00	137,355.00	86,014.75	51,340.25
Supplies and Materials	1,176.00	2,610.00	3,786.00	3,461.31	324.69
Total Other Support Services - Speech, OT, PT & Related Services	701,485.00	81,935.00	783,420.00	731,141.09	52,278.91

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other Support Services - Students - Extra Services					
Salaries	447,087.00	650.00	447,737.00	446,620.65	1,116.35
Total Other Support Services - Students - Extra Services	447,087.00	650.00	447,737.00	446,620.65	1,116.35
Guidance:					
Salaries of Other Professional Staff	906,788.00	3,300.77	910,088.77	908,995.28	1,093.49
Salaries of Secretarial and Clerical Assistants	143,153.00	(1,835.00)	141,218.00	132,183.83	9,034.17
Supplies and Materials	1,500.00	936.76	2,436.76	1,666.74	780.04
Total Guidance	1,051,441.00	2,302.55	1,053,743.55	1,042,835.85	10,907.70
Child Study Teams:					
Salaries of Other Professional Staff	1,078,367.00	(2,800.00)	1,075,567.00	1,071,894.81	3,672.19
Salaries of Secretarial and Clerical Assistants	103,544.00	1,000.00	104,544.00	104,190.00	354.00
Purchased Professional Educational Services	30,200.00	4,336.00	34,536.00	27,357.23	7,178.77
Other Purchased Services (400-500 series)	3,615.00	(45.00)	3,570.00	3,114.22	455.78
Supplies and Materials	17,556.71	2,178.00	19,734.71	19,383.02	341.69
Total Child Study Teams	1,233,282.71	4,669.00	1,237,951.71	1,225,949.28	12,002.43
Improvement of Instruction Services / Other Support Svcs. Inst. Staff					
Salaries of Supervisors of Instruction	957,244.00	15,435.00	972,679.00	972,615.86	63.14
Salaries of Secretarial and Clerical Assistants	26,136.00	150.00	26,286.00	26,265.12	22.88
Other Purch. Prof. and Tech. Services	19,100.00	(1,386.00)	17,714.00	17,139.00	575.00
Supplies and materials	4,000.00	380.00	4,380.00	4,136.87	243.13
Total Improvement of Instruction Services /					
Other Support Services - Instructional Staff	1,006,482.00	14,579.00	1,021,061.00	1,020,156.85	904.15
Educational Media Services / School Library:					
Salaries	338,654.00	12,630.00	351,284.00	344,184.94	7,099.06
Supplies and materials	23,000.00	(4,510.91)	18,489.09	17,966.21	522.88
Other Objects	23,854.00	1,258.64	25,112.64	24,607.70	504.94
Total Educational Media Services / School Library	385,508.00	9,377.73	394,885.73	386,758.85	8,126.88
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	33,486.00	165.00	33,651.00	33,648.96	2.04
Salaries of Other Professional Staff	8,479.00	55.00	8,534.00	8,530.87	3.13
Salaries of Secretarial and Clerical Assistants	11,500.00	6,325.00	17,825.00	17,621.40	203.60
Purchased Professional-Educational Services	9,900.00	(4,450.00)	5,450.00	2,113.97	3,336.03
Other purchased services (400-500 series)	1,250.00	320.00	1,570.00	1,433.28	136.72
Supplies and materials	64,615.00	2,415.00	67,030.00	63,348.48	3,681.52
Total Instructional Staff Training Services					

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
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COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>Support Services General Administration:</b>					
Salaries	\$ 82,000.00	6,219.05	\$ 88,219.05	\$ 88,219.05	\$ 30,793.76
Salaries of Secretarial and Clerical Assistants	39,900.00	(21,290.32)	18,609.68	18,609.68	11,830.09
Vacation Payout	22,700.00		22,700.00	22,700.00	
Legal Services	7,500.00	2,618.73	10,118.73	10,118.73	18,788.73
Expenditure and Internal Control Audit Fees	7,500.00	37,181.09	44,681.09	44,681.09	20,657.00
Architectural/Engineering Services	77,550.00	16,325.00	93,875.00	91,990.39	1,884.61
Other Purchased Professional Services	46,950.00	2,966.02	49,916.02	47,228.44	2,687.58
Communications / Telephone	12,000.00	2,360.01	14,360.01	10,024.36	4,335.65
BOE Other Purchased Services	279,352.00	(15,918.16)	263,433.84	261,077.80	2,356.04
Miscellaneous Expenditures	17,000.00	4,657.30	21,657.30	16,347.22	5,310.08
General Supplies	1,000.00		1,000.00	9,200.00	1,000.00
BOE In House Training/Meeting Supplies	7,300.00		7,300.00	20,660.84	
Miscellaneous Expenditures	36,000.00	(15,339.16)	20,660.84	20,660.84	
BOE Membership Dues and Fees					
Total Support Services General Administration	<u>1,186,347.25</u>	<u>42,169.51</u>	<u>1,228,516.76</u>	<u>1,128,893.22</u>	<u>99,623.54</u>
<b>Support Services School Administration:</b>					
Salaries of Principals / Asst. Principals	1,283,440.00	25,725.00	1,309,165.00	1,305,502.50	3,662.50
Salaries of Secretarial and Clerical Assistants	572,333.00	(472.53)	571,860.47	547,329.62	24,530.85
Unused Vacation Payout		6,519.36	6,519.36	6,519.36	
Supplies and Materials	19,190.00	(305.01)	18,884.99	13,691.40	5,193.59
Total Support Services School Administration	<u>1,874,963.00</u>	<u>31,466.82</u>	<u>1,906,429.82</u>	<u>1,873,042.88</u>	<u>33,386.94</u>
<b>Central Service:</b>					
Salaries	402,530.00	1,000.00	403,530.00	403,128.27	401.73
Misc. Purchased Services (400-500)(OT 594)	3,600.00		3,600.00	3,638.97	1,725.00
Supplies and Materials	18,750.00	6,509.00	25,259.00	20,718.85	4,540.15
Interest on Lease Purchase Agreements	10,509.00	6,297.06	16,806.06	16,806.06	
Miscellaneous Expenditures	23,531.94	460.98	23,992.92	23,988.85	4.07
Total Central Service	<u>458,920.94</u>	<u>16,031.01</u>	<u>474,951.95</u>	<u>468,281.00</u>	<u>6,670.95</u>
<b>Administrative Information Technology:</b>					
Salaries	183,004.00	(1,575.48)	181,428.51	178,573.49	2,855.02
Purchased Professional Services	585.00	(585.00)			
Purchased Technical Services	107,127.00	21,514.80	128,641.80	108,913.65	19,728.15
Other Purchased Services	195,322.49	25,475.35	220,797.84	220,788.36	9.48
Supplies and Materials	1,000.00	3,250.95	4,250.95	4,250.95	
Total Administrative Information Technology	<u>487,038.49</u>	<u>48,080.61</u>	<u>535,119.10</u>	<u>512,526.45</u>	<u>22,592.65</u>
<b>Required Maintenance for School Facilities:</b>					
Salaries	371,246.00	15,021.00	386,267.00	386,232.20	34.80
Cleaning, Repair and Maintenance Services	258,804.05	103,348.20	362,152.25	346,120.97	16,031.28
General Supplies	131,487.63	66,264.78	197,752.41	177,621.70	20,130.71
Total Required Maintenance for School Facilities	<u>761,537.68</u>	<u>184,633.98</u>	<u>946,171.66</u>	<u>909,974.87</u>	<u>36,196.79</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>\$</b>	<b>1,577,647.00</b>	<b>100,848.46</b>	<b>1,678,495.46</b>	<b>\$ 1,667,292.42</b>	<b>\$ 11,203.04</b>
Custodial Services:					
Salaries		13,727.84	13,727.84	13,727.84	
Unused Vacation Payment		43,100.00	43,100.00	20,712.85	6,985.26
Cleaning, Repair and Maintenance Services	43,100.00	(15,402.09)	27,697.91	158,564.25	1,896.44
Other Purchased Property Services	139,053.79	21,408.90	160,462.69	21,432.00	
Insurance	21,432.00		21,432.00	72,953.27	12,604.55
General Supplies	101,250.00	(15,692.18)	85,557.82	170,241.45	12,525.33
Energy (Natural Gas)	220,000.00	(37,233.22)	182,766.78	289,293.03	110,279.71
Energy (Heat and Electricity)	400,376.26	(603.52)	399,772.74	289,293.03	110,279.71
Total Custodial Services	2,502,859.05	66,852.19	2,569,711.24	2,414,216.91	155,494.33
Care and Upkeep of Grounds:					
Salaries	51,356.00	44,403.21	95,759.21	95,759.21	
Cleaning, Repair, and Maintenance Services	63,575.00	(2,782.86)	60,792.14	52,910.14	7,882.00
General Supplies	47,667.80	(7,070.92)	40,596.88	34,785.31	5,811.57
Total Care and Upkeep of Grounds	162,598.80	34,549.43	197,148.23	183,454.66	13,693.57
Security:					
Purchased Professional and Technical Services	5,500.00	48,801.49	54,301.49	43,366.49	10,935.00
Supplies	5,000.00	2,113.00	7,113.00	6,713.80	389.20
Total Security	10,500.00	50,914.49	61,414.49	50,080.29	11,334.20
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	92,392.00	11,600.00	103,992.00	103,966.70	25.30
Salaries for Pupil Transportation (Between Home and School) - Special	43,931.00	7,205.00	51,136.00	50,635.91	500.09
Salaries - Other Transportation	152,888.00	(18,805.00)	134,083.00	110,975.81	23,107.19
Cleaning, Repair and Maintenance Services	86,767.79	(6,000.00)	80,767.79	55,617.02	25,150.77
Lease Payments	101,322.69	34,248.13	135,570.82	135,570.82	
Contracted Services - Aid in Lieu Payments	168,000.00	4,500.00	172,500.00	172,410.86	89.14
Contracted Services (Between Home & School) - Vendors	619,102.00	(104,218.13)	514,883.87	501,024.85	13,859.02
Contracted Services (Other than Between Home and School) - Vendors	79,809.57	(2,997.00)	76,812.57	65,830.86	10,981.71
Contract Services (Sp. Ed. Stds.) - Vendors	19,200.00	(16,500.00)	2,700.00	700.00	2,000.00
Contracted Services - Aid in Lieu Payments	444,655.00	(92,646.04)	352,008.96	307,426.82	44,582.14
Miscellaneous Purchased Services - Transportation	13,405.00	(275.00)	13,130.00	13,130.00	
General Supplies	12,598.62	7,275.00	19,873.62	13,052.26	6,821.36
Total Student Transportation Services	1,834,071.67	(178,613.04)	1,655,458.63	1,529,641.91	125,816.72
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	642,963.00		642,963.00	636,235.88	6,727.12
Other Retirement Contributions - PERS	616,922.40	22,203.01	639,125.41	637,009.13	2,116.28
Workmen's Compensation	23,663.00	(32,288.00)	(9,625.00)	191,375.00	108,536.85
Health Benefits	7,017,863.00	(182,636.11)	6,835,226.89	6,726,690.04	8,030.41
Tuition Reimbursements	84,288.15	(1,400.00)	82,888.15	74,857.74	8,030.41
Other Employee Benefits	3,000.00	1,586.26	4,586.26	4,586.26	
Unused sick payment	85,000.00	196,093.72	281,093.72	251,093.72	30,000.00
Total Unallocated Benefits - Employee Benefits	8,673,699.55	3,558.88	8,677,258.43	8,521,847.77	155,410.66

