

BERKELEY TOWNSHIP SCHOOL DISTRICT

Bayville, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BERKELEY TOWNSHIP SCHOOL DISTRICT

BAYVILLE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by

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

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INTRODUCTORY SECTION

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BERKELEY TOWNSHIP SCHOOL DISTRICT

53 CENTRAL PARKWAY
BAYVILLE, NEW JERSEY 08721-2414

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

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February 15, 2019

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

Dear Board Members:

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

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

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis and the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's reports on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Berkeley Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB 34. All funds and account groups of the District are included in this report. The Berkeley Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PS through 6. These include regular programs, as well as Special Education for children with special needs. The District completed the 2017-2018 fiscal year with an average daily enrollment of 2,167 students. The following details the changes in the student average daily enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	2167	2.60%
2016-2017	2,112	-0.66%
2015-2016	2,126	1.09%
2014-2015	2,103	-0.43%
2013-2014	2,112	2.67%
2012-2013	2,057	1.73%
2011-2012	2,022	-0.69%
2010-2011	2,036	1.04%
2009-2010	2,015	2.08%
2008-2009	1,974	1.33%

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

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

The population of the Township of Berkeley is approximately 41,455 per the most recent census report. Of this number, approximately 43% are senior citizens who reside in the retirement communities locally known as Holiday City and Silver Ridge Park. Said communities were established in the western section of the Township in the late 1960's and early 1970's.

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

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

Since 1980 local school budgets had been rejected by the voters in the vast majority of the annual school elections. For budgets beginning with the 2012-2013 school year, voter approval is no longer required if the tax levy increase is below "CAP" or 2%. The 2017-2018 budget was within that "CAP," therefore voter approval was not needed.

In recognition of the impact residential developments had on the school system, a Special Election was held on March 12, 2002. Township voters approved the issuance of \$24,430,100 in bonds to fund the local share of a \$33,491,000 building project. The project included additions and renovations to the three existing schools and construction of a new elementary school for grades 5 and 6. The remaining \$9,510,900 was funded by a grant from the New Jersey Economic Development Authority. The Bond sale closed on August 1, 2002. Construction was completed in 2005. Included in the 2017-18 Budgeted

Appropriations is a line item “Assessment for Debt Service on SDA Funding.” The assessment is paid to the State by a reduction in the State Aid paid to the District.

In April, 2010 the Board of Education issued Revenue Refunding Bonds for \$16,760,000. The results of this refunding created an economic gain with a net present value savings on interest expense of \$754,972. On October 29, 2012, Super Storm Sandy hit the Jersey Shore. It had a devastating effect on many of the homes located throughout the Township. The resulting uninhabitable residences have had a negative impact on the total ratables for the Township as well as unexpected costs related to repairs and clean up.

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

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

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

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

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

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

The District invested more than half a million dollars in a new Language Arts Program for all grade levels that was implemented in September 2012.

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

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

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

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

6) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

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

8) DEBT ADMINISTRATION: At June 30, 2018, the District's outstanding debt includes \$113,621 Capital Leases payable, \$8,755,000 Bonds outstanding, and \$662,315 of compensated absences payable.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements." The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. See J-20 in the statistical section.

11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., was selected by the Berkeley Township Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Prepared by and Respectfully Submitted:



Laura Gingerelli, CPA, RSBA
Business Administrator/Board Secretary

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

ROSTER OF OFFICIALS

JUNE 30, 2018

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Mr. David Ytreboe, President	2020
Mr. John MacMoyle, Vice President	2018
Mr. Edward Cammarato	2019
Ms. Jennifer Bacchione	2020
Mr. Douglas Bowens	2018
Mr. Keith Fisher	2018
Mr. Thomas Guarascio	2020
Mr. Steve Pellechia	2019
Mrs. Michele Shedlock	2019

OTHER OFFICIALS

Dr. James D. Roselli, Superintendent of Schools

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

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

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

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

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

FINANCIAL SECTION

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INDEPENDENT AUDITORS REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Berkeley Township School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended, June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Berkeley Township School District, County of Ocean, State of New Jersey, as of June 30, 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 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

Correction of an Error

As discussed in Note 19 to the financial statements, during the fiscal year ended June 30, 2018 the District determined that the capital asset balance recorded in the prior period was not accurate. The District has corrected these with a prior period adjustment to the financial statements. 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, and the schedules related to accounting and reporting for pensions and other post employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River, New Jersey
February 15, 2019

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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BERKELEY TOWNSHIP SCHOOL DISTRICT

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

(UNAUDITED)

The Management's Discussion and Analysis (MD&A) of the Berkeley Township Board of Education provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal, which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999 that is now being required by the New Jersey State Department of Education. Comparative information between the current fiscal year (2017–2018) and the prior fiscal year (2016-2017) is required and is presented in the MD&A.

FINANCIAL HIGHLIGHTS

Government-wide Financial Analysis

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,329,557 on June 30, 2018. Total Position increased by \$510,091 from June 30, 2017.

Table 1
Summary of Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 8,100,594	\$ 12,546,786	\$ (4,446,192)	-35%
Capital Assets, Net	23,874,744	20,521,123	3,353,621	16%
Total Assets	<u>31,975,338</u>	<u>33,067,909</u>	<u>(1,092,571)</u>	-3%
Deferred Outflow of Resources	<u>4,473,527</u>	<u>6,279,306</u>	<u>(1,805,779)</u>	-29%
Current and other Liabilities	2,610,927	3,052,029	(441,102)	-14%
Noncurrent Liabilities	21,392,944	27,475,720	(6,082,776)	-22%
Total Liabilities	<u>24,003,871</u>	<u>30,527,749</u>	<u>(6,523,878)</u>	-21%
Deferred Inflow of Resources	<u>3,115,437</u>	-	3,115,437	100%
Net Position:				
Net Investment in Capital Assets	14,762,512	13,964,483	798,029	6%
Restricted	6,852,109	6,967,785	(115,676)	-2%
Unrestricted (Deficit)	<u>(12,285,064)</u>	<u>(12,112,802)</u>	<u>(172,262)</u>	1%
Total Net Position	<u>\$ 9,329,557</u>	<u>\$ 8,819,466</u>	<u>\$ 510,091</u>	6%

There was a restatement of capital assets and net position during the year due to an appraisal report done by the district in June of 2018. Please see Note 19 for additional information. Current assets increased due to an increase in cash and cash equivalents. Capital assets decreased mainly due to depreciation expense of \$1,333,784.00

The largest portion of the District's net position is its investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment); less any related debt (general obligation bonds payable and obligations under capital leases) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Table 2
Summary of Changes in Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 333,351	\$ 353,747	\$ (20,396)	0%
Operating Grants & Contributions	14,491,627	6,880,466	7,611,161	111%
General Revenues:				
Property Taxes	29,971,200	29,956,875	14,325	0%
Federal & State Aid	2,580,215	1,168,635	1,411,580	121%
Other General Revenues	830,550	509,842	320,708	63%
Cancellation of Community Disaster Loan	-	249,122	(249,122)	-100%
Adjustment to Fixed Assets	39,802	-	39,802	100%
Transfer from Other Funds	501,561	-	501,561	100%
Total Revenues	<u>48,748,306</u>	<u>39,118,687</u>	<u>9,629,619</u>	<u>25%</u>
Function/Program Expenses:				
Instructional Services	14,106,397	13,322,871	783,526	6%
Tuition	29,739	181,534	(151,795)	-84%
Student & Instruction Related Services	3,455,996	3,317,290	138,706	4%
Support Services	7,552,698	7,326,237	226,461	3%
Unallocated Benefits	20,190,826	12,191,771	7,999,055	66%
Interest & Other Charges	450,531	622,925	(172,394)	-28%
Unallocated Depreciation	1,643,193	1,441,251	201,942	14%
Enterprise Funds	808,835	801,349	7,486	1%
Total Expenses	<u>48,238,215</u>	<u>39,205,228</u>	<u>9,032,987</u>	<u>23%</u>
Change In Net Position	510,091	(86,541)	596,632	-689%
Net Position - Beginning (Restated See Note 19)	8,819,466	8,906,007	(86,541)	-1%
Net Position - Ending	<u>\$ 9,329,557</u>	<u>\$ 8,819,466</u>	<u>\$ 510,091</u>	<u>6%</u>

USING THE ANNUAL REPORT

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

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

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

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

THE SCHOOL BOARD'S FUNDS

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

As the School Board completed the fiscal years ending June 30, 2018 and 2017, it reported combined fund balances of \$7,855,741 and \$7,697,738 respectively, which is a current year increase of \$158,003. The reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (Exhibit B-3) to the Statement of Activities (Exhibit A-2) presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

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

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

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

GOVERNMENTAL ACTIVITIES

During the fiscal year 2018, the net position of governmental activities increased by \$437,588.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$9,133,062 with an unrestricted deficit balance of \$12,376,376. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