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
	\$	\$	\$	\$	
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted				3,319,252.00	(3,319,252.00)
NCG-non-budgeted				80,550.00	(80,550.00)
Post Retirement Medical-non budgeted				2,195,860.00	(2,195,860.00)
Long-Term Disability Insurance-non-budgeted				3,589.00	(3,589.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				1,734,266.05	(1,734,266.05)
Total On-Behalf TPAF Contributions (Non-Budgeted)				7,333,517.05	(7,333,517.05)
Total Undisbursed Expenditures	25,079,545.14	259,476.27	25,339,021.41	31,873,847.31	(6,534,825.90)
TOTAL EXPENDITURES - CURRENT EXPENSE	48,297,595.85	381,253.46	48,678,849.31	54,824,193.31	(6,145,344.00)
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12	28,142.00	(20,894.38)	7,247.62	4,320.14	2,927.48
Autism		3,079.10	3,079.10	3,079.10	
School Sponsored and Other Instructional		19,963.00	19,963.00	19,963.00	
Undisbursed-Custodial Services	2,384.00	(2,384.00)			
Undisbursed-Support Services		2,593.00	2,593.00	2,593.00	
Undisbursed-School Administration		6,011.49	6,011.49	6,011.49	
Undisbursed-Reg. Maint. For Schools	13,056.00	(13,056.00)			
Undisbursed Expend. - Care and Upkeep of Grounds	9,290.00	23,966.74	33,256.74	3,250.00	30,006.74
Undisbursed Expend. - Security		3,542.00	3,542.00	3,542.00	
School Buses-Regular	24,480.00	(24,480.00)			
Total Equipment	77,352.00	(1,659.05)	75,692.95	42,758.73	32,934.22
Facilities Acquisition and Construction Services:					
Lease purchase agreements - principal	391,894.00	14,484.06	406,378.06	406,378.06	
Assessment for Debt Service on SDA Funding	29,934.00		29,934.00	29,934.00	
Total Facilities Acquisition and Construction Services	421,828.00	14,484.06	436,312.06	436,312.06	
Interest Deposit to Capital Reserve	1,850.00		1,850.00		1,850.00
TOTAL CAPITAL OUTLAY	501,030.00	12,825.01	513,855.01	479,070.79	34,784.22
SPECIAL SCHOOLS:					
Summer school - instruction	60,000.00	4,583.53	64,583.53	64,583.53	
Salaries of teachers	60,000.00	4,583.53	64,583.53	64,583.53	
Total summer school	60,000.00	4,583.53	64,583.53	64,583.53	
TOTAL SPECIAL SCHOOLS	48,858,625.85	398,662.00	49,257,287.85	55,367,847.63	(6,110,559.78)
TOTAL EXPENDITURES	(1,124,651.85)	(398,662.00)	(1,523,313.85)	458,726.17	1,982,040.02
Excess (deficiency) of revenues over (under) expenditures					

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other financing sources (uses)					
Proceeds from Capital Lease (non-budgeted)	\$ (800,000.00)		\$ (800,000.00)	\$ 2,064,952.67	\$ (2,064,952.67)
Transfers out - capital reserve to capital projects	(800,000.00)		(800,000.00)	1,600,000.00	(2,064,952.67)
Total other financing sources	\$ (1,924,651.85)		\$ (1,924,651.85)	\$ 1,264,952.67	\$ (2,064,952.67)
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	\$ 4,583,502.51	(398,662.00)	\$ (2,323,313.85)	(341,273.83)	1,982,040.02
Fund balances, July 1			4,583,502.51	4,583,502.51	
Fund balances, June 30	\$ 2,658,850.66	(398,662.00)	\$ 2,260,188.66	\$ 4,242,228.68	\$ 1,982,040.02
Recapitulation:					
Assigned - year-end encumbrances				\$ 414,168.78	
Assigned - designated for subsequent years expenditures				99,050.81	
Restricted - excess surplus - designated for subsequent year's expenditures				736,156.19	
Restricted - excess surplus - current year				581,911.50	
Restricted - capital reserve				1,051,168.79	
Unassigned fund balance				1,359,772.61	
Reconciliation to governmental funds statements (GAAP):				4,242,228.68	
Prior Year aid payment not recognized on GAAP basis				(121,540.00)	
Fund balance per governmental funds (GAAP)				\$ 4,120,688.68	

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES:</b>					
Other Sources	\$ 34,703.00	\$ 2,597.00	\$ 37,300.00	\$ 31,291.81	\$ (6,008.19)
State Sources		8,258.00	8,258.00	7,119.55	(1,138.45)
Federal Sources	624,780.00	131,814.08	756,594.08	733,939.92	(22,654.16)
<b>Total Revenues</b>	<b>\$ 659,483.00</b>	<b>\$ 142,669.08</b>	<b>\$ 802,152.08</b>	<b>\$ 772,351.28</b>	<b>\$ (29,800.80)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 132,189.00	\$ (33,719.00)	\$ 98,470.00	\$ 98,470.00	\$
Other Purchased Services	450,101.00	(20,125.00)	429,976.00	429,976.00	
General Supplies	36,005.00	34,568.00	70,573.00	61,326.26	9,246.74
Textbooks		1,644.00	1,644.00	1,634.26	9.74
<b>Total Instruction</b>	<b>618,295.00</b>	<b>(17,632.00)</b>	<b>600,663.00</b>	<b>591,406.52</b>	<b>9,256.48</b>
Support Services:					
Other Salaries		1,008.00	1,008.00	1,008.00	
Purchased Services Employee Benefits		26,880.00	26,880.00	26,880.00	
Purchased Professional/Technical Services	34,703.00	87,500.70	122,203.70	101,743.38	20,460.32
Other Purchased Services		14,965.00	14,965.00	14,881.00	84.00
Supplies and Materials		11,432.38	11,432.38	11,432.38	
<b>Total Support Services</b>	<b>34,703.00</b>	<b>141,786.08</b>	<b>176,489.08</b>	<b>155,944.76</b>	<b>20,544.32</b>
Facilities Acquisition and Construction Service:					
Non-Instructional Equip.		25,000.00	25,000.00	25,000.00	
<b>Total Facilities Acquisition and Construction Service</b>		<b>25,000.00</b>	<b>25,000.00</b>	<b>25,000.00</b>	
<b>Total expenditures</b>	<b>\$ 652,998.00</b>	<b>\$ 149,154.08</b>	<b>\$ 802,152.08</b>	<b>\$ 772,351.28</b>	<b>\$ 29,800.80</b>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO RSI (REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note A - Explanation of difference between budgetary inflows and outflows  
and GAAP revenues and expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 55,826,573.80	\$ 772,351.28
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	111,631.00	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(121,540.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Add prior year encumbrances		7,181.01
Less prior year encumbrances canceled		(1,736.81)
Less current year encumbrances		(8,092.25)
	<hr/>	<hr/>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 55,816,664.80</u>	<u>\$ 769,703.23</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$53,898,071.68	\$ 772,351.28
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		7,181.01
Less prior year encumbrances canceled		(1,736.81)
Less current year encumbrances		(8,092.25)
	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 53,898,071.68</u>	<u>\$ 769,703.23</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)**

Township of Berkeley Heights School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Public Employees Retirement System  
Last Ten Years

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0620130944%	\$ 11,851,934	4,239,020.00	279.59%	48.72%
2014	0.0614885818%	11,512,344	4,379,262.00	262.88%	52.08%
2015	0.0652668655%	14,651,103	4,469,881.00	327.77%	47.92%
2016	0.0645415599%	19,115,359	4,442,888.00	430.25%	40.14%
2017	0.0666190900%	15,408,184	5,042,435.00	305.57%	48.09%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Township of Berkeley Heights School District  
Schedule of the District's Contributions  
Public Employees Retirement System  
Last Ten Years

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency <u>(Excess)</u>	District's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 506,903	\$ 506,903	\$ -0-	\$ 4,239,020.00	11.96%
2015	561,120	561,120	-0-	4,379,262.00	12.81%
2016	573,378	573,378	-0-	4,469,881.00	12.83%
2017	576,245	576,245	-0-	4,442,888.00	12.97%
2018	616,254	616,254	-0-	5,042,435.00	12.22%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Township of Berkeley Heights School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Teachers Pension and Annuity Fund  
Last Ten Years

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.2158864422%	\$ -0-	\$ 21,328,084.00	-0-	33.76%
2014	0.2115480206%	-0-	22,379,398.00	-0-	33.64%
2015	0.2179062605%	-0-	22,342,727.00	-0-	28.71%
2016	0.2238181394%	-0-	23,002,506.00	-0-	22.33%
2017	0.2206775019%	-0-	24,125,457.00	-0-	25.41%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION- PART III**

**Township of Berkeley Heights School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2018**

**Public Employees Retirement System**

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.98% to 5.00% as of June 30, 2017.

**Teacher Pension and Annuity Fund**

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.22% to 4.25% as of June 30, 2017.

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)**



TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE TOTAL  
OPEB LIABILITY AND RELATED RATIOS  
LAST TEN YEARS

	Fiscal Year Ended June <u>30, 2018</u>
Changes for the year:	
Service cost	\$4,479,767
Interest	3,230,012
Changes in assumptions or other inputs	(13,113,716)
Benefit payments	(2,369,506)
Contributions from Members	87,251
Net changes	(7,686,192)
Beginning Balance	\$109,987,082
Ending Balance	\$102,300,890
Covered Employee Payroll	39,533,641
Total OPEB Liability as a percentage of Covered Employee Payroll	-0-

## Change of Benefit Terms:

No Change in Benefits terms between the June 30, 2016 actuarial valuation and the June 30, 2017 actuarial valuation.

## Change of Assumptions:

The Discount Rate Changed from 2.85% at the June 30, 2016 measurement date to 3.58% at the 6/30/2017 measurement date.

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	LOCAL	NONPUBLIC NURSING	NONPUBLIC SECURITY	NONPUBLIC TEXTBOOKS	NONPUBLIC TECHNOLOGY	TITLE I
REVENUES:						
Local Sources	\$ 31,291.81	\$ 3,031.49	\$ 1,396.67	\$ 1,634.26	\$ 1,057.13	\$ 140,039.70
State Sources						
Federal Sources						
Total Revenues	31,291.81	3,031.49	1,396.67	1,634.26	1,057.13	140,039.70
EXPENDITURES:						
Instruction:						
Salaries of Teachers						96,000.00
Other Purchased Services	3,785.13	3,031.49	1,396.67	1,634.26	1,057.13	10,662.70
General Supplies						
Textbooks						
Total Instruction	3,785.13	3,031.49	1,396.67	1,634.26	1,057.13	106,662.70
Support Services:						
Other Salaries						
Personal Services Employee - Benefits	2,506.68					26,880.00
Purchased Professional / Technical Services						6,497.00
Other purchased services						
Supplies and Materials						
Total Support Services	2,506.68					33,377.00
Equipment:						
Non-Instructional Equip.	25,000.00					
Total Equipment	25,000.00					
Total Expenditures	31,291.81	3,031.49	1,396.67	1,634.26	1,057.13	140,039.70
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	TITLE IV	TITLE IIA	TITLE III	IDEA PART B BASIC	IDEA PART B PRESCHOOL	TOTALS
	\$	\$	\$	\$	\$	\$
REVENUES:						
Local Sources	10,000.00	38,249.08	17,837.12	513,985.25	13,828.77	31,291.81
State Sources						7,119.55
Federal Sources						733,939.92
Total Revenues	10,000.00	38,249.08	17,837.12	513,985.25	13,828.77	772,351.28
EXPENDITURES:						
Instruction:						
Salaries of Teachers			2,470.00	429,976.00		98,470.00
Other Purchased Services				31,191.25	4,120.77	429,976.00
General Supplies	4,500.00		1,581.12			61,326.26
Textbooks						1,634.26
Total Instruction	4,500.00		4,051.12	461,167.25	4,120.77	591,406.52
Support Services:						
Other Salaries			1,008.00			1,008.00
Personal Services Employee - Benefits						26,880.00
Purchased Professional / Technical Services	5,500.00	29,491.70	11,557.00	41,158.00	5,033.00	101,743.38
Other purchased services		8,757.38	1,221.00	8,985.00	4,675.00	14,881.00
Supplies and Materials				2,675.00		11,432.38
Total Support Services	5,500.00	38,249.08	13,786.00	52,818.00	9,708.00	155,944.76
Equipment:						
Non-Instructional Equip.						25,000.00
Total Equipment						25,000.00
Total Expenditures	10,000.00	38,249.08	17,837.12	513,985.25	13,828.77	772,351.28
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

EXHIBIT "F-1"

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES-BUDGETARY BASIS  
AS OF JUNE 30, 2018

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>BALANCE</u> <u>JUNE 30, 2018</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
MARY KAY MCMILLIN ECS	\$ 409,478.00	\$ 164,929.68	\$	244,548.32
THOMAS P. HUGHES ELEMENTARY SCHOOL	1,050,246.00	203,509.40		846,736.60
WILLIAM WOODRUFF ELEMENTARY SCHOOL	901,751.00	285,037.20		616,713.80
COLUMBIA MIDDLE SCHOOL	2,684,851.00	1,825,903.96	24,826.69	834,120.35
GOVERNOR LIVINGSTON HIGH SCHOOL	623,158.00	462,909.75		160,248.25
MOUNTAIN PARK ELEMENTARY SCHOOL	684,895.00	149,265.00		535,630.00
345 PLAINFIELD AVENUE	96,000.00	84,450.00	11,550.00	
SECURITY VESTIBULES UPGRADE	806,000.00		806,000.00	
Totals	\$ 7,256,379.00	\$ 3,176,004.99	\$ 842,376.69	\$ 3,237,997.32

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

REVENUES AND OTHER FINANCING SOURCES:	
Capital reserve	\$ <u>800,000.00</u>
Total Revenues and Other Financing Sources	<u>800,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:	
Other Purchased Professional and Tech. Services	11,550.00
Construction Services	<u>830,826.69</u>
Total Expenditures and Other Financing Uses	<u>842,376.69</u>
Excess (deficiency) of revenues over (under) expenditures	(42,376.69)
Net change in fund balances	(42,376.69)
Fund Balance - Beginning of Year	<u>1,490,558.72</u>
Fund Balance - End of Year	\$ <u><u>1,448,182.03</u></u>
<u>Reconciliation to GAAP Financial Statements:</u>	
Fund Balance- Budgetary Basis (Exhibit F-2)	\$ 1,448,182.03
Less: Unearned Revenue (GAAP Basis)	<u>1,479,429.40</u>
Fund Balance- GAAP Basis (Exhibit B-1)	\$ <u><u>(31,247.37)</u></u>
Reserved for Encumbrances	\$
Restricted for Capital Projects	<u>(31,247.37)</u>
	\$ <u><u>(31,247.37)</u></u>



TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -  
MARY KAY MCMILLIN ECS  
BUDGETARY BASIS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
SDA Grant	\$ 163,791.00	\$	\$ 163,791.00	\$ 163,791.00
Capital Reserve	16,200.00		16,200.00	245,687.00
	<hr/>		<hr/>	<hr/>
Total Revenues and Other Financing Sources	179,991.00		179,991.00	409,478.00
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Other Purchased Professional and Tech. Services	12,549.00		12,549.00	69,611.00
Construction Services	152,380.68		152,380.68	339,867.00
	<hr/>		<hr/>	<hr/>
Total Expenditures and Other Financing Uses	164,929.68		164,929.68	409,478.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
	\$ 15,061.32	\$	\$ 15,061.32	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Project Number	0310-035-14-1004-G04			
Grant Date	2/24/2014			
Bond Authorization Date				
Bonds Authorization				
Bonds Issued				
Original Authorized Cost	\$ 409,478.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 409,478.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	40.28%			
Original Target Completion Date	6/30/17			
Revised Target Completion Date	6/30/18			

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 BUDGETARY BASIS  
 THOMAS P. HUGHES ELEMENTARY SCHOOL  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
SDA Grant	\$ 420,098.00	\$	\$ 420,098.00	\$ 420,098.00
Capital Reserve	109,480.00		109,480.00	630,148.00
	<hr/>		<hr/>	
Total Revenues and Other Financing Sources	529,578.00		529,578.00	1,050,246.00
	<hr/>		<hr/>	
EXPENDITURES AND OTHER FINANCING USES:				
Other Purchased Professional and Tech. Services	9,909.94		9,909.94	147,034.00
Construction Services	193,599.46		193,599.46	903,212.00
	<hr/>		<hr/>	
Total Expenditures and other financing uses	203,509.40		203,509.40	1,050,246.00
	<hr/>		<hr/>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 326,068.60		\$ 326,068.60	
	<hr/>		<hr/>	
ADDITIONAL PROJECT INFORMATION:				
Project Number	0310-020-14-1002-G04			
Grant Date	2/24/14			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Authorized Cost	\$ 1,050,246.00			
Additional Authorized Cost				
Revised Authorized Cost	1,050,246.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	19.38%			
Original Target Completion Date	6/30/17			
Revised Target Completion Date	6/30/18			

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 BUDGETARY BASIS  
 WILLIAM WOODRUFF ELEMENTARY SCHOOL  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
REVENUES AND OTHER FINANCING SOURCES:				
SDA Grant	\$ 360,700.00	\$	\$ 360,700.00	\$ 360,700.00
Capital Reserve	145,730.00		145,730.00	541,051.00
Total Revenues and Other Financing Sources	<u>506,430.00</u>	<u>0.00</u>	<u>506,430.00</u>	<u>901,751.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Other Purchased Professional and Tech. Services	15,918.31		15,918.31	126,245.00
Construction Services	269,118.89		269,118.89	775,506.00
Total Expenditures and other financing uses	<u>285,037.20</u>	<u>0.00</u>	<u>285,037.20</u>	<u>901,751.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 221,392.80</u>	<u>0.00</u>	<u>\$ 221,392.80</u>	
ADDITIONAL PROJECT INFORMATION:				
Project Number	0310-050-14-1006-G04			
Grant Date	2/24/14			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Authorized Cost	\$ 901,751.00			
Additional Authorized Cost				
Revised Authorized Cost	901,751.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	31.61%			
Original Target Completion Date	6/30/17			
Revised Target Completion Date	6/30/18			

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 BUDGETARY BASIS  
 COLUMBIA MIDDLE SCHOOL  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
SDA Grant	\$ 1,076,340.00	\$	\$ 1,076,340.00	\$ 1,076,340.00
Capital Reserve	1,086,182.00	(6,000.00)	1,080,182.00	1,608,511.00
Total Revenues and Other Financing Sources	<u>2,162,522.00</u>	<u>(6,000.00)</u>	<u>2,156,522.00</u>	<u>2,684,851.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Other Purchased Professional and Tech. Services	126,573.99		126,573.99	430,536.00
Construction Services	1,699,329.97	24,826.69	1,724,156.66	2,254,315.00
Total Expenditures and other financing uses	<u>1,825,903.96</u>	<u>24,826.69</u>	<u>1,850,730.65</u>	<u>2,684,851.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 336,618.04</u>	<u>(30,826.69)</u>	<u>\$ 305,791.35</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Project Number	0310-030-14-1003-G04			
Grant Date	3/3/14			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Authorized Cost	\$ 2,684,851.00			
Additional Authorized Cost				
Revised Authorized Cost	2,684,851.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	68.93%			
Original Target Completion Date	6/30/17			
Revised Target Completion Date	6/30/18			

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 BUDGETARY BASIS  
 GOVERNOR LIVINGSTON HIGH SCHOOL  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
SDA Grant	\$ 249,263.00	\$	\$ 249,263.00	\$ 249,263.00
Capital Reserve	214,243.00		214,243.00	373,895.00
	<hr/>		<hr/>	
Total Revenues and Other Financing Sources	463,506.00		463,506.00	623,158.00
	<hr/>		<hr/>	
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Other Purchased Professional and Tech. Services	36,092.87		36,092.87	143,326.00
Construction Services	426,816.88		426,816.88	479,832.00
	<hr/>		<hr/>	
Total Expenditures and other financing uses	462,909.75		462,909.75	623,158.00
	<hr/>		<hr/>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 596.25		\$ 596.25	
	<hr/>		<hr/>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Project Number	0310-005-14-1001-G04			
Grant Date	2/24/14			
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Authorized Cost	\$ 623,158.00			
Additional Authorized Cost				
Revised Authorized Cost	623,158.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	74.28%			
Original Target Completion Date	6/30/17			
Revised Target Completion Date	6/30/18			

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 BUDGETARY BASIS  
 MOUNTAIN PARK ELEMENTARY SCHOOL  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
SDA Grant	\$ 273,958.00	\$	\$ 273,958.00	\$ 273,958.00
Capital Reserve				410,937.00
Total Revenues and Other Financing Sources	<u>273,958.00</u>		<u>273,958.00</u>	<u>684,895.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Other Purchased Professional and Tech. Services	1,971.41		1,971.41	97,885.00
Construction Services	<u>147,293.59</u>		<u>147,293.59</u>	<u>587,010.00</u>
Total Expenditures and other financing uses	<u>149,265.00</u>		<u>149,265.00</u>	<u>684,895.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 124,693.00</u>		<u>\$ 124,693.00</u>	
ADDITIONAL PROJECT INFORMATION:				
Project Number	0310-040-14-1005-G04			
Grant Date				
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Authorized Cost	\$ 684,895.00			
Additional Authorized Cost				
Revised Authorized Cost	684,895.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	21.79%			
Original Target Completion Date	6/30/17			
Revised Target Completion Date	6/30/18			

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
345 PLAINFIELD AVE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Capital Reserve	\$ 96,000.00	\$ _____	\$ 96,000.00	\$ 96,000.00
Total Revenues and Other Financing Sources	<u>96,000.00</u>	<u>_____</u>	<u>96,000.00</u>	<u>96,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Other Purchased Professional and Tech. Services	<u>84,450.00</u>	<u>11,550.00</u>	<u>96,000.00</u>	<u>96,000.00</u>
Total Expenditures and other financing uses	<u>84,450.00</u>	<u>11,550.00</u>	<u>96,000.00</u>	<u>96,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>11,550.00</u>	<u>(11,550.00)</u>	<u>_____</u>	
ADDITIONAL PROJECT INFORMATION:				
Project Number				
Grant Date				
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Authorized Cost	\$ 96,000.00			
Additional Authorized Cost				
Revised Authorized Cost	96,000.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	100.00%			
Original Target Completion Date	6/30/18			
Revised Target Completion Date	6/30/18			