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

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (12,376,376)
Plus: PERS Pension Liability	13,036,403
Less: Deferred Outflows Related to Pensions	(4,131,914)
Plus: Deferred Inflows Related to Pensions	<u>3,115,437</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ (356,450)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2018 and 2017, the School Board had approximately \$23.9 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, and other equipment. This amount is net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year and depreciation of depreciable assets for the year. The schedule below shows the net book value of general capital assets at the end of each year:

Table 4
Summary of Capital Assets

	Balance	Balance		Percentage
	June 30,	(Restated)		
<u>Capital Assets (Net of Depreciation)</u>	<u>2018</u>	<u>2017</u>	<u>Increase/</u>	<u>Change</u>
			<u>(Decrease)</u>	
Site & Improvements	\$ 710,668	\$ 655,857	\$ 54,811	8.4%
Building & Building Improvements	21,816,994	23,070,898	(1,253,904)	-5.4%
Machinery & Equipment	1,347,081	1,411,773	(64,692)	-4.6%
	<u>\$ 23,874,743</u>	<u>\$ 25,138,528</u>	<u>\$ (1,263,785)</u>	<u>-5.0%</u>

During the current fiscal year \$357,938 of fixed assets were capitalized. Increases in capital assets were offset by depreciation expense of \$1,661,524 for the year and adjustments of \$39,802.

Debt Administration:

During the fiscal year ended June 30, 2018 the following changes occurred in liabilities reported in the long-term debt:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 10,250,000	\$ -	\$ 1,495,000	\$ 8,755,000	\$ 1,575,000
Capital Leases	141,815	15,089	43,281	113,623	46,919
Unamortized Bond Premiums	722,923	-	137,700	585,223	137,700
Compensated Absences	624,219	39,484	1,389	662,314	-
Net Pension Liability	17,414,880	4,553,073	8,931,550	13,036,403	-
CDL Loan	481,300	-	481,300	-	-
	<u>\$ 29,635,137</u>	<u>\$ 4,607,646</u>	<u>\$ 11,090,220</u>	<u>\$ 23,152,563</u>	<u>\$ 1,759,619</u>

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Original to Final Budget

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

Budget to Actual

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2017–2018 school year, the School Board was able to sustain its budget through the Township tax levy, state education aid and local revenue sources. Only 21% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 79% of the total revenue is from the Township tax levy.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 4,576,800	\$ 64,041	\$ 4,640,841
Receivables, Net (Note 4)	367,276	37,458	404,734
Inventory	-	11,915	11,915
Restricted Cash & Cash Equivalents	3,043,104	-	3,043,104
Capital Assets, Net (Note 5)			
Non-depreciable	123,970	-	123,970
Depreciable	23,645,591	105,183	23,750,774
	<hr/>	<hr/>	<hr/>
Total Assets	31,756,741	218,597	31,975,338
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	4,131,914	-	4,131,914
Related to Loss on Debt Refunding	341,613	-	341,613
	<hr/>	<hr/>	<hr/>
Total Deferred Outflow of Resources	4,473,527	-	4,473,527
LIABILITIES:			
Accounts Payable	63,639	-	63,639
Due to Other Governments	594,290	-	594,290
Unearned Revenue	83,544	6,357	89,901
Accrued Interest	103,478	-	103,478
Internal Balances (Note 6)	(15,745)	15,745	-
Noncurrent Liabilities (Note 7):			
Due within one year	1,759,619	-	1,759,619
Due in more than one year	21,392,944	-	21,392,944
	<hr/>	<hr/>	<hr/>
Total Liabilities	23,981,769	22,102	24,003,871
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	3,115,437	-	3,115,437
	<hr/>	<hr/>	<hr/>
Total Deferred Inflow of Resources	3,115,437	-	3,115,437
NET POSITION:			
Net Investment in Capital Assets	14,657,329	105,183	14,762,512
Restricted for:			
Capital Projects	1,406,965	-	1,406,965
Maintenance Reserve	1,371,587	-	1,371,587
Emergency Reserve	264,552	-	264,552
Excess Suprlus	3,809,005	-	3,809,005
Unrestricted (Deficit)	(12,376,376)	91,312	(12,285,064)
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 9,133,062	\$ 196,495	\$ 9,329,557

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 8,284,309	\$ -	\$ -	(8,284,309)	\$ -	\$ (8,284,309)
Special Education Instruction	4,631,151	-	1,143,270	(3,487,881)	-	(3,487,881)
Other Special Instruction	1,084,592	-	-	(1,084,592)	-	(1,084,592)
Other Instructional Programs	106,345	-	-	(106,345)	-	(106,345)
Support Services:						
Tuition	29,739	-	-	(29,739)	-	(29,739)
Student & Instruction Related Services	3,456,046	-	493,310	(2,962,736)	-	(2,962,736)
General Administrative	807,173	-	-	(807,173)	-	(807,173)
School Administrative Services	1,191,350	-	-	(1,191,350)	-	(1,191,350)
Central Services	421,363	-	-	(421,363)	-	(421,363)
Administrative Info., Technology	325,125	-	-	(325,125)	-	(325,125)
Plant Operations & Maintenance	3,004,056	-	-	(3,004,056)	-	(3,004,056)
Pupil Transportation	1,803,581	-	-	(1,803,581)	-	(1,803,581)
Unallocated Benefits	13,138,433	-	5,303,804	(7,834,629)	-	(7,834,629)
On Behalf TPAF Pension and Social Security Contributions	7,052,393	-	7,052,393	-	-	-
Interest & Other Charges	450,531	-	-	(450,531)	-	(450,531)
Unallocated Depreciation	1,643,193	-	-	(1,643,193)	-	(1,643,193)
Total Governmental Activities	47,429,380	-	13,992,777	(33,436,603)	-	(33,436,603)
Business-Type Activities:						
Food Service	797,322	325,506	498,850	-	27,034	27,034
Bathing Cages	3,999	1,075	-	-	(2,924)	(2,924)
Tech Expo	2,547	3,050	-	-	503	503
Bridge Program	4,967	3,720	-	-	(1,247)	(1,247)
Total Business-Type Activities	808,835	333,351	498,850	-	23,366	23,366
Total Primary Government	\$ 48,238,215	\$ 333,351	\$ 14,491,627	(33,436,603)	23,366	(33,413,237)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				28,025,975	-	28,025,975
Property Taxes, Levied for Debt Service				1,945,225	-	1,945,225
Federal & State Aid Not Restricted				2,580,215	-	2,580,215
Tuition Charges				449,866	-	449,866
Service Provided Other LEA's				198,071	-	198,071
Miscellaneous				145,220	-	145,220
Investment Earnings				28,058	9,335	37,393
Special Items:						
Adjustment to Fixed Assets				-	39,802	39,802
Transfer from Other Funds				501,561	-	501,561
Total General Revenues and Special Items				33,874,191	49,137	33,923,328
Change In Net Position				437,588	72,503	510,091
Net Position - Beginning (Restated -See Note 19)				8,695,474	123,992	8,819,466
Net Position - Ending				9,133,062	196,495	9,329,557

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

B. Fund Financial Statements

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Governmental Funds

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

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	<u>TOTAL</u> JUNE 30, 2018
Cash & Cash Equivalents	\$ 4,665,374	\$ -	\$ -	\$ 4,665,374
Due from Other Funds	15,745	-	-	15,745
Receivables from:				
Federal	-	164,619	-	164,619
State	122,385	-	-	122,385
Other	80,272	-	-	80,272
Reserved Cash & Cash Equivalents:				
Capital Reserve	1,406,965	-	-	1,406,965
Maintenance Reserve	1,371,587	-	-	1,371,587
Emergency Reserve	264,552	-	-	264,552
Total Assets	<u>\$ 7,926,880</u>	<u>\$ 164,619</u>	<u>\$ -</u>	<u>\$ 8,091,499</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Deficit	\$ -	\$ 88,575	\$ -	\$ 88,575
Accounts Payable	63,639	-	-	63,639
Unearned Revenue	7,500	76,044	-	83,544
Total Liabilities	<u>71,139</u>	<u>164,619</u>	<u>-</u>	<u>235,758</u>
Fund Balances:				
Restricted for:				
Capital Reserve Account	1,406,965	-	-	1,406,965
Maintenance Reserve Account	1,371,587	-	-	1,371,587
Emergency Reserve Account	264,552	-	-	264,552
Excess Surplus	2,209,671	-	-	2,209,671
Excess Surplus Designated for Subsequent Year's Expenditures	1,599,334	-	-	1,599,334
Committed for:				
Other Purposes	548,973	-	-	548,973
Assigned for:				
Unassigned	454,659	-	-	454,659
Total Fund Balances	<u>7,855,741</u>	<u>-</u>	<u>-</u>	<u>7,855,741</u>
Total Liabilities & Fund Balances	<u>\$ 7,926,880</u>	<u>\$ 164,619</u>	<u>\$ -</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$51,677,601 and the accumulated depreciation is \$27,908,040				23,769,561
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.				
Deferred Outflows related to pensions				4,131,914
Deferred Inflows related to pensions				(3,115,437)
Deferred Outflow related to the loss on bond refunding of debt				341,613
Accrual of bond and lease interest is not due and payable in the current period and therefore are not reported as liabilities in the funds.				(103,477)
Accrued pension contributions for the June 30, 2018 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.				(594,290)
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Illustrative Note 7)				<u>(23,152,563)</u>
Net Position of Governmental Activities				<u>\$ 9,133,062</u>