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
SECURITY VESTIBULES UPGRADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Capital Reserve	\$ _____	\$ 806,000.00	\$ 806,000.00	\$ 806,000.00
Total Revenues and Other Financing Sources	_____	806,000.00	806,000.00	806,000.00
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Construction Services	_____	806,000.00	806,000.00	806,000.00
Total Expenditures and other financing uses	_____	806,000.00	806,000.00	806,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ _____	_____	\$ _____	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Project Number				
Grant Date				
Bond Authorization Date				
Bonds Authorized				
Bonds Issued				
Original Authorized Cost	\$ 806,000.00			
Additional Authorized Cost				
Revised Authorized Cost		806,000.00		
Percentage Increase over Original Authorized Cost				
Percentage Completion		100.00%		
Original Target Completion Date		6/30/18		
Revised Target Completion Date		6/30/18		



**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 within the school district.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>	
	<u>FOOD SERVICE</u>	<u>TOTALS</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,518.26	\$ 2,518.26
Accounts receivable:		
Interfunds	110,031.66	110,031.66
Inventories	14,894.91	14,894.91
	<u>127,444.83</u>	<u>127,444.83</u>
Total Current Assets		
Capital Assets:		
Equipment	277,022.68	277,022.68
Less: Accumulated Depreciation	<u>(211,574.37)</u>	<u>(211,574.37)</u>
	<u>65,448.31</u>	<u>65,448.31</u>
Total Capital Assets		
Total Assets	<u>192,893.14</u>	<u>192,893.14</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	6,627.27	6,627.27
Unearned revenue	<u>29,385.92</u>	<u>29,385.92</u>
	<u>36,013.19</u>	<u>36,013.19</u>
Total Current Liabilities		
Total Liabilities	<u>36,013.19</u>	<u>36,013.19</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	65,448.31	65,448.31
Unrestricted	<u>91,431.64</u>	<u>91,431.64</u>
Total Net Position	<u>\$ 156,879.95</u>	<u>\$ 156,879.95</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>	
	<u>FOOD SERVICE</u>	<u>TOTALS</u>
OPERATING REVENUES:		
Charges for services:		
Daily sales	\$ 989,482.47	\$ 989,482.47
Special Functions	14,096.70	14,096.70
Total Operating Revenues	<u>1,003,579.17</u>	<u>1,003,579.17</u>
OPERATING EXPENSES:		
Cost of sales	436,653.52	436,653.52
Salaries	290,312.69	290,312.69
Employee benefits and taxes	71,473.38	71,473.38
Other purchased services	57,896.45	57,896.45
Supplies and materials	27,247.83	27,247.83
Miscellaneous	51,571.78	51,571.78
Depreciation	7,604.81	7,604.81
Total Operating Expenses	<u>942,760.46</u>	<u>942,760.46</u>
Operating Income	<u>60,818.71</u>	<u>60,818.71</u>
Change in net position	60,818.71	60,818.71
Total Net Position, Beginning of Year	<u>96,061.24</u>	<u>96,061.24</u>
Total Net Position, End of Year	<u>\$ 156,879.95</u>	<u>\$ 156,879.95</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 PROPRIETARY FUND  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUI

	FOOD SERVICE	TOTALS
Cash flows from operating activities:		
Receipts from customers	\$ 1,008,733.30	\$ 1,008,733.30
Payments for employees' salaries and benefits	(290,312.69)	(290,312.69)
Payments to suppliers for goods and services	(651,209.66)	(651,209.66)
Net Cash Provided by (Used for) Operating Activities	67,210.95	67,210.95
Cash Flows from Noncapital Financing Activities:		
Transfers from/(to) other funds	(63,554.46)	(63,554.46)
Net Cash Provided by (Used for) Noncapital Financing Activities	(63,554.46)	(63,554.46)
Acquisition of Capital Assets	(4,101.46)	(4,101.46)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,101.46)	(4,101.46)
Net increase in cash and cash equivalents	(444.97)	(444.97)
Cash and cash equivalents, July 1	2,963.23	2,963.23
Cash and cash equivalents, June 30	0.00	0.00
	\$ 2,518.26	\$ 2,518.26
	0.00	
Operating Income (Loss)	\$ 60,818.71	\$ 60,818.71
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation and Net Amortization	7,604.81	7,604.81
Change in Assets and Liabilities:		
Increase / (Decrease) in Accounts Payable	928.27	928.27
Increase / (Decrease) in Unearned Revenue	5,154.13	5,154.13
(Increase) / Decrease in Inventory	(7,294.97)	(7,294.97)
Net Cash Provided by (Used for) by Operating Activities	\$ 67,210.95	\$ 67,210.95
	0.00	

<b>FIDUCIARY FUNDS DETAIL STATEMENTS</b>
--

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

**Unemployment Compensation Insurance Trust Fund:** This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.

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

**Payroll Agency Fund:** This agency fund is used to account for the payroll transactions of the school district.

**Scholarship Trust Fund:** This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2018

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION TRUST	TOTAL TRUST FUNDS	AGENCY FUNDS		TOTAL AGENCY FUNDS
				STUDENT ACTIVITY	PAYROLL	
ASSETS:						
Cash and Cash Equivalents	\$ 5,156.34	\$ 361,829.06	\$ 366,985.40	\$ 261,178.91	\$ 626,738.66	\$ 887,917.57
Total assets	\$ 5,156.34	\$ 361,829.06	\$ 366,985.40	\$ 261,178.91	\$ 626,738.66	\$ 887,917.57
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups				\$ 261,178.91		\$ 261,178.91
Total liabilities				\$ 261,178.91	\$ 626,738.66	\$ 887,917.57
NET POSITION:						
Held in trust for unemployment claims Held in trust for scholarships	\$ 5,156.34	\$ 361,829.06	\$ 366,985.40			
TOTAL NET POSITION	\$ 5,156.34	\$ 361,829.06	\$ 366,985.40			

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	PRIVATE PURPOSE TRUST FUNDS	UNEMPLOYMENT COMPENSATION TRUST	<u>TOTALS</u>
ADDITIONS:			
Contributions:			
Unemployment	\$	\$ 47,754.89	\$ 47,754.89
Donations	125.00		125.00
	<hr/>	<hr/>	<hr/>
Total contributions	125.00	47,754.89	47,879.89
	<hr/>	<hr/>	<hr/>
Investment Earnings:			
Interest Earned	76.17	4,112.23	4,188.40
	<hr/>	<hr/>	<hr/>
Net Investment Earnings	76.17	4,112.23	4,188.40
	<hr/>	<hr/>	<hr/>
Total additions	201.17	51,867.12	52,068.29
	<hr/>	<hr/>	<hr/>
DEDUCTIONS:			
Scholarships awarded	6,575.06		6,575.06
Unemployment claims and contributions		31,555.80	31,555.80
	<hr/>	<hr/>	<hr/>
Total deductions	6,575.06	31,555.80	38,130.86
	<hr/>	<hr/>	<hr/>
Change in Net Position	(6,373.89)	20,311.32	13,937.43
	<hr/>	<hr/>	<hr/>
Net Position, Beginning of Year	11,530.23	\$ 341,517.74	353,047.97
	<hr/>	<hr/>	<hr/>
Net Position, End of Year	\$ 5,156.34	\$ 361,829.06	\$ 366,985.40
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JUNE 30, 2017</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ <u>240,143.58</u>	\$ <u>381,316.95</u>	<u>360,281.62</u>	\$ <u>261,178.91</u>
Total assets	\$ <u><u>240,143.58</u></u>	\$ <u><u>381,316.95</u></u>	\$ <u><u>360,281.62</u></u>	\$ <u><u>261,178.91</u></u>
<b>LIABILITIES:</b>				
Due student groups	\$ <u>240,143.58</u>	\$ <u>381,316.95</u>	\$ <u>360,281.62</u>	\$ <u>261,178.91</u>
Total liabilities	\$ <u><u>240,143.58</u></u>	\$ <u><u>381,316.95</u></u>	\$ <u><u>360,281.62</u></u>	\$ <u><u>261,178.91</u></u>



TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JUNE 30, 2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ <u>649,580.65</u>	\$ <u>17,672,745.45</u>	\$ <u>17,695,587.44</u>	\$ <u>626,738.66</u>
Total assets	\$ <u><u>649,580.65</u></u>	\$ <u><u>17,672,745.45</u></u>	\$ <u><u>17,695,587.44</u></u>	\$ <u><u>626,738.66</u></u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ <u>649,580.65</u>	\$ <u>17,672,745.45</u>	\$ <u>17,695,587.44</u>	\$ <u>626,738.66</u>
Total liabilities	\$ <u><u>649,580.65</u></u>	\$ <u><u>17,672,745.45</u></u>	\$ <u><u>17,695,587.44</u></u>	\$ <u><u>626,738.66</u></u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
JUNE 30, 2018

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JUNE 30, 2017	RETIRED	BALANCE JUNE 30, 2018
			DATE	AMOUNT				
Refunding Bonds Series 2009	6/16/2009	\$ 4,005,000.00	8/1/2018	385,000.00	5.000%			
			8/1/2019	385,000.00	5.000%			
			8/1/2020	385,000.00	4.000%			
			8/1/2021	380,000.00	4.000%	1,920,000.00	385,000.00	1,535,000.00
Refunding Bonds Series 2014	5/14/2014	13,970,000.00	3/1/2019	1,250,000.00	4.000%			
			3/1/2020	1,320,000.00	5.000%			
			3/1/2021	1,375,000.00	5.000%			
			3/1/2022	1,460,000.00	2.500%			
			3/1/2023	1,485,000.00	5.000%			
			3/1/2024	1,490,000.00	5.000%			
		3/1/2025	1,500,000.00	5.000%				
		3/1/2026	1,495,000.00	5.000%				
						12,605,000.00	1,230,000.00	11,375,000.00
						\$ 14,525,000.00	\$ 1,615,000.00	\$ 12,910,000.00

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 AS OF JUNE 30, 2018

SERIES	DATE	TERM	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL LEASE	AMOUNT OUTSTANDING JUNE 30, 2017	DECREASE	AMOUNT OUTSTANDING JUNE 30, 2018
2014 Technology Infrastructure	7/1/2013	5	1.11%	\$ 560,000.00	\$ 113,536.63	\$ 113,536.63	\$
2014 Schoo Buses, Maint. & Textbooks	5/20/2014	5	1.43%	345,000.00	139,350.60	69,180.65	70,169.95
2014 Technology, Bus., Equip. & Textbooks	6/20/2015	5	1.72%	450,000.00	271,459.12	88,945.05	182,514.07
2016 Equipment	6/10/2016	5	1.46%	332,000.00	264,537.42	64,704.48	199,832.94
2016 Apple iPads	6/10/2016	3	1.29%	480,000.00	318,871.28	158,408.19	160,463.09
2017 Bus & Technology	3/28/2017	5	2.75%	105,000.00	83,414.99	20,012.97	63,402.02
2017 LED Lighting	7/1/2016	5	2.25%	158,478.00	125,222.12	25,595.41	99,626.71
2017 Security, Track, Technology, Maintenance Equipment & Bus	5/4/2017	5	1.78%	2,700,000.00	2,700,000.00	542,803.42	2,157,196.58
Copiers	12/20/2016	5	3.96%	158,826.09	144,319.81	29,887.93	114,431.88
				\$	\$ 4,160,711.97	\$ 1,113,074.73	\$ 3,047,637.24

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	TRANSFERS	MODIFIED BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,644,438.00		\$ 1,644,438.00	\$ 1,644,438.00	\$
State sources:					
Debt Service Aid Type II	593,637.00		593,637.00	593,637.00	
Total revenues	<u>2,238,075.00</u>		<u>2,238,075.00</u>	<u>2,238,075.00</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	523,075.00	100,000.00	623,075.00	623,075.00	
Redemption of principal	1,715,000.00	(100,000.00)	1,615,000.00	1,615,000.00	
Total regular debt service-expenditures	<u>2,238,075.00</u>		<u>2,238,075.00</u>	<u>2,238,075.00</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>0.38</u>		<u>0.38</u>	<u>0.38</u>	
Fund balance, July 1					
Fund balance, June 30	<u>\$ 0.38</u>		<u>\$ 0.38</u>	<u>\$ 0.38</u>	<u>\$</u>

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**STATISTICAL SECTION**  
**(UNAUDITED)**

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
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.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
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.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.



TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
(accrual basis of accounting)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental activities</b>										
Net investment in capital assets	\$ 49,851,804.34	\$ 46,183,660	\$ 43,898,322	\$ 41,730,079	\$ 41,311,030	\$ 40,698,362	\$ 40,090,474	\$ 39,651,236	\$ 39,166,864	\$ 38,119,841
Restricted	1,119,512	2,670,124	2,520,840	3,025,633	3,083,519	4,082,641	4,841,132	2,878,696	2,304,849	4,433,863
Unrestricted(deficit)	(14,459,625)	(14,041,721)	(13,017,523)	(1,118,304)	(1,031,436)	(1,143,613)	(1,076,652)	(1,090,464)	(1,695,736)	(1,282,306)
Total governmental activities net position	\$ 36,511,692	\$ 34,812,063	\$ 33,402,639	\$ 43,637,408	\$ 43,363,113	\$ 43,637,390	\$ 43,854,954	\$ 41,439,468	\$ 39,775,977	\$ 41,271,398
<b>Business-type activities</b>										
Net investment in capital assets	65,448	68,952	\$ 37,746	\$ 48,895	\$ 60,044	\$ 16,929	\$ 22,411	\$ 21,161	\$ 24,648	\$ (2,979)
Unrestricted	91,432	27,110	359	(49,280)	(46,179)	(3,134)				
Total business-type activities net position	156,880	96,062	\$ 38,105	\$ (395)	\$ 13,865	\$ 13,795	\$ 22,411	\$ 21,161	\$ 24,648	\$ (2,979)
<b>District-wide</b>										
Net investment in capital assets	49,917,253	46,252,612	\$ 43,937,068	\$ 41,778,974	\$ 41,371,074	\$ 40,715,291	\$ 40,090,474	\$ 39,651,236	\$ 39,166,864	\$ 38,119,841
Restricted	1,119,512	2,670,124	2,520,840	3,025,633	3,083,519	4,082,641	4,841,132	2,878,696	2,304,849	4,433,863
Unrestricted(Deficit)	(14,368,193)	(14,014,611)	(13,017,164)	(1,167,584)	(1,077,615)	(1,146,747)	(1,054,241)	(1,069,303)	(1,671,088)	(1,285,285)
Total district net position	\$ 36,668,572	\$ 34,908,125	\$ 33,440,744	\$ 43,637,023	\$ 43,376,978	\$ 43,651,185	\$ 43,877,365	\$ 41,460,629	\$ 39,800,625	\$ 41,268,419

Source: CAFR Schedule A-1

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
CHANGES IN NET POSITION  
(accrual basis of accounting)  
UNAUDITED

	Fiscal Year Ending June 30,						
	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>							
Governmental activities							
Instruction							
Regular	\$ 30,472,151	\$ 30,125,270	\$ 27,356,924	\$ 16,698,786	\$ 16,719,611	\$ 16,629,090	\$ 15,956,205
Special education	10,120,509	9,756,196	8,607,890	4,099,047	3,848,277	3,472,750	3,383,511
Other special instruction				385,388	339,713	316,051	260,570
Other instruction	2,946,080	2,813,804	2,519,404	1,299,367	1,230,652	1,246,132	1,215,083
Support Services:							
Tuition				1,460,886	1,662,143	1,632,986	1,154,617
Student and instruction related services	9,985,929	9,545,193	8,586,876	5,321,878	5,025,924	4,884,523	4,342,265
General administration	1,547,282	1,457,381	1,377,435	1,176,379	1,032,140	914,662	965,581
School administrative services	3,255,411	3,228,452	2,794,094	2,475,861	2,455,098	2,389,370	2,405,572
General & business administration							
Central services	1,364,059	1,309,192	1,052,584				
Plant operations and maintenance	5,970,093	4,830,601	4,843,150	3,563,551	3,270,281	2,982,096	3,304,114
Pupil transportation	1,634,394	1,665,499	1,856,029	1,676,714	1,643,770	1,484,138	1,387,742
Business and other support services				11,856,736	11,295,272	11,720,257	10,862,356
Special schools	121,379	117,083	42,143	60,479	71,548	62,485	45,130
Interest on long-term debt	652,931	670,812	705,024	746,260	742,994	934,377	987,157
Plant and equipment services				1,145,177	2,248,192	484,368	11,941
Unallocated amortization	1,385,011	1,311,418	1,048,801	85,227	91,337	86,957	85,050
Total governmental activities expenses	\$ 69,455,229	\$ 66,830,901	\$ 60,790,354	\$ 52,051,736	\$ 51,676,952	\$ 49,240,282	\$ 46,386,673
Business-type activities:							
Food service	942,760	975,096	978,880	900,400	810,732	791,646	795,566
Total business-type activities expense	942,760	975,096	978,880	900,400	810,732	791,646	795,566
Total district expenses	\$ 70,397,990	\$ 31,223,311	\$ 61,769,234	\$ 52,952,136	\$ 52,487,684	\$ 50,031,928	\$ 47,182,239
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
Instruction (Tuition)	\$ 5,942,789	\$ 6,382,210	\$ 5,904,850		549,731	558,400	696,977
Operating grants and contributions	20,694,085	19,236,512	14,595,863	570,485	549,731	558,400	696,977
Capital grants and contributions	9,931	766,548	288,242	20,788,955	549,731	558,400	696,977
Total governmental activities program revenues	\$ 26,646,805	\$ 26,385,270	\$ 20,788,955	\$ 570,485	\$ 549,731	\$ 558,400	\$ 696,977
Business-type activities:							
Charges for services:							
Food service	1,003,579	996,688	990,352	885,869	781,599	782,916	773,506
Operating grants and contributions	1,003,579	986,688	980,352	885,869	781,599	782,916	773,506
Total business type activities program revenues	\$ 2,007,158	\$ 1,983,376	\$ 1,970,704	\$ 1,771,738	\$ 1,563,198	\$ 1,565,832	\$ 1,547,012
Total district program revenues	\$ 28,653,963	\$ 28,368,646	\$ 22,759,659	\$ 24,352,223	\$ 24,112,929	\$ 24,113,832	\$ 28,243,989
<b>Net (Expense)/Revenue</b>							
Governmental activities	\$ (42,808,424)	\$ (40,445,632)	\$ (40,001,399)	\$ (51,481,251)	\$ (51,127,221)	\$ (48,681,882)	\$ (44,467,960)
Business-type activities	60,819	21,592	11,472	(14,531)	(29,133)	(8,730)	1,141
Total district-wide net expense	\$ (42,747,606)	\$ (40,424,039)	\$ (39,989,927)	\$ (51,495,782)	\$ (51,156,354)	\$ (48,690,612)	\$ (44,471,556)

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
CHANGES IN NET POSITION  
(accrual basis of accounting)  
UNAUDITED

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 40,283,522	\$ 39,227,836	\$ 38,458,663	\$ 37,312,415	\$ 36,188,642	\$ 35,479,061	\$ 36,132,822	\$ 35,775,842	\$ 34,787,219	\$ 34,094,895
Taxes levied for debt service	1,644,438.00	1,608,376.00	1,695,547.00	1,710,697	1,689,925	1,699,596	1,627,285	1,677,496	1,595,218	1,371,046
State aid restricted for debt service	130,966.50	106,710.00	81,833.00							
Unrestricted state aid	593,637.00	595,043.00	582,831.00	6,946,856	6,103,497	6,551,089	5,143,642	3,966,102	5,548,916	5,409,860
Tuition received				4,936,257	4,824,779	4,322,566	4,647,781	4,369,523	3,573,070	3,722,118
Gain on refinancing					769,000					
Capital Lease Purchases				383,446	872,966					
Miscellaneous income	575,836.23	532,347.87	416,712.02	460,807	420,811	403,078	559,829	322,900	225,554	162,484
Investment Earnings				5,068	12,324	8,929	15,141	19,588	36,394	124,067
Donation - Capital asset										
Transfers			(27,000)		(29,000)					
<b>Total governmental activities</b>	<b>43,228,400</b>	<b>42,070,313</b>	<b>41,218,586</b>	<b>51,755,546</b>	<b>50,852,944</b>	<b>48,464,319</b>	<b>48,126,500</b>	<b>46,131,451</b>	<b>45,766,371</b>	<b>44,884,470</b>
Business-type activities:										
Investment earnings			17	281	203	114	109	109	103	16
Transfers			27,000		29,000					
<b>Total business-type activities</b>			<b>27,017</b>	<b>281</b>	<b>29,203</b>	<b>114</b>	<b>109</b>	<b>109</b>	<b>103</b>	<b>16</b>
<b>Total district-wide</b>	<b>\$ 43,228,400</b>	<b>\$ 42,070,313</b>	<b>\$ 41,245,603</b>	<b>\$ 51,755,546</b>	<b>\$ 50,882,147</b>	<b>\$ 48,464,433</b>	<b>\$ 48,126,609</b>	<b>\$ 46,131,560</b>	<b>\$ 45,766,474</b>	<b>\$ 44,884,486</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 419,975	\$ 1,624,681	\$ 1,217,187	\$ 274,295	\$ (274,277)	\$ (217,563)	\$ 2,415,486	\$ 1,663,491	\$ (1,495,421)	\$ (16,256)
Business-type activities	60,819	21,592	36,489	(14,631)	70	(8,616)	1,250	(3,487)	27,627	(24,096)
<b>Total district</b>	<b>\$ 480,794</b>	<b>\$ 1,646,274</b>	<b>\$ 1,253,676</b>	<b>\$ 259,764</b>	<b>\$ (274,207)</b>	<b>\$ (226,179)</b>	<b>\$ 2,416,736</b>	<b>\$ 1,660,004</b>	<b>\$ (1,467,794)</b>	<b>\$ (40,352)</b>

Source: CAFR Schedule A-2

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 (modified accrual basis of accounting)  
 UNAUDITED

	Fiscal Year Ending June 30,								
	2018	2017	2016	2015	2014	2013	2012	2010	2009
General Fund									
Reserved				\$ 2,930,751	\$ 3,078,425	\$ 4,070,532	\$ 4,808,167	\$ 1,888,098	\$ 3,254,439
Unreserved(Deficit)				784,752	778,378	741,620	724,216	126,194	486,232
Restricted		2,886,629	2,777,533						
Assigned		319,514	202,183						
Unassigned		1,265,729	1,064,127						
Total general fund	\$ 4,120,689	\$ 4,471,872	\$ 4,043,943	\$ 3,715,503	\$ 3,856,803	\$ 4,812,152	\$ 5,532,383	\$ 2,014,292	\$ 3,740,671
All Other Governmental Funds									
Reserved				\$ 52,666	\$ 5,094		\$ 2,721	\$ 17,067	\$ 19,879
Unreserved						12,109	12,109	399,684	1,159,545
Restricted			(25,080)						
Committed									
Assigned		1,199							
Unassigned	(31,247)								
Total all other governmental funds	\$ (31,247)	\$ 1,199	\$ (25,080)	\$ 52,666	\$ 5,094	\$ 12,109	\$ 14,830	\$ 416,751	\$ 1,179,424