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

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL JUNE 30, 2018
Revenues:				
Local Tax Levy	\$ 28,025,975	\$ -	\$ 1,945,225	\$ 29,971,200
Interest on Investments	28,058	-	-	28,058
Tuition	449,866	-	-	449,866
Services Provided Other LEA's	198,071	-	-	198,071
Miscellaneous	145,220	43,848	-	189,068
Total Local Sources	28,847,190	43,848	1,945,225	30,836,263
State Sources	6,724,521	-	-	6,724,521
Federal Sources	101,541	1,592,732	-	1,694,273
Total Revenues	35,673,252	1,636,580	1,945,225	39,255,057
Expenditures:				
Current:				
Regular Instruction	8,284,309	-	-	8,284,309
Special Education Instruction	3,487,881	1,143,270	-	4,631,151
Other Special Instruction	1,084,592	-	-	1,084,592
Other Instructional Programs	106,345	-	-	106,345
Support Services & Undistributed				
Costs - Current:				
Tuition	29,739	-	-	29,739
Student & Instruction Related Services	2,962,736	493,310	-	3,456,046
General Administrative	807,173	-	-	807,173
School Administrative Services	1,191,350	-	-	1,191,350
Central Services	421,363	-	-	421,363
Administrative Information Technology	325,125	-	-	325,125
Plant Operations & Maintenance	2,993,578	-	-	2,993,578
Pupil Transportation	1,803,581	-	-	1,803,581
Unallocated Benefits	7,299,883	-	-	7,299,883
Nonbudgeted Expenditures	4,245,847	-	-	4,245,847
Debt Service:				
Principal	-	-	1,976,300	1,976,300
Interest	118,421	-	470,486	588,907
Capital Outlay	368,415	-	-	368,415
Total Expenditures	35,530,338	1,636,580	2,446,786	39,613,704
Other Financing Sources/(Uses):				
Capital Lease Proceeds	15,089	-	-	15,089
Transfer from Other Funds	-	-	501,561	501,561
Total Other Financing Sources/(Uses)	15,089	-	501,561	516,650
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	158,003	-	-	158,003
Fund Balance - July 1	7,697,738	-	-	7,697,738
Fund Balance - June 30	\$ 7,855,741.00	\$ -	\$ -	\$ 7,855,741

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

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

Total Net Changes in Fund Balances - Governmental Funds (B-2)	\$	158,003
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	\$ (1,643,193)	
Capital Outlays	<u>357,937</u>	(1,285,256)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(496,650)
Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		2,019,583
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Capital lease proceeds	<u>(15,089)</u>	(15,089)
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
Amortization of premium on bonds	137,700	
Amortization of loss on bond refunding	<u>(80,380)</u>	57,320
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).		
		37,773
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(38,096)</u>
Change in Net Position of Governmental Activities	\$	<u><u>437,588</u></u>

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Proprietary Funds

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

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				JUNE 30, 2018
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Current Assets:					
Cash & Cash Equivalents	\$ 56,559	\$ 3,873	\$ 2,570	\$ 1,039	\$ 64,041
Account Receivable:					
State	706	-	-	-	706
Federal	35,009	-	-	-	35,009
Other	1,743	-	-	-	1,743
Inventories	11,915	-	-	-	11,915
Total Current Assets	105,932	3,873	2,570	1,039	113,414
Noncurrent Assets:					
Furniture, Machinery & Equipment	363,258	18,065	-	-	381,323
Less: Accumulated Depreciation	(261,086)	(15,054)	-	-	(276,140)
Total Noncurrent Assets	102,172	3,011	-	-	105,183
Total Assets	208,104	6,884	2,570	1,039	218,597
LIABILITIES					
Current Liabilities:					
Due To Other Funds	-	15,745	-	-	15,745
Unearned Revenue	6,357	-	-	-	6,357
Total Current Liabilities	6,357	15,745	-	-	22,102
NET POSITION					
Net Investment in Capital Assets	102,172	3,011	-	-	105,183
Unrestricted	99,575	(11,872)	2,570	1,039	91,312
Total Net Position	\$ 201,747	\$ (8,861)	\$ 2,570	\$ 1,039	\$ 196,495

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

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	JUNE 30, 2018
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 234,573	\$ -	\$ -	\$ -	\$ 234,573
Daily Sales - Nonreimbursable Programs	90,933	1,075	3,050	3,720	98,778
Total Operating Revenues	325,506	1,075	3,050	3,720	333,351
Operating Expenses:					
Cost of Sales - Reimbursable Programs	408,472	-	-	-	408,472
Cost of Sales - Non-Reimbursable Programs	143,429	-	-	-	143,429
Salaries & Benefits	198,985	385	-	4,883	204,253
Professional Services	2,144	-	-	-	2,144
General Supplies	29,575	-	2,547	84	32,206
Depreciation	14,717	3,614	-	-	18,331
Total Operating Expenses	797,322	3,999	2,547	4,967	808,835
Operating Loss	(471,816)	(2,924)	503	(1,247)	(475,484)
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	9,168	-	-	-	9,168
Federal Sources:					
National School Lunch Program	345,460	-	-	-	345,460
National School Breakfast Program	104,567	-	-	-	104,567
U.S.D.A. Commodities	39,655	-	-	-	39,655
Adjustment to Fixed Asset	39,802	-	-	-	39,802
Interest & Investment Revenue	9,335	-	-	-	9,335
Total Nonoperating Revenues/(Expenses)	547,987	-	-	-	547,987
Change in Net Position	76,171	(2,924)	503	(1,247)	72,503
Total Net Position - Beginning	125,576	(5,937)	2,067	2,286	123,992
Total Net Position - Ending	\$ 201,747	\$ (8,861)	\$ 2,570	\$ 1,039	\$ 196,495

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

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				JUNE 30, 2018
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 325,754	\$ 1,914	\$ 3,300	\$ 240	\$ 331,208
Payments to Employees & Benefits	(200,353)	(385)	-	(4,883)	(205,621)
Payments to Suppliers	(552,597)	-	(2,547)	(84)	(555,228)
Net Cash Provided/(Used) by Operating Activities	(427,196)	1,529	753	(4,727)	(429,641)
Cash Flows From Noncapital Financing Activities:					
State Sources	8,973	-	-	-	8,973
Federal Sources	442,387	-	-	-	442,387
Net Cash Provided/(Used) by Noncapital Financing Activities	451,360	-	-	-	451,360
Cash Flows From Investing Activities:					
Interest & Dividends	9,335	-	-	-	9,335
Net Cash Provided/(Used) by Investing Activities	9,335	-	-	-	9,335
Net Increase/(Decrease) in Cash & Cash Equivalents					
	33,499	1,529	753	(4,727)	31,054
Balances - Beginning of Year	23,060	2,344	1,817	5,766	32,987
Balances - End of Year	\$ 56,559	\$ 3,873	\$ 2,570	\$ 1,039	\$ 64,041

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

Operating Loss	(471,816)	(2,924)	503	(1,247)	(475,484)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities:					
U.S.D.A. Commodities	39,655	-	-	-	39,655
Depreciation & Net Amortization	14,717	3,614	-	-	18,331
(Increase) Decrease in Inventories	5,314	-	-	-	5,314
(Increase)/Decrease in Accounts Receivable	248	839	250	-	1,337
Increase (Decrease) in Accounts Payable	(13,946)	-	-	-	(13,946)
Increase (Decrease) Unearned Revenue	(1,368)	-	-	(3,480)	(4,848)
Total Adjustments	44,620	4,453	250	(3,480)	45,843
Net Cash Provided/(Used) by Operating Activities	\$ (427,196)	\$ 1,529	\$ 753	\$ (4,727)	\$ (429,641)

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

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Fiduciary Fund

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**BERKELEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS	PRIVATE PURPOSE		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	AGENCY PAYROLL FUND	JUNE 30, 2018
Cash & Cash Equivalents	\$ 198,746	\$ 21,182	\$ 219,928
Accounts Receivable	-	30,309	30,309
Total Assets	198,746	51,491	250,237
LIABILITIES			
Payroll Deductions & Withholdings	-	51,491	51,491
Total Liabilities	-	51,491	51,491
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	198,746	-	198,746
Total Net Position	\$ 198,746	\$ -	\$ 198,746

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

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

	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	TOTAL JUNE 30, 2018
ADDITIONS		
Investment Earnings:		
Interest	\$ 1,305	\$ 1,305
Net Investment Earnings	1,305	1,305
Total Additions	1,305	1,305
DEDUCTIONS		
Transfer to Other Funds	501,561	501,561
Total Deductions	501,561	501,561
Change in Net Position	(500,256)	(500,256)
Net Position - Beginning of the Year	699,002	699,002
Net Position - End of the Year	\$ 198,746	\$ 198,746

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

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grades levels Preschool through 6th grade at its four school. The School District has an approximate enrollment at June 30, 2018 of 2,167 students.