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
CHANGES IN GOVERNMENTAL FUND BALANCES, GOVERNMENTAL FUNDS  
UNAUDITED

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Tax Levy	\$ 41,927,960	\$ 40,836,212	\$ 40,154,210	\$ 39,023,112	\$ 37,878,567	\$ 37,178,657	\$ 37,760,107	\$ 37,453,338	\$ 36,382,437	\$ 35,590,058
Tuition Charges				4,936,257	4,824,779	4,322,566	4,647,781	4,369,523	3,996,962	3,722,118
Interest Earnings				5,068	12,324	8,929	15,141	19,588	36,384	124,067
Miscellaneous	6,541,825	6,914,558	6,323,270	460,807	442,311	403,578	547,720	253,900	190,379	162,484
State Sources	9,625,205	9,227,285	8,248,468	6,946,856	6,103,497	6,554,820	5,138,478	3,926,450	5,553,567	5,437,528
Federal Sources	739,384	734,823	691,153	570,485	532,831	554,169	680,823	736,629	916,194	913,001
<b>Total Revenue</b>	<b>58,834,374</b>	<b>57,712,878</b>	<b>55,417,100</b>	<b>51,942,585</b>	<b>49,794,309</b>	<b>49,022,719</b>	<b>48,790,050</b>	<b>46,759,428</b>	<b>47,075,933</b>	<b>45,948,256</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	16,623,743	16,368,073	16,183,260	15,592,164	15,707,616	15,461,275	14,961,546	14,874,235	15,518,734	15,389,667
Special Education Instruction	5,373,638	5,161,050	4,845,496	3,983,191	3,724,107	3,354,488	3,266,969	2,939,092	3,002,703	2,486,272
Other Special Instruction				376,066	329,722	306,536	251,193	217,245	305,572	224,362
Other Instruction	1,693,239	1,648,679	1,616,179	1,256,753	1,184,975	1,202,633	1,172,217	1,070,425	1,217,411	1,131,979
School Sponsored Activities and Athletics										
Tuition	1,441,486	1,505,847	1,555,706	1,460,886	1,662,143	1,632,986	1,154,617	1,087,617	1,317,641	1,286,391
Student & Instruction Related Services	5,509,916	5,333,565	5,229,975	5,064,370	4,778,625	4,661,942	4,122,911	4,377,890	4,445,494	4,412,533
Educational Media / School Library										
General Administration	1,128,893	1,025,027	1,033,871	1,116,454	967,914	853,492	905,301	888,891	1,029,414	1,113,491
School Administrative Services	1,873,043	1,864,630	1,766,608	2,394,629	2,368,036	2,306,451	2,323,859	2,214,990	2,249,742	2,216,229
Central Services	980,807	916,884	697,172							
Plant Operations and Maintenance	3,559,123	3,347,766	3,329,192	3,433,047	3,166,110	3,065,862	3,172,837	3,107,360	3,495,492	3,411,858
Pupil Transportation	1,529,642	1,591,256	1,710,009	1,604,803	1,566,699	1,410,734	1,383,194	1,374,941	1,559,339	1,604,365
Other Support Services										
Unallocated Benefits	15,855,365	14,163,762	13,218,359	11,856,736	11,295,272	11,720,257	10,862,356	9,849,143	10,022,900	9,263,988
Capital Outlay	1,346,447	3,646,596	1,590,527	1,354,839	1,903,312	850,576	307,144	454,961	1,688,709	2,300,686
Special Schools	64,584	62,231	42,143	57,816	68,694	59,766	42,451	81,903	99,410	86,152
Special Revenue Funds				580,672	549,731	558,400	675,659	696,977	920,845	940,669
Debt Service:										
Refunding Bond Issue Cost										
Principal	1,615,000	1,585,000	1,565,000	1,650,000	1,425,000	1,365,000	1,295,000	1,304,000	1,260,000	1,135,000
Interest and Other Charges	623,075	694,400	729,613	637,333	898,083	953,408	1,004,595	1,054,763	1,042,862	1,173,996
Total expenditures	59,218,003	58,884,767	55,113,110	52,419,759	51,596,039	49,763,806	46,901,849	45,594,433	49,176,268	48,177,638
Excess (Deficiency) of Revenues	(383,629)	(1,171,889)	303,990	(477,174)	(1,901,730)	(741,087)	1,888,201	1,164,995	(2,100,335)	(2,228,382)
Over (Under) Expenditures										
Other Financing Sources (Uses)										
Proceeds from Borrowing										
Proceeds from Refunding Bonds										
Capital Leases (Non-Budgeted)		1,597,096	158,928	383,446	866,366		12,109	69,000	36,575	
Refund Prior Year Revenue			(27,000)						(423,892)	(124,117)
Cancelled SDA Grant									(3,400)	
Transfers In										
Transfers Out										
Total Other Financing Sources (Uses)		1,597,096	131,928	383,446	(29,000)	839,366	12,109	69,000	(388,717)	(124,117)
<b>Net Change in Fund Balances</b>	<b>\$ (383,629)</b>	<b>\$ 425,208</b>	<b>\$ 435,918</b>	<b>\$ (93,728)</b>	<b>\$ (962,364)</b>	<b>\$ (741,087)</b>	<b>\$ 1,900,310</b>	<b>\$ 1,233,995</b>	<b>\$ (2,489,052)</b>	<b>\$ (2,352,489)</b>
Debt Service as a Percentage of Noncapital Expenditures	3.87%	4.07%	4.29%	4.48%	4.67%	4.74%	4.94%	5.23%	4.85%	5.03%

Source: CAFR Schedule B-2  
\* Noncapital expenditures are total expenditures less capital outlay.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	3,722,118	124,067	34,078	128,406	4,008,669
2010	3,996,962	36,394	28,558	161,821	4,223,735
2011	4,369,523	19,588	38,438	215,462	4,643,011
2012	4,647,781	12,370	38,205	506,832	5,205,188
2013	4,322,566	5,671	52,267	350,811	4,731,315
2014	4,824,779	5,640	54,272	366,539	5,251,230
2015	4,936,257	1,950	67,363	387,901	5,393,471
2016	5,904,850	21,018	57,367	335,129	6,318,364
2017	6,382,210	25,889	89,705	410,896	6,908,700
2018	5,947,584	73,595	141,349	350,263	6,512,791

Source: District Records

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

UNAUDITED

Calendar Year	Vacant Land	Residential	FARM	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2009	30,713,200	1,345,388,900	420	278,417,500	201,733,100	5,560,000	1,861,813,120	1,259,629	1,863,072,749	1.991	3,476,775,201
2010	23,614,000	1,349,614,800	420	434,694,900	39,497,300	5,560,000	1,852,981,420	1,321,322	1,854,302,742	2.112	3,437,813,395
2011	22,897,700	1,349,437,300	420	362,566,100	39,438,250	5,560,000	1,779,899,770	1,163,848	1,781,063,618	2.107	3,379,342,643
2012	21,960,200	1,351,388,000	420	360,148,400	38,760,950	5,560,000	1,777,817,970	1,276,232	1,779,094,202	2.111	3,264,447,246
2013	22,412,600	1,351,716,000	420	358,555,600	38,468,950	5,400,000	1,776,553,570	1,300,680	1,777,854,250	2.180	3,184,358,971
2014	22,262,900	1,358,947,250	420	338,365,000	37,958,900	5,400,000	1,762,934,470	970,767	1,763,905,237	2.236	3,153,728,533
2015	21,578,100	1,363,668,850	420	340,868,600	37,945,550	5,400,000	1,769,461,520	1,001,980	1,770,463,500	2.230	3,139,569,766
2016	21,514,700	1,370,401,350	420	376,331,600	37,612,350	5,822,900	1,811,683,320	1,748,125	1,813,431,445	2.898	3,293,370,878
2017	18,151,100	1,376,587,950	420	383,683,800	34,709,350	5,822,900	1,818,955,520	949,329	1,819,904,849	2.234	3,357,138,626
2018	21,771,500	1,382,091,250	420	385,811,800	31,409,350	5,822,900	1,826,907,220	967,049	1,827,874,269	2.330	3,338,583,140

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.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

UNAUDITED

Calendar Year Ended Dec. 31	Berkeley Heights Public Schools	Berkeley Heights Township	Union County	Total
2009	1.93	0.56	0.67	3.15
2010	1.99	0.61	0.72	3.32
2011	2.11	0.65	0.82	3.59
2012	2.11	0.67	0.84	3.61
2013	2.11	0.69	0.91	3.70
2014	2.18	0.72	0.95	3.84
2015	2.24	0.75	0.96	3.95
2016	2.23	0.76	0.98	3.97
2017	2.27	0.76	1.00	4.03
2018	2.33	0.79	0.98	4.09

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 appending 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.



TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 UNAUDITED

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
Total	\$ -		0.00%	\$ -		0.00%

(\*) Not Available at time of Audit

Source: District CAFR J11 and Municipal Tax Assessor

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 35,590,058	\$ 35,590,058	100.00%	
2010	\$ 36,382,437	\$ 36,382,437	100.00%	
2011	\$ 37,453,338	\$ 37,453,338	100.00%	
2012	\$ 37,760,107	\$ 37,760,107	100.00%	
2013	\$ 37,178,657	\$ 37,178,657	100.00%	
2014	\$ 37,878,567	\$ 37,878,567	100.00%	
2015	\$ 39,023,112	\$ 39,023,112	100.00%	
2016	\$ 38,458,663	\$ 38,458,663	100.00%	
2017	\$ 40,836,212	\$ 40,836,212	100.00%	
2018	\$ 41,927,960	\$ 41,927,960	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 the amount voted upon or certified prior to the end of the school year.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities					Population	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Notes Payable	Total District			
2009	\$ 26,743,000.00	\$ 925,184.00		\$ 27,668,184.00	13,436	2,059	
2010	25,483,000.00	480,777.00		25,963,777.00	13,198	1,965	
2011	24,179,000.00	244,936.00		24,423,936.00	13,263	1,841	
2012	22,884,000.00			22,884,000.00	13,344	1,712	
2013	21,519,000.00			21,519,000.00	13,435	1,595	
2014	19,325,000.00	1,297,262.00		20,622,262.00	13,532	1,523	
2015	17,675,000.00	1,315,556.00	\$ -	18,990,556.00	13,566	1,402	
2016	16,110,000.00	1,604,280.35		17,714,280.35	13,672	1,308	
2017	14,525,000.00	4,016,392.16		18,541,392.16	13,759	1,369	
2018	12,910,000.00	3,047,637.24		15,957,637.24	13,759	1,160	

Source: District CAFR Schedules I-1

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.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
RATIOS OF NET BONDED DEBT OUTSTANDING  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Total Municipal Assessed Value	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	\$ 26,743,000.00	-0-	\$ 26,743,000.00	\$ 1,861,813,120.00	1.44%	\$ 2,023.53
2010	25,483,000.00	-0-	25,483,000.00	1,852,981,420	1.38%	1,920.93
2011	24,179,000.00	-0-	24,179,000.00	1,779,899,770	1.36%	1,809.13
2012	22,884,000.00	-0-	22,884,000.00	1,777,817,970	1.29%	1,695.74
2013	21,519,000.00	-0-	21,519,000.00	1,776,553,570	1.21%	1,589.06
2014	19,325,000.00	-0-	19,325,000.00	1,762,934,470	1.10%	1,426.30
2015	17,675,000.00	-0-	17,675,000.00	1,769,461,520	1.00%	1,305.30
2016	16,110,000.00	-0-	16,110,000.00	1,811,683,320	0.89%	1,189.72
2017	14,525,000.00	-0-	14,525,000.00	1,818,955,520	0.80%	1,062.39
2018	12,910,000.00	-0-	12,910,000.00	1,826,907,220	0.71%	938.29

**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.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2017  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Berkeley Heights Township	51,688,828	100.00%	\$ 51,688,828
Other debt Union County	590,143,495	4.99%	<u>29,448,160</u>
Subtotal, overlapping debt			81,136,988
Berkeley Heights School District Direct Debt	14,140,000		<u>14,140,000</u>
Total direct and overlapping debt			<u>\$ 95,276,988</u>

Sources: Township Chief Financial Officer and County Treasurer's Office

**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 Berkeley Heights. This process recognizes that, when considering the District's ability to issue and repay long-term 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. 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.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 135,820,772	\$ 138,214,558	\$ 137,252,417	\$ 134,421,377	\$ 131,041,985	\$ 128,033,797	\$ 126,368,764	\$ 126,969,328	\$ 129,154,391	\$ 132,654,307
Total net debt applicable to limit	26,743,000	25,483,000	24,179,000	22,884,000	21,519,000	19,325,000	17,675,000	16,110,000	16,110,000	12,910,000
Legal debt margin	\$ 109,077,772	\$ 112,731,558	\$ 113,073,417	\$ 111,537,377	\$ 109,522,985	\$ 108,708,797	\$ 108,693,764	\$ 110,859,328	\$ 113,044,391	\$ 119,744,307
Total net debt applicable to the limit as a percentage of debt limit	19.69%	18.44%	17.62%	17.02%	16.42%	15.09%	13.99%	12.69%	12.47%	9.73%

	2017	2016	2015
Equalized valuation basis	\$ 3,390,482,581	3,341,972,550	3,216,617,924
[A]	\$ 9,949,073,055		
[A/3]	\$ 3,316,357,685		
[B]	\$ 132,654,307		
[C]	12,910,000		
[B-C]	\$ 119,744,307		

Source: Abstract of Rates 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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
UNAUDITED

<u>Year Ended</u> <u>December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita</u> <u>Income</u>	<u>Population</u>
2008	2.6%	51,645	13,303
2009	4.6%	49,897	13,436
2010	4.7%	49,897	13,216
2011	4.7%	52,297	13,266
2012	4.7%	53,638	13,344
2013	4.4%	54,382	13,435
2014	3.7%	57,306	13,532
2015	3.7%	60,089	13,566
2016	3.5%	61,808	13,672
2017	3.1%	**	13,759

Source: N.J. Department of Labor

\*\* Not available at audit





TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 UNAUDITED

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	200	202	198	200	201	201	203	204	204	204
Special education	24	24	23	23	24	27	29	30	32	34
Other special education	22	23	22	22	23	23	24	25	25	26
Vocational	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	27	27	27	27	27	27	28	28	29	29
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	9	9	9	9	9	9	9	9	9	9
Other Administrative Services	7	7	6	6	7	7	7	7	7	7
Central services	5	5	5	5	5	5	5	5	5	5
Administrative Information Technology	4	4	4	4	4	6	6	6	7	6
Plant operations and maintenance	32	32	31	31	32	32	32	32	32	32
Pupil transportation	6	6	5	6	6	7	7	7	7	7
Other Support Services	57	57	55	57	59	61	58	63	65	62
Food Service	24	24	24	16	15	9	8	8	7	7
Child Care										
<b>Total</b>	<b>423</b>	<b>427</b>	<b>415</b>	<b>412</b>	<b>418</b>	<b>420</b>	<b>422</b>	<b>430</b>	<b>435</b>	<b>434</b>

Source: District Personnel Records

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
 OPERATING STATISTICS  
 UNAUDITED

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	2,865	43,567,956.00	15,207	-1.11%	290	14	12	11	2,832	2,717	0.23%	95.94%
2010	2,848	45,046,872.00	15,817	4.01%	293	14	12	11	2,854	2,711	0.78%	94.99%
2011	2,821	42,729,949.00	15,147	-4.24%	286	14	12	11	2,815	2,656	-1.38%	94.35%
2012	2,802	44,295,110.00	15,808	4.36%	288	14	12	11	2,798	2,651	-0.61%	94.75%
2013	2,728	46,594,822.00	17,080	8.05%	291	14	12	11	2,725	2,594	-2.60%	95.21%
2014	2,710	47,369,644.00	17,480	2.34%	294	14	12	11	2,696	2,585	-1.06%	95.88%
2015	2,684	48,777,587.00	18,173	3.96%	297	14	12	11	2,666	2,561	-1.10%	96.05%
2016	2,681	51,227,970.00	19,749	8.67%	299	14	12	11	2,671	2,568	0.17%	96.14%
2017	2,700	52,988,770.96	19,625	-0.62%	300	14	12	11	2,700	2,589	1.09%	95.89%
2018	2,622	55,633,480.07	21,218	8.11%	302	14	12	11	2,622	2,501	-2.90%	95.40%

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

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay;

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);

d Cost per pupil represents operating expenditures divided by enrollment.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION

	<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>District Building</u>										
<u>Elementary</u>										
Mary Kay McMillin School (1961)	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137
Square Feet	332	332	332	332	332	332	332	332	332	332
Capacity (students)	398	378	345	375	345	327	329	346	338	326
Enrollment										
Hughes School (1953)	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600
Square Feet	278	278	278	278	278	278	278	278	278	278
Capacity (students)	318	314	313	272	270	275	261	258	289	270
Enrollment										
Mountain Park (1958)	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092
Square Feet	278	278	278	278	278	278	278	278	278	278
Capacity (students)	270	284	262	253	259	251	241	228	220	229
Enrollment										
Woodruff School (1961)	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820
Square Feet	235	235	235	235	235	235	235	235	235	235
Capacity (students)	229	233	258	228	227	227	219	245	240	207
Enrollment										
<u>Middle School</u>										
Columbia	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610
Square Feet	665	665	665	665	665	665	665	665	665	665
Capacity (students)	625	597	605	626	617	615	593	570	554	566
Enrollment										
<u>High School</u>										
Governor Livingston	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983
Square Feet	903	903	903	903	903	903	903	903	903	903
Capacity (students)	1,025	1,042	1,038	1,048	1,010	1,015	1,041	1,034	1,064	1,024
Enrollment										
Number of Schools at June 30, 2017										
Elementary -	4									
Middle School -	1									
Senior High School -	1									
	<u>6</u>									

Source: District records, ASSA  
 Note: Increases in square footage and capacity are the result of  
 and additions. Enrollment is based on the annual October district count.

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 UNAUDITED

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

School Facilities	Project # (s)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governor Livingston High School	N/A	\$370,922	\$344,644	\$324,254	\$298,942	\$266,822	\$339,055	\$299,713	\$294,599	\$281,156	\$334,937
Columbia Middle School	N/A	192,028	160,123	213,589	202,174	163,718	215,719	211,622	167,681	164,815	212,346
T. P. Hughes Elementary School	N/A	108,547	85,760	68,066	66,625	52,748	75,840	76,864	63,171	50,523	61,069
Mary Kay McMillin School	N/A	59,897	70,624	81,516	82,614	66,371	56,349	76,414	79,914	60,352	67,427
Mountain Park Elementary School	N/A	92,602	77,066	79,976	84,360	59,246	75,950	93,638	64,508	64,795	61,981
Woodruff Elementary School	N/A	85,979	63,213	76,811	77,108	59,636	93,509	77,897	56,748	58,372	71,031
Total School Facilities		909,975	801,430	844,212	811,823	668,541	856,422	836,148	726,621	680,013	808,791
Grand Total		\$ 909,975	\$ 801,430	\$ 844,212	\$ 811,823	\$ 668,541	\$ 856,422	\$ 836,148	\$ 726,621	\$ 680,013	\$ 808,791

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
<u>PROPERTY</u>		
Blanket Building and Contents	\$ 108,730,383	1,000
Boiler & Machinery		
Flood - Outside 100 Year Flood Zone	1,000,000	25,000
Flood - Inside 100 Year Flood Zone		
<u>ENVIRONMENTAL POLICY</u>		
Environmental Impairment Liability (Group Aggregate)	1,000,000	10,000
Each Impairment Aggregate limit per Insured:		
<u>GENERAL LIABILITY COVERAGES</u>		
Each Occurrence Limit	1,000,000	
Personal and Advertising Injury Limit	1,000,000	
General Aggregate Limit	2,000,000	
Products/Completed Operations, Aggregate Limit	2,000,000	
Fire Damage Limit	100,000	
Medical Expense Limit	5,000	
<u>AUTOMOBILE</u>		
Liability	1,000,000	
Uninsured/Underinsured Motorists	1,000,000	
Comprehensive and Collision Deductibles		250/500
<u>PROFESSIONAL LIABILITY POLICY</u>		
School Board Legal Liability Limit	1,000,000	5,000
Employment Related Practices Limit	1,000,000	5,000
<u>CRIME</u>		
Employee Dishonesty-per employee	100,000	1,000
Per Loss		
Forgery & Alteration		
<u>STATUTORY BONDS</u>		
Public Official Bond -Bus Admn/Treasurer	300,000	
<u>UMBRELLA LIABILITY</u>		
Limit of Liability	10,000,000	
<u>EXCESS UMBRELLA (CAP PROGRAM)</u>		
Limit of Liability (shared among all Boards)	50,000,000	

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2018UNAUDITED

Disability Insurance-Athletic	1,000,000	
Student Accident Full Excess Plan	5,000,000	
Volunteer Accident Full Excess Plan	500,000	
Cyber Liability	1,000,000	15,000
Privacy Liability	1,000,000	15,000
Privacy Reulatory Claimes Coverage	1,000,000	15,000
Security Breech Response Coverage	1,000,000	15,000

**SINGLE AUDIT SECTION**



# SUPLEE, CLOONEY & COMPANY

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members  
of the Board of Education  
Township of Berkeley Heights School District  
County of Union  
Berkeley Heights, New Jersey 07922

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Berkeley Heights School District, in the County of Union, State of New Jersey (the "District") 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, and have issued our report thereon dated February 5, 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 District'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.



# SUPLEE, CLOONEY & COMPANY

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 5, 2019



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR STATE FINANCIAL ASSISTANCE PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
IN ACCORDANCE WITH THE NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
Township of Berkeley Heights School District  
County of Union  
Berkeley Heights, New Jersey 07922

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

We have audited the Township of Berkeley Heights School District's, in the County of Union, State of New Jersey (the "District") compliance with the types of compliance requirements described in the New Jersey *OMB State 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 District'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 state statutes, regulations, and the terms and conditions of its state awards 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; and New Jersey *OMB 15-08*. Those standards and New Jersey *OMB 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.

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.