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

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

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

Component Units

GASB Statement No.14, *The Financial Reporting Entity* , provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* , and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34* . The School District had no component units as of for the year ended June 30, 2018.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

A. Government-Wide Financial Statements

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

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

B. Governmental Fund Financial Statements

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

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:

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

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

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

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

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

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

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

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

The School District reports the following major proprietary funds:

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

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

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

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

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

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

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

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

Budgets/Budgetary Control

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

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments

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

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

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

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

Tuition Receivable/Payable

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

Inventories

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

Interfund Receivables/Payables

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

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

Compensated Absences

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

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

Unearned Revenue

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

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

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

Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 15, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

Recently Issued Accounting Pronouncements

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

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

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2018, the School District's bank balance of \$8,424,700 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	8,353,090
Uninsured and Uncollateralized		71,610
Total	\$	8,424,700

Investments

The School District had no investments at June 30, 2018.

Note 3. Reserve Accounts

Capital Reserve

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2017	\$	1,831,813
Increased by:		
Interest Earnings		5,152
		1,836,965
Decreased by:		
Budget Withdrawals		(430,000)
Ending Balance, June 30, 2018	\$	1,406,965

Emergency Reserve

The School District established an emergency reserve account by inclusion of \$250,000 on June 17, 2008 for the accumulation of funds for use in accordance with N.J.S.A. 18A: 7F-41c(1) to finance unanticipated general fund expenditures.

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

Beginning Balance, July 1, 2017	\$	263,666
Increased by:		
Interest Earnings		886
Ending Balance, June 30, 2018	\$	264,552

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

Maintenance Reserve

The School District established a maintenance reserve account by the inclusion of \$300,000 on June 17, 1994 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Beginning Balance, July 1, 2017	\$	1,965,823
Increased by:		
Interest Earnings		5,764
		1,971,587
Decreased by:		
Budget Withdrawals		(600,000)
Ending Balance, June 30, 2018	\$	1,371,587

Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2018, consisted of the following:

<u>Description</u>	Governmental Funds		Total Governmental Activities
	General Fund	Special Revenue Fund	
Federal Awards	\$ -	\$ 164,619	\$ 164,619
State Awards	122,385	-	122,385
Tuition	79,272	-	79,272
Other	1,000	-	1,000
Total	\$ 202,657	\$ 164,619	367,276
		Proprietary Funds	Total Business-Type Activities
		Food Service Fund	
Federal Awards		\$ 35,009	\$ 35,009
State Awards		706	706
Other		1,743	1,743
Total		\$ 37,458	\$ 37,458

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets

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

	<u>Governmental Activities</u>			
	Balance (Restated) July 1, <u>2017</u>	<u>Additions</u>		Balance June 30, <u>2018</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 123,970	\$ -		\$ 123,970
Total Capital Assets not being depreciated	<u>123,970</u>	<u>-</u>		<u>123,970</u>
Capital Assets being depreciated:				
Land Improvements	2,692,226	159,358		2,851,584
Buildings and Improvements	42,820,439	7,200		42,827,639
Equipment	5,683,029	191,379		5,874,408
Total Capital Assets being depreciated	<u>51,195,694</u>	<u>357,937</u>		<u>51,553,631</u>
Less: Accumulated Depreciation:				
Land Improvements	(2,160,339)	(104,547)		(2,264,886)
Buildings and Improvements	(19,749,541)	(1,261,104)		(21,010,645)
Equipment	(4,354,967)	(277,542)		(4,632,509)
Total Accumulated Depreciation	<u>(26,264,847)</u>	<u>(1,643,193)</u>		<u>(27,908,040)</u>
Total Capital Assets being depreciated, net	<u>24,930,847</u>	<u>(1,285,256)</u>		<u>23,645,591</u>
Total Governmental Activities Capital Assets, net	<u>\$ 25,054,817</u>	<u>\$ (1,285,256)</u>		<u>\$ 23,769,561</u>
	<u>Business-Type Activities</u>			
	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Adjustments</u>	Balance June 30, <u>2018</u>
Business-Type Activities:				
Equipment	\$ 368,639	\$ -	\$ 12,684	\$ 381,323
Total Capital Assets being depreciated	<u>368,639</u>	<u>-</u>	<u>12,684</u>	<u>381,323</u>
Less: Accumulated Depreciation:				
Equipment	(284,927)	(18,331)	27,118	(276,140)
Total Capital Assets being depreciated, net	<u>(284,927)</u>	<u>(18,331)</u>	<u>27,118</u>	<u>(276,140)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 83,712</u>	<u>\$ (18,331)</u>	<u>\$ 39,802</u>	<u>\$ 105,183</u>

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

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

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

Interfund transfers for the year ended June 30, 2018 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfers Out</u>
Debt Service Fund	\$ 501,561	\$ -
Unemployment Fund	-	501,561
	<u>\$ 501,561</u>	<u>\$ 501,561</u>

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 10,250,000	\$ -	\$ 1,495,000	\$ 8,755,000	\$ 1,575,000
Capital Leases	141,815	15,089	43,283	113,621	46,919
Unamortized Bond					
Premiums	722,924	-	137,700	585,224	137,700
Compensated Absences	624,219	39,484	1,388	662,315	-
Net Pension Liability	17,414,880	4,553,073	8,931,550	13,036,403	-
CDL Loan	481,300	-	481,300	-	-
	<u>\$ 29,635,138</u>	<u>\$ 4,607,646</u>	<u>\$ 11,090,221</u>	<u>\$ 23,152,563</u>	<u>\$ 1,759,619</u>

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

Bonds Payable

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

2010 Bonds

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 7. Long-Term Obligations (Continued)

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,575,000	\$ 377,413	\$ 1,952,413
2020	1,660,000	304,625	1,964,625
2021	1,745,000	228,013	1,973,013
2022	1,835,000	142,875	1,977,875
2023	1,940,000	48,500	1,988,500
	<u>\$ 8,755,000</u>	<u>\$ 1,101,426</u>	<u>\$ 9,856,426</u>

Capital Lease Payable

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

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

On November 1, 2017, the School District entered into a lease purchase agreement in the amount of \$15,089 for a Savin Copier. The lease obligation was issued at an interest rate of 3.51% and matures on November 28, 2022.

	Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
	2019	\$ 50,798
	2020	40,406
	2021	23,377
	2022	3,575
	2023	2,329
		<u>120,485</u>
Total Minimum Lease Payments		120,485
Less: Amount Representing Interest		<u>(6,864)</u>
Present Value of Minimum Lease Payments		<u>\$ 113,621</u>

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

Bonds Authorized but not Issued

As of June 30, 2018, the School District had no bonds authorized but not issued.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2018, the School District reported a liability of \$13,036,403 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The School District's proportion measured as of June 30, 2017, was 0.056002%, which was a decrease of 0.002797% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$1,015,523 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 306,962.00	\$ -
Changes of Assumptions	2,626,386.00	2,616,757
Net Difference between Projected and Actual Earnings on Pension Plan Investments	88,769.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	515,507.00	498,680.00
School District contributions subsequent to measurement date	<u>594,290.00</u>	<u>-</u>
	<u>\$ 4,131,914.00</u>	<u>\$ 3,115,437.00</u>

\$594,290 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Year Ending June 30,			
2019	\$	423,419	
2020		577,173	
2021		329,102	
2022		(573,192)	
2023		(334,315)	
		422,187	

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between District Contributions Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

The actuarial assumptions used in the July 1, 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.

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<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%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets 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% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2017, calculated using the discount rate of 5.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	\$ 16,172,542	\$ 13,036,403	\$ 10,423,610

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 5,396,431,901	\$ 7,815,204,785
Collective Deferred Inflows of Resources	4,672,602,040	-
Collective Net Pension Liability	23,278,401,588	29,617,131,759
School District's portion	0.05600%	0.05880%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 8. Pension Plans (Continued)

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

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

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$86,966,031. The School District's proportionate share was \$0.