# SUPLEE, CLOONEY & COMPANY

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

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

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered 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 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 District's internal control over compliance.

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 5, 2019

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	FEDERAL AWARD I.D. NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE June 30, 2017		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE JUNE 30, 2018		
					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR
<b>Special Revenue Funds</b>												
U.S. Department of Education												
Passed-through State Department of Education:												
N.C.L.B.												
84.010	NCLB219017	S010A160030	7/1/16-6/30/17	\$155,516.00	(17,047.05)	\$19,715.00	(\$3,562.95)	\$895.00				
	Title I					129,890.50	(136,476.75)					
84.010	NCLB219018	S010A170030	7/1/17-6/30/18	143,821.00								
	Title I					11,801.57		641.81				
84.367	NCLB219017	S367A160029	7/1/16-6/30/17	31,178.00	(12,643.38)							
	Title IIA											
84.367	NCLB219018	S367A170029	7/1/17-6/30/18	42,765.00		36,114.08	(38,249.08)					
	Title IIA											
84.365	NCLB219017	S365A160030	7/1/16-6/30/17	6,988.00	(3,952.22)	3,952.22						
	Title III											
84.365	NCLB219018	S365A170030	7/1/17-6/30/18	37,496.00		16,812.00	(17,837.12)					
	Title IV											
84.365	NCLB219018	S365A170030	7/1/17-6/30/18	10,000.00	(33,642.65)	10,000.00	(10,000.00)					
	Total N.C.L.B.					228,285.37	(206,125.90)	1,736.81		(9,746.37)		
<b>I.D.E.A. Part B Special Education Cluster</b>												
84.027	IDEA219017	S027A160100	7/1/16-6/30/17	515,477.00	(22,370.15)	22,370.15						
	I.D.E.A. Part B, Basic											
84.027	IDEA219018	S027A170100	7/1/17-6/30/18	514,093.00		500,947.00	(513,985.25)					
	I.D.E.A. Part B, Basic											
84.173	IDEA219017	S1733A160114	7/1/17-6/30/18	13,865.00	(200.00)	200.00						
	I.D.E.A. Part B - Preschool											
84.173	IDEA219018	S1733A170114	7/1/18-6/30/17	13,830.00		13,773.78	(13,828.77)					
	I.D.E.A. Part B - Preschool											
	Total I.D.E.A. Part B Special Education Cluster					537,290.93	(527,814.02)			(13,093.24)		
	Total U.S. Department of Education					765,576.30	(733,939.92)	1,736.81		(22,839.61)		
	Total Federal Financial Assistance					\$765,576.30	(\$733,939.92)	\$1,736.81		(\$22,839.61)		

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATE, GRANTEE/PROGRAM TITLE State Department of Education General Funds	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2018		MEMO CUMULATIVE TOTAL EXPENDITURES
				ACCOUNTS RECEIVABLE	UNEARNED REVENUE					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	
State Aid Cluster												
Special Education Aid	18-495-034-5120-085	1,052,581.00	7/1/17-6/30/18			\$931,041.00	(\$1,052,581.00)	\$121,540.00			\$121,540.00	\$1,052,581.00
Security Aid	18-495-034-5120-084	40,882.00	7/1/17-6/30/18			40,882.00	(40,882.00)					40,882.00
PARCC Readiness Aid	18-495-034-5120-087	23,045.00	7/1/17-6/30/18			23,045.00	(23,045.00)					23,045.00
Per Pupil Growth Aid	18-495-034-5120-098	23,045.00	7/1/17-6/30/18			23,045.00	(23,045.00)					23,045.00
Professional Learning Community A	18-495-034-5120-101	22,285.00	7/1/17-6/30/18			22,285.00	(22,285.00)					22,285.00
Total State Aid Cluster						1,040,296.00	(1,161,838.00)	121,540.00			121,540.00	1,161,838.00
Transportation Aid	18-495-034-5120-014	134,464.00	7/1/17-6/30/18			134,464.00	(134,464.00)					134,464.00
Lead Testing for Schools Aid	18-495-034-5120-104	11,521.50	7/1/17-6/30/18			11,521.50	(11,521.50)					11,521.50
Non-Public Transportation Aid	18-495-034-5120-014	45,590.00	7/1/17-6/30/18				(45,590.00)	(\$49,580.00)			48,590.00	48,590.00
Non-Public Transportation Aid	17-495-034-5120-014	31,320.00	7/1/16-6/30/17			31,320.00					31,320.00	31,320.00
Extraordinary Aid	18-100-034-5120-473	333,496.00	7/1/17-6/30/18			398,662.00	(333,496.00)				333,496.00	333,496.00
Extraordinary Aid	17-100-034-5120-473	398,662.00	7/1/16-6/30/17				(398,662.00)					3,319,232.00
On-behalf TPAF Contributions	18-495-034-5094-002	3,319,252.00	7/1/17-6/30/18			3,319,252.00	(3,319,252.00)					3,319,232.00
NCGI	18-495-034-5094-004	80,550.00	7/1/17-6/30/18			80,550.00	(80,550.00)					80,550.00
Post Retirement Medical	18-495-034-5094-001	2,195,860.00	7/1/17-6/30/18			2,195,860.00	(2,195,860.00)					2,195,860.00
Long-term Disability Insurance	18-495-034-5094-000	3,588.00	7/1/17-6/30/18			3,588.00	(3,588.00)					3,588.00
TPAF Social Security Aid	18-495-034-5095-003	1,734,266.05	7/1/17-6/30/18			1,648,370.43	(1,734,266.05)	(85,895.62)			85,895.62	1,734,266.05
TPAF Social Security Aid	17-495-034-5095-003	1,684,902.85	7/1/16-6/30/17			83,704.72						1,684,902.85
Total General Fund						8,947,391.65	(9,024,426.55)	121,540.00			712,061.62	12,301,149.20
Special Revenue Fund												
Nonpublic Aid	18-100-034-5120-373	1,110.00	7/1/17-6/30/18			1,110.00	(1,057.13)					1,057.13
Technology Aid	17-100-034-5120-373	208.00	7/1/16-6/30/17					(51.38)			52.87	208.00
Technology Aid	18-100-034-5120-509	2,400.00	7/1/17-6/30/18			2,400.00	(1,396.67)				1,003.33	1,396.67
Security Aid	17-100-034-5120-509	400.00	7/1/16-6/30/17									400.00
Security Aid	18-100-034-5120-064	1,644.00	7/1/17-6/30/18			1,644.00	(1,634.26)				9.74	1,634.26
Textbook Aid	17-100-034-5120-064	481.00	7/1/16-6/30/17					(9.59)				481.00
Textbook Aid	18-100-034-5120-070	3,104.00	7/1/17-6/30/18			3,104.00	(3,031.49)				72.51	3,031.49
Nursing	17-100-034-5120-070	720.00	7/1/16-6/30/17					(75.62)				720.00
Total Special Revenue Fund						8,228.00	(7,119.55)				1,108.45	16,008.61

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATE GRANT OR PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2018		MEMO	
				ACCOUNTS RECEIVABLE/ UNEARNED REVENUE	DUE TO GRANTOR					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR	GAMP RECEIVABLE
<b>Capital Projects Fund</b>													
School Development Authority - Facilities Grant													
Mary Kay McMillin	0310-035-14-1004-G04	\$163,791.00	7/1/17-6/30/18	(\$65,952.27)		\$81,403.76				(\$65,952.27)	3,173.76		
Thomas P. Hughes	0310-020-14-1002-G04	420,096.00	7/1/17-6/30/18	(78,236.00)						(99,163.00)			78,236.00
William Woodruff	0310-050-14-1006-G04	360,700.00	7/1/17-6/30/18	(99,763.00)			(24,826.89)			(676,944.65)			99,763.00
Columbia Middle School	0310-030-14-1003-G04	1,076,340.00	7/1/17-6/30/18	(652,117.96)						(144,194.95)			676,944.65
Governor Livingston High School	0310-005-14-1001-G04	249,265.00	7/1/17-6/30/18	(144,194.95)									144,194.95
				(1,339,658.18)		81,403.76	(24,826.89)			(966,254.87)	3,173.76		1,064,664.87
<b>Debt Service Fund</b>													
Debt Service State A/c	18-495-034-5120-075	593,637.00	7/1/17-6/30/18			593,637.00	(593,637.00)						205,987.00
<b>Total State Financial Assistance</b>													
				(\$1,553,344.90)		\$9,630,890.41	(\$9,650,009.79)	\$121,540.00	(\$136.59)	(\$1,455,236.49)	\$3,173.76	\$1,136.45	\$13,609,642.87
Less: On-Behalf amounts not utilized for determination of Major Programs:													
On-behalf - PAF Contributions		3,319,252.00	7/1/17-6/30/18			\$3,319,252.00	(\$3,319,252.00)						
NCC		80,550.00	7/1/17-6/30/18			80,550.00	(80,550.00)						
Post-Retirement/Medical		2,195,860.00	7/1/17-6/30/18			2,195,860.00	(2,195,860.00)						
Long-Term Disability Insurance		3,589.00	7/1/17-6/30/18			3,589.00	(3,589.00)						
		\$4,095,228.41				\$4,095,228.41	(\$4,095,228.41)						

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

**Township of Berkeley Heights School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2018**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Berkeley Heights School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions 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 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not. The special revenue fund also recognizes the deferred state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**Township of Berkeley Heights School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2018**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$9,909.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,648.05) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$9,014,517.55	\$9,014,517.55
Special Revenue Fund	\$739,384.12	7,119.55	746,503.67
Capital Projects Fund		9,930.68	9,930.68
Debt Service Fund		593,637.00	593,637.00
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$739,384.12</u>	<u>\$9,625,204.78</u>	<u>\$10,364,588.90</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5: OTHER**

The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2018.



**Township of Berkeley Heights School District**  
**Union County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2018**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |     |  |            |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued:   | Unmodified |
| (2) | Internal Control Over Financial Reporting:   |            |
| (a) | Material weakness(es) identified?  | No         |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | No         |
| (3) | Noncompliance material to the basic financial statements noted during the audit?       | No         |

**Federal Program(s)** – Not Applicable

**State Program(s)**

- |     |   |            |
|-----|---|------------|
| (1) | Internal Control Over Major State Programs:   |            |
| (a) | Material weakness(es) identified?   | No         |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses?                    | No         |
| (2) | Type of Auditor’s Report issued on compliance for major state program(s)?                                 | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? | No         |

**Township of Berkeley Heights School District**  
**Union County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2018**

**Section I – Summary of Auditor’s Results (Continued)**

**State Program(s) (Continued)**

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Extraordinary Aid	18-100-034-5120-473
State Aid Cluster:	
Special Education Aid	18-495-034-5120-089
Security Aid	18-495-034-5120-084
PARCC Readiness Aid	18-495-034-5120-097
Per Pupil Growth Aid	18-495-034-5120-098
Professional Learning Community Aid	18-495-034-5120-101

(5) Program Threshold Determination:  
 Type A State Program Threshold > \$750,000.00  
 Type B State Program Threshold <= \$750,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular 15-08?                      Yes

**Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards**

**Internal Control Findings** – None Reported

**Compliance Findings** – None Reported

**Section III – Findings and Questioned Costs Relative to Major Federal and State Programs**

Federal Programs – Not Applicable

State Programs – None Reported

**Township of Berkeley Heights School District**  
**Union County, New Jersey**

**Schedule of Prior Year Audit Findings**

Not Applicable