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 July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.1289845442%, which was a decrease of 0.0006690078% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$6,024,566.00 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2017 measurement date.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (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%

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

The actuarial assumptions used in the July 1, 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% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<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%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets 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 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 4.25% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(3.25%)</u>	At Current Discount Rate <u>(4.25%)</u>	At 1% Increase <u>(5.25%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 103,318,373.00	\$ 86,966,031.00	\$ 73,494,901.00

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$14,353,461,035.00	\$17,581,004,496.00
Collective Deferred Inflows of Resources	\$11,992,821,439.00	\$ 300,836,088.00
Collective Net Pension Liability	\$67,670,209,171.00	\$79,028,907,033.00
School District's portion	0.12898%	0.12965%

C Defined Contribution Retirement Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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

For the year ended June 30, 2018, employee contributions totaled \$26,129, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$4,972.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

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

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on 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. Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$87,314,074. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.16277840%, which was a decrease of 0.00015574% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$5,303,804.00 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (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.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, 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		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 103,648,105.22	\$ 87,314,074.00	\$ 74,357,765.19
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200.00	\$ 53,639,841,858.00	\$ 45,680,364,953.00
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 112,886,804.00	\$ 94,227,716.00	\$ 79,540,622.08
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084.00	\$ 57,831,784,184.00	\$ 48,817,654,566.00

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, 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:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 71,807,385.21	\$ 87,314,074.00	\$ 107,906,774.26
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560.00	\$ 53,639,841,858.00	\$ 66,290,599,457.00
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 77,316,464.61	\$ 94,227,716.00	\$ 116,836,447.76
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164.00	\$ 57,831,784,184.00	\$ 71,707,778,970.00

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Change in Proportion	\$ 99,843,255.00	\$ (99,843,255.00)
Change in Assumptions	-	(6,343,769,032.00)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242.00	-
	<u>\$ 1,290,216,497.00</u>	<u>\$ (6,443,612,287.00)</u>

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Additional Information (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	(2,629,618,547.00)
	\$ (6,343,769,032.00)

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331.00
	366,078.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	(1,242,412,566.00)
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	57,831,784,184.00
Total OPEB Liability (Ending)	\$ 53,639,841,858.00
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$1,955,199, \$1,025,652, \$1,262,821 and \$2,175, respectively.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 11. Risk Management

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

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

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Transfer Out</u>	<u>Ending Balance</u>
2017-2018	\$ 1,305	\$ -	\$ 501,561	\$ 198,746
2016-2017	2,504	-	-	699,002
2015-2016	1,223	-	-	696,498

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

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

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

Note 12. Contingencies

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

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

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 12. Contingencies (Continued)

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

Note 13. Deferred Compensation

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

ASA Equitable	Lincoln Investment Planning, Inc.
Valic Investment	Met Life

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2018, the liability for compensated absences reported was \$662,315.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 15. Tax Abatements (Continued)

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 was \$2,209,671.

Note 17. Fund Balances

General Fund – Of the \$7,855,741 General Fund fund balance at June 30, 2018, \$1,406,965 has been restricted for the Capital Reserve Account; \$1,371,587 has been restricted for the Maintenance Reserve Account; \$264,552 has been restricted for the Emergency Reserve Account; \$2,209,671 has been restricted for current year excess surplus; \$1,599,334 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$548,973 has been committed to other purposes; and \$454,659 has been unassigned.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$12,376,376 at June 30, 2018. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 19. Prior Period Adjustment/Restatement of Net Position

Correction of an Error - During the fiscal year ended June 30, 2018, the School District determined that the capital asset balance recorded in the prior period was not accurate. The District had an independent appraisal performed and adjustment of the prior year balances is required per the independent appraisal report. This caused the School District's prior year net position to be overstated by \$4,533,694 as of June 30, 2017, resulting in an overstatement of capital assets, and net investment in capital assets for the same amount. The District has corrected this by restating the balances for the fiscal year ended June 30, 2017 as follows:

	Original Balance	Net Adjustment	Restated Balance
Capital Assets, Net	\$ 29,658,511	\$ (4,533,694)	\$ 25,124,817
Net Investment in Capital Assets	18,484,466	(4,533,694)	13,950,772
Total Net Position	13,229,168	(4,533,694)	8,695,474

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**BERKELEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 28,025,975	\$ -	\$ 28,025,975	\$ 28,025,975	\$ -
Tuition from Individuals	10-1310	40,000	-	40,000	61,750	21,750
Tuition from LEAs	10-1320	-	-	-	372,445	372,445
Tuition from LEAs	10-1321	-	-	-	15,671	15,671
Interest	10-1500	10,000	-	10,000	16,256	6,256
Interest Earned on Emergency Reserve	10-1XXX	-	-	-	886	886
Interest Earned on Maintenance Reserve	10-1XXX	-	-	-	5,764	5,764
Interest Earned on Capital Reserve	10-1XXX	-	-	-	5,152	5,152
Services Provided Other LEA's	10-1950	199,071	-	199,071	198,071	(1,000)
Miscellaneous	10-1990	87,850	-	87,850	145,220	57,370
Total Local Sources		28,362,896	-	28,362,896	28,847,190	484,294
State Sources:						
Categorical Transportation Aid	10-3121	788,553	-	788,553	788,553	-
Categorical Special Education Aid	10-3132	1,152,934	50,147	1,203,081	1,203,081	-
Categorical Security Aid	10-3177	298,476	-	298,476	298,476	-
Professional Learning	10-3193	20,830	-	20,830	20,830	-
Extraordinary Aid	10-3131	-	-	-	41,119	41,119
Nonpublic Transportation	10-3190	-	-	-	14,630	14,630
Adjustment Aid	10-3178	71,463	-	71,463	71,463	-
PARCC Readiness Aid	10-3181	21,150	-	21,150	21,150	-
Per Pupil Growth Aid	10-3182	21,150	-	21,150	21,150	-
Lead Testing	10-3300	-	-	-	7,448	7,448
Nonbudgeted:						
On-Behalf TPAF Pension Contribution	10-3901	-	-	-	1,955,199	1,955,199
On-Behalf TPAF Medical Contribution	10-3901	-	-	-	1,262,821	1,262,821
On-Behalf TPAF Long-Term Disability	10-3902	-	-	-	2,175	2,175
Reimbursed TPAF Social Security	10-3902	-	-	-	1,025,652	1,025,652
Total State Sources		2,374,556	50,147	2,424,703	6,733,747	4,309,044
Federal Sources:						
Medicaid Reimbursement	10-4200	54,982	-	54,982	89,810	34,828
Medicaid Administrative Claiming	10-4201	-	-	-	11,731	11,731
Total Federal Sources:		54,982	-	54,982	101,541	46,559
Total Revenues		30,792,434	50,147	30,842,581	35,682,478	4,839,897
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Pre School	11-105-100-101	-	4,347	4,347	4,347	-
Kindergarten	11-110-100-101	988,290	(3,210)	985,080	982,882	2,198
Grades 1 - 5	11-120-100-101	5,197,086	(31,740)	5,165,346	5,165,346	-
Grades 6 - 8	11-130-100-101	999,340	64,399	1,063,739	1,063,739	-
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	28,996	1,421	30,417	30,417	-
Purchased Professional - Educational Services						
	11-150-100-320	5,000	-	5,000	1,292	3,708
Regular Programs - Undistributed Instruction:						
Purchased Professional - Educational Services						
	11-190-100-320	-	5,885	5,885	5,385	500
Other Purchased Services	11-190-100-500	-	3,139	3,139	1,625	1,514
General Supplies	11-190-100-610	612,030	41,186	653,216	621,640	31,576
Textbooks	11-190-100-640	358,000	9,863	367,863	366,694	1,169
Other Objects	11-190-100-890	81,765	(25,361)	56,404	40,942	15,462
Total Regular Programs - Instruction		8,270,507	69,929	8,340,436	8,284,309	56,127

**BERKELEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	1,364,389	(104,717)	1,259,672	1,259,184	488
Other Salaries for Instruction	11-204-100-106	387,234	36,581	423,815	414,708	9,107
General Supplies	11-204-100-610	15,000	1,291	16,291	16,291	-
Total Learning and/or Language Disabilities		1,766,623	(66,845)	1,699,778	1,690,183	9,595
Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	52,187	61,451	113,638	112,604	1,034
Other Salaries for Instruction	11-209-100-106	37,570	46,855	84,425	82,197	2,228
General Supplies	11-209-100-610	1,000	(20)	980	977	3
Other Objects	11-209-100-890	500	-	500	500	-
Total Behavioral Disabilities		91,257	108,286	199,543	196,278	3,265
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	189,639	25,503	215,142	214,088	1,054
Other Salaries for Instruction	11-212-100-106	110,365	(35,885)	74,480	65,913	8,567
General Supplies	11-212-100-610	2,000	10	2,010	1,995	15
Other Objects	11-212-100-890	750	-	750	403	347
Total Multiple Disabilities		302,754	(10,372)	292,382	282,399	9,983
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	699,617	(32,490)	667,127	640,819	26,308
Other Salaries for Instruction	11-213-100-106	27,739	17,881	45,620	44,674	946
General Supplies	11-213-100-610	5,000	(1,253)	3,747	3,747	-
Total Resource Room		732,356	(15,862)	716,494	689,240	27,254
Autism:						
Salaries of Teachers	11-214-100-101	218,265	750	219,015	206,289	12,726
Other Salaries for Instruction	11-214-100-106	255,931	(73,391)	182,540	166,668	15,872
General Supplies	11-214-100-610	2,000	3,754	5,754	5,716	38
Other Objects	11-214-100-800	1,000	-	1,000	988	12
Total Autism		477,196	(68,887)	408,309	379,661	28,648
Preschool Disabilities - Part Time:						
Salaries of Teachers	11-215-100-101	102,674	22,946	125,620	108,630	16,990
Other Salaries for Instruction	11-215-100-106	37,194	29,095	66,289	63,118	3,171
General Supplies	11-215-100-610	2,000	4,548	6,548	6,495	53
Total Preschool Disabilities - Part-Time		141,868	56,589	198,457	178,243	20,214
Preschool Disabilities - Full Time:						
Salaries of Teachers	11-216-100-101	72,850	166	73,016	71,877	1,139
Total Preschool Disabilities - Full Time		72,850	166	73,016	71,877	1,139
Total Special Education		3,584,904	3,075	3,587,979	3,487,881	100,098
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	1,040,563	(22,497)	1,018,066	1,007,506	10,560
Total Basic Skills/Remedial		1,040,563	(22,497)	1,018,066	1,007,506	10,560

**BERKELEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Bilingual Education - Instruction:						
Salaries	11-240-100-101	75,058	2,028	77,086	77,086	-
Total Bilingual Education - Instruction		75,058	2,028	77,086	77,086	-
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	50,466	31,170	81,636	77,400	4,236
Supplies & Materials	11-401-100-600	4,000	(833)	3,167	1,671	1,496
Total School Sponsored Cocurricular Activities		54,466	30,337	84,803	79,071	5,732
Before/After School Programs - Instruction:						
Salaries	11-421-100-100	14,600	-	14,600	14,564	36
Purchased Services	11-421-100-300	4,900	-	4,900	4,760	140
Supplies and Materials	11-421-100-600	700	-	700	-	700
Other Objects	11-421-100-800	8,100	-	8,100	7,950	150
Total Before/After School Programs - Instruction		28,300	-	28,300	27,274	1,026
Total - Instruction		13,053,798	82,872	13,136,670	12,963,127	173,543
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's Reg	11-000-100-561	-	19,860	19,860	19,860	-
Tuition to Other LEA'sSpEd	11-000-100-562	-	51,434	51,434	6,205	45,229
Tuition to Private Schools for the Handicapped - State	11-000-100-566	99,852	(95,095)	4,757	3,674	1,083
Total Undistributed Expenditures - Instruction		99,852	(23,801)	76,051	29,739	46,312
Attendance & Social Work Services:						
Salaries	11-000-211-100	53,572	10,500	64,072	61,354	2,718
Clothing Allowance	11-000-211-610	-	550	550	550	-
Purchased Professional Services	11-000-211-300	36,966	-	36,966	36,965	1
Total Attendance & Social Work Services		90,538	11,050	101,588	98,869	2,719
Health Services:						
Salaries	11-000-213-100	256,730	(14,581)	242,149	234,465	7,684
Purchased Professional & Supplies and Materials	11-000-213-300	12,400	(1,427)	10,973	10,133	840
	11-000-213-600	14,800	(1,350)	13,450	11,603	1,847
Total Health Services		283,930	(17,358)	266,572	256,201	10,371
Other Support Services - Speech, OT, PT & Related						
Salaries	11-000-216-100	654,261	-	654,261	654,261	-
General Supplies	11-000-216-600	3,750	3,743	7,493	7,484	9
Purchased Prof. Ed. Services	11-000-216-320	-	8,300	8,300	8,300	-
Total Other Support Services - Students - Related Services		658,011	12,043	670,054	670,045	9

**BERKELEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Support Services - Students - Extraordinary:						
Salaries	11-000-217-110	229,551	18,715	248,266	245,783	2,483
Purchased Professional Services	11-000-217-320	136,800	(1,008)	135,792	98,895	36,897
General Supplies	11-000-217-600	7,780	(2,006)	5,774	5,774	-
Total Other Support Services - Students - Extraordinary		374,131	15,701	389,832	350,452	39,380
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff						
Staff	11-000-218-104	326,176	45	326,221	326,221	-
Supplies & Materials	11-000-218-600	-	361	361	361	-
Total Other Support Services - Students - Regular		326,176	406	326,582	326,582	-
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff						
Staff	11-000-219-104	669,235	1,137	670,372	670,372	-
Salaries of Secretarial & Clerical Assistants						
Assistants	11-000-219-105	124,285	1,707	125,992	125,992	-
Purchased Professional Education Services	11-000-219-320	15,650	-	15,650	8,405	7,245
CST Mileage Reimbursement	11-000-219-580	-	500	500	416	84
Supplies & Materials	11-000-219-600	2,500	220	2,720	2,700	20
Total Other Support Services - Students - Special Services		811,670	3,564	815,234	807,885	7,349
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Secretarial & Clerical Assistants						
Assistants	11-000-221-105	46,769	2,000	48,769	47,434	1,335
Supplies and Materials	11-000-221-600	1,300	125	1,425	1,380	45
Other Objects	11-000-221-800	525	(25)	500	498	2
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		48,594	2,100	50,694	49,312	1,382
Educational Media Services/School Library:						
Salaries	11-000-222-100	385,667	(27,807)	357,860	357,466	394
Purchased Professional & Technical Services						
Technical Services	11-000-222-300	3,400	140	3,540	3,540	-
Supplies and Materials	11-000-222-600	15,500	(202)	15,298	14,939	359
Total Educational Media Services/School Library		404,567	(27,869)	376,698	375,945	753
Instructional Staff Training Services:						
Purchased Professional - Educational Staff						
Educational Staff	11-000-223-320	5,000	(3,972)	1,028	950	78
Other Purchased Services	11-000-223-500	26,150	2,964	29,114	26,495	2,619
Total Instructional Staff Training Services		31,150	(1,008)	30,142	27,445	2,697

**BERKELEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services General Administration:						
Salaries	11-000-230-100	479,342	-	479,342	474,148	5,194
Legal Services	11-000-230-331	20,000	13,174	33,174	26,674	6,500
Audit Fees	11-000-230-332	37,500	31,326	68,826	35,138	33,688
Architectural/Engineering Services	11-000-230-334	-	12,000	12,000		12,000
Purchased Technical Services	11-000-230-340	4,090	5,595	9,685	9,355	330
Communications/Telephone	11-000-230-530	100,740	(3,483)	97,257	95,454	1,803
Other Purchased Services (400-500 Series)	11-000-230-585	6,250	-	6,250	4,933	1,317
Other Purchasing Services	11-000-230-XXX	161,735	(13,827)	147,908	134,020	13,888
General Supplies	11-000-230-610	2,400	3,082	5,482	5,475	7
BOE In-House Training - Meeting Supplies	11-000-230-630	2,500	(340)	2,160	1,366	794
Judgments Against School District	11-000-230-820	15,000	-	15,000	2,500	12,500
Miscellaneous Expenditures	11-000-230-890	5,526	(150)	5,376	4,906	470
BOE Membership Dues & Fees	11-000-230-895	15,000	-	15,000	13,204	1,796
Total Support Services General Administration		850,083	47,377	897,460	807,173	90,287
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	930,100	(15,547)	914,553	886,055	28,498
Salaries of Secretarial & Clerical Assistants	11-000-240-105	318,311	(34,000)	284,311	277,314	6,997
Other Salaries	11-000-240-110	4,500	-	4,500	4,061	439
Purchased Professional & Technical Services	11-000-240-300	8,600	236	8,836	8,836	-
Supplies & Materials	11-000-240-600	9,600	5,823	15,423	15,084	339
Total Support Services School Administration		1,271,111	(43,488)	1,227,623	1,191,350	36,273
Central Services:						
Salaries	11-000-251-100	365,524	3,500	369,024	368,574	450
Purchased Professional Services	11-000-251-330	34,944	7,800	42,744	37,530	5,214
Miscellaneous Purchased Services	11-000-251-580	5,200	-	5,200	3,371	1,829
Supplies & Materials	11-000-251-610	8,910	-	8,910	6,768	2,142
Miscellaneous Expenditures	11-000-251-890	5,675	-	5,675	5,120	555
Total Central Services		420,253	11,300	431,553	421,363	10,190
Administrative Information Technology:						
Salaries	11-000-252-100	219,884	-	219,884	219,279	605
Purchased Technical Services	11-000-252-340	79,955	6,245	86,200	79,411	6,789
Other Purchased Services	11-000-252-580	4,200	5,935	10,135	455	9,680
Supplies and Materials	11-000-252-610	43,600	(3,226)	40,374	25,980	14,394
Other Objects	11-000-252-890	300	-	300	-	300
Total Administrative Information Technology		347,939	8,954	356,893	325,125	31,768
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	345,301	4,000	349,301	341,082	8,219
Cleaning, Repair & Maintenance Services	11-000-261-420	237,600	59,224	296,824	240,682	56,142
Travel	11-000-261-580	-	-	-	-	-
General Supplies	11-000-261-610	160,672	(10,389)	150,283	120,032	30,251
Other Objects	11-000-261-800	19,600	42	19,642	13,240	6,402
Total Allowable Maintenance For School Facilities		763,173	52,877	816,050	715,036	101,014

**BERKELEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	851,232	-	851,232	802,026	49,206
Cleaning, Repair & Maintenance Services	11-000-262-420	19,600	(4,978)	14,622	14,608	14
Other Purchased Property Services	11-000-262-490	65,000	(11,975)	53,025	40,713	12,312
Insurance	11-000-262-520	175,000	(21,821)	153,179	153,179	-
Travel	11-000-262-580	-	-	-	-	-
General Supplies	11-000-262-610	91,145	18,757	109,902	105,482	4,420
Energy (Natural Gas)	11-000-262-621	305,000	(51,506)	253,494	165,470	88,024
Energy (Electricity)	11-000-262-622	442,500	17,000	459,500	385,821	73,679
Total Operation & Maintenance of Plant Services		1,949,477	(54,523)	1,894,954	1,667,299	227,655
Undistributed Expenditures - Care & Upkeep of Grounds:						
Purchased Professional and Technical Services	11-000-263-300	207,000	(29,575)	177,425	152,536	24,889
General Supplies	11-000-263-610	29,000	(1,723)	27,277	14,053	13,224
Total Undistributed Expenditures - Care & Upkeep of Grounds		236,000	(31,298)	204,702	166,589	38,113
Security:						
Salaries	11-000-266-100	124,396	-	124,396	116,503	7,893
Other Purchased Services Cleaning, Repair, & Maintenance Services	11-000-266-300	163,800	8,635	172,435	163,303	9,132
General Supplies	11-000-266-420	17,000	161,202	178,202	157,334	20,868
	11-000-266-610	9,031	-	9,031	7,514	1,517
Total Security		314,227	169,837	484,064	444,654	39,410
Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	187,463	(20,903)	166,560	162,731	3,829
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	811,007	1,416	812,423	811,509	914
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	248,452	(24,962)	223,490	221,918	1,572
Salaries for Pupil Transportation (Other than Between Home & School)	11-000-270-162	5,440	1,077	6,517	6,517	-
Other Purchased Professional & Technical Services	11-000-270-390	19,820	1,107	20,927	19,248	1,679
Cleaning, Repair & Maintenance Services	11-000-270-420	2,000	-	2,000	-	2,000
Contracted Services - Jointure Agreements - (Special Education	11-000-270-515	16,500	10,800	27,300	12,732	14,568
Contracted Services - ESC's & CTSA Agreements - (Regular Students)	11-000-270-517	25,000	65,025	90,025	80,596	9,429
Contracted Services - ESC's & CTSA's - (Special Education Students)	11-000-270-518	74,975	78,370	153,345	153,345	-
Contracted Services - Aid in Lieu	11-000-270-503	36,244	13,972	50,216	48,000	2,216
Miscellaneous Purchased Services - Transportation	11-000-270-593	121,000	(33,488)	87,512	86,697	815
General Supplies	11-000-270-610	3,020	-	3,020	2,660	360
Transportation Supplies	11-000-270-615	216,000	(15,087)	200,913	190,708	10,205
Miscellaneous Expenditures	11-000-270-800	7,955	394	8,349	6,920	1,429
Total Student Transportation Services		1,774,876	77,721	1,852,597	1,803,581	49,016

**BERKELEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Unallocated Benefits Employee Benefits:						
Group Insurance	11-000-291-210	825	-	825	810	15
Social Security Contributions	11-000-291-220	450,000	68,038	518,038	425,165	92,873
Other Retirement Contributions - PERS	11-000-291-241	607,000	(58,000)	549,000	525,926	23,074
Other Retirement Contributions - Regular	11-000-291-249	25,100	-	25,100	21,081	4,019
Unemployment Compensation	11-000-291-250	127,332	1	127,333	84,682	42,651
Workman's Compensation	11-000-291-260	318,000	8,958	326,958	326,958	-
Health Benefits	11-000-291-270	6,219,000	(91,776)	6,127,224	5,562,209	565,015
Tuition Reimbursement	11-000-291-280	20,000	-	20,000	17,397	2,603
Other Employee Benefits	11-000-291-290	345,000	70,000	415,000	335,655	79,345
Total Unallocated Benefits - Employee Benefits		8,112,257	(2,779)	8,109,478	7,299,883	809,595
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,955,199	(1,955,199)
On-Behalf TPAF Medical Contributions		-	-	-	1,262,821	(1,262,821)
On-Behalf TPAF Long-Term Disability		-	-	-	2,175	(2,175)
Reimbursed TPAF Social Security		-	-	-	1,025,652	(1,025,652)
Total Undistributed Expenditures		19,168,015	210,806	19,378,821	22,080,375	(2,701,554)
Total Expenditures - Current Expense		32,221,813	293,678	32,515,491	35,043,502	(2,528,011)
Capital Outlay:						
Equipment:						
Interest Deposit to Capital Reserve		600	-	600	-	600
Undistributed Expenditures:						
Administrative Information Technology	12-000-252-730	160,000	(3,019)	156,981	156,981	-
Custodial Services	12-000-262-730	16,000	-	16,000	-	16,000
Grounds	12-000-263-730	439,500	(169,525)	269,975	15,621	254,354
School Buses - Regular	12-000-270-733	181,000	169,525	350,525	180,724	169,801
Total Equipment		797,100	(3,019)	794,081	353,326	440,755
Facilities Acquisition & Construction Services:						
Other Objects	12-000-400-800	118,421	-	118,421	118,421	-
Total Facilities Acquisition & Construction Services		118,421	-	118,421	118,421	-
Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	15,089	(15,089)
Total Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	15,089	(15,089)
Total Capital Outlay		915,521	(3,019)	912,502	486,836	425,666
Total Expenditures		33,137,334	290,659	33,427,993	35,530,338	(2,102,345)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(2,344,900)	(240,512)	(2,585,412)	152,140	2,737,552
Other Financing Sources/(Uses):						
Capital Lease Proceeds (Nonbudgeted)		-	-	-	15,089	15,089
Total Other Financing Sources/(Uses)		-	-	-	15,089	15,089

**BERKELEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Excess/(Deficiency) of Revenues & Other Financing Sources					
Over/(Under) Expenditures & Other Financing Uses	(2,344,900)	(240,512)	(2,585,412)	167,229	2,752,641
Fund Balances, July 1	7,914,991	-	7,914,991	7,914,991	-
Fund Balances, June 30	<u>\$ 5,570,091</u>	<u>\$ (240,512)</u>	<u>\$ 5,329,579</u>	<u>\$ 8,082,220</u>	<u>\$ 2,752,641</u>

RECAPITULATION OF BUDGET TRANSFERS

Prior-Year Roll Over Encumbrances	\$ 286,659
Increase of Budget	4,000
Increase in State Aid	<u>(50,147)</u>
	<u>\$ 240,512</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 1,406,965
Maintenance Reserve	1,371,587
Emergency Reserve	264,552
Excess Surplus	2,209,671
Excess Surplus Designated for Subsequent Year's Expenditures	1,599,334
Committed Fund Balance:	
Year-end Encumbrances	548,973
Unassigned Fund Balance	<u>681,138</u>
Subtotal	<u>8,082,220</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(226,479)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 7,855,741</u>

**BERKELEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

REVENUES	JUNE 30, 2018				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Local Sources	\$ -	\$ 127,148	\$ 127,148	\$ 43,848	\$ (83,300)
Federal Sources	1,264,167	356,340	1,620,507	1,585,354	(35,153)
Total Revenues	1,264,167	483,488	1,747,655	1,629,202	(118,453)
EXPENDITURES:					
Instruction:					
Salaries of Teachers/Aides	438,821	98,944	537,765	558,524	(20,759)
Tuition	321,937	78,063	400,000	398,555	1,445
General Supplies	69,187	121,566	190,753	177,401	13,352
Miscellaneous	-	1,606	1,606	1,412	194
Total Instruction	829,945	300,179	1,130,124	1,135,892	(5,768)
Support Services:					
Salaries	241,760	57,861	299,621	242,052	57,569
Personal Services - Employee Benefits	192,462	28,435	220,897	220,897	-
Purchased Professional Services	-	87,413	87,413	18,920	68,493
Travel	-	9,600	9,600	11,441	(1,841)
Total Support Services	434,222	183,309	617,531	493,310	124,221
Total Expenditures	1,264,167	483,488	1,747,655	1,629,202	118,453
Total Outflows	1,264,167	483,488	1,747,655	1,629,202	118,453
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BERKELEY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 35,682,478	\$ 1,629,202
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	217,253	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(226,479)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	7,378
Current Year	-	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 35,673,252	\$ 1,636,580
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 35,530,338	\$ 1,629,202
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	7,378
Current Year	-	-
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 35,530,338	\$ 1,636,580

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0169775354%	0.0588000223%	0.0579620293%	0.0551214156%	0.0560766468%
School District's proportionate share of the net pension liability	\$ 13,036,403.00	\$ 17,414,880.00	\$ 13,011,314.00	\$ 10,320,237.00	\$ 10,142,056.00
School District's covered payroll	\$ 4,068,059.00	\$ 3,698,054.00	\$ 4,345,256.00	\$ 3,918,543.00	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	320.46%	470.92%	299.44%	263.37%	N/A
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

EXHIBIT L-2

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

	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 518,000.00	\$ 522,371.00	\$ 498,318.00	\$ 454,413.00	\$ 399,845.00
Contributions in relation to the contractually required contribution	(518,000.00)	(522,371.00)	(498,318.00)	(454,413.00)	(399,845.00)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 4,075,482.00	\$ 4,068,059.00	\$ 3,986,054.00	\$ 4,345,256.00	\$ 3,938,548.00
Contributions as a percentage of covered payroll	12.71%	12.84%	12.50%	10.46%	10.15%

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

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

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	\$ 86,966,031	\$ 101,993,739	\$ 79,576,224	\$ 67,681,768	\$ 65,378,394
School District's covered payroll	\$ 13,952,303	\$ 13,343,453	\$ 13,175,202	\$ 12,750,769	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS
(GASB 75)**

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**BERKELEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

	2018
District's Total OPEB Liability	
Service Cost	\$ 3,754,981
Interest Cost	2,764,944
Changes of Assumptions	(11,485,657)
Contributions: Member	74,469
Gross Benefit Payments	(2,022,379)
Net Change in District's Total OPEB Liability	(6,913,642)
District's Total OPEB Liability (Beginning)	94,227,716
District's Total OPEB Liability (Ending)	\$ 87,314,074
District's Covered Employee Payroll	\$ 20,173,587
District's Net OPEB Liability as a Percentage of Payroll	433%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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

	ESSA			IDEA-B	IDEA-B
	TITLE I	TITLE II-A	TITLE IV	BASIC	PRESCHOOL
Revenues:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	383,971	66,272	8,559	446,172	14,150
Total Revenues	\$ 383,971	\$ 66,272	\$ 8,559	\$ 446,172	\$ 14,150
Expenditures:					
Instruction:					
Salaries of Teachers/Aides	\$ 280,804	\$ 48,787	\$ 6,494	\$ -	\$ 2,513
General Supplies	41,479	384	2,065	32,617	11,637
Tuition	-	-	-	398,555	-
Miscellaneous	-	-	-	-	-
Total Instruction	322,283	49,171	8,559	431,172	14,150
Support Services:					
Other Professional Staff Salaries	-	-	-	-	-
Purchased Professional Services	-	-	-	15,000	-
Employee Benefits	55,688	13,660	-	-	-
Travel	6,000	3,441	-	-	-
Miscellaneous	-	-	-	-	-
Total Support Services	61,688	17,101	-	15,000	-
Total Expenditures	\$ 383,971	\$ 66,272	\$ 8,559	\$ 446,172	\$ 14,150

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

	PRE SCHOOL EXPANSION	BAYVILLE PLAY	STOKES SCHOLARSHIPS	POTTER CREEK CRUSADERS
Revenues:				
Local Sources	\$ -	\$ 3,061	\$ 750	\$ 7,000
Federal Sources	666,230	-	-	-
Total Revenues	\$ 666,230	\$ 3,061	\$ 750	\$ 7,000
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 194,058	\$ 3,061	\$ -	\$ 5,000
Travel	-	-	-	-
General Supplies	85,981	-	750	-
Tuition	-	-	-	-
Miscellaneous	-	-	-	-
Total Instruction	280,039	3,061	750	5,000
Support Services:				
Other Professional Staff Salaries	234,642	-	-	-
Purchased Professional Services	-	-	-	-
Employee Benefits	151,549	-	-	-
Travel	-	-	-	2,000
Miscellaneous	-	-	-	-
Total Support Services	386,191	-	-	2,000
Total Expenditures	\$ 666,230	\$ 3,061	\$ 750	\$ 7,000

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

	PROJECT STARFISH	CLASS TRIP	2018
Revenues:			
Local Sources	\$ 31,625	\$ 1,412	\$ 43,848
Federal Sources	-	-	1,585,354
	<hr/>		
Total Revenues	<u>\$ 31,625</u>	<u>\$ 1,412</u>	<u>1,629,202</u>
Expenditures:			
Instruction:			
Salaries of Teachers/Aides	\$ 17,807	\$ -	\$ 558,524
General Supplies	2,488	-	177,401
Tuition	-	-	398,555
Miscellaneous	-	1,412	1,412
	<hr/>		
Total Instruction	<u>20,295</u>	<u>1,412</u>	<u>1,135,892</u>
Support Services:			
Other Professional Staff Salaries	7,410	-	242,052
Purchased Professional Services	3,920	-	18,920
Employee Benefits	-	-	220,897
Travel	-	-	11,441
Miscellaneous	-	-	-
	<hr/>		
Total Support Services	<u>11,330</u>	<u>-</u>	<u>493,310</u>
Total Expenditures	<u>\$ 31,625</u>	<u>\$ 1,412</u>	<u>\$ 1,629,202</u>

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

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**BERKELEY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Current Assets:					
Cash & Cash Equivalents	\$ 56,559	\$ 3,873	\$ 2,570	\$ 1,039	\$ 64,041
Accounts Receivable:					
State	706	-	-	-	706
Federal	35,009	-	-	-	35,009
Local	1,743	-	-	-	1,743
Inventories	11,915	-	-	-	11,915
Total Current Assets	105,932	3,873	2,570	1,039	113,414
Noncurrent Assets:					
Furniture, Machinery & Equipment	363,258	18,065	-	-	381,323
Less: Accumulated Depreciation	(261,086)	(15,054)	-	-	(276,140)
Total Noncurrent Assets	102,172	3,011	-	-	105,183
Total Assets	208,104	6,884	2,570	1,039	218,597
LIABILITIES					
Current Liabilities:					
Due To Other Funds	\$ -	\$ 15,745	\$ -	\$ -	\$ 15,745
Unearned Revenue	6,357	-	-	-	6,357
Total Current Liabilities	6,357	15,745	-	-	22,102
NET POSITION					
Net Investment in Capital Assets	102,172	3,011	-	-	105,183
Unrestricted	99,575	(11,872)	2,570	1,039	91,312
Total Net Position	\$ 201,747	\$ (8,861)	\$ 2,570	\$ 1,039	\$ 196,495

**BERKELEY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 234,573	\$ -	\$ -	\$ -	\$ 234,573
Daily Sales - Nonreimbursable Programs	90,933	1,075	3,050	3,720	98,778
Total Operating Revenues	325,506	1,075	3,050	3,720	333,351
Operating Expenses:					
Cost of Sales - Reimbursable Programs	408,472	-	-	-	408,472
Cost of Sales - Non-Reimbursable Programs	143,429	-	-	-	143,429
Salaries & Benefits	198,985	385	-	4,883	204,253
Professional Services	2,144	-	-	-	2,144
General Supplies/Misc	29,575	-	2,547	84	32,206
Depreciation	14,717	3,614	-	-	18,331
Total Operating Expenses	797,322	3,999	2,547	4,967	808,835
Operating Loss	(471,816)	(2,924)	503	(1,247)	(475,484)
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	9,168	-	-	-	9,168
Federal Sources:					
National School Lunch Program	345,460	-	-	-	345,460
National School Breakfast Program	104,567	-	-	-	104,567
U.S.D.A. Commodities	39,655	-	-	-	39,655
Adjustment to Fixed Assets	39,802	-	-	-	39,802
Interest & Investment Revenue	9,335	-	-	-	9,335
Total Nonoperating Revenues/(Expenses)	547,987	-	-	-	547,987
Change in Net Position	76,171	(2,924)	503	(1,247)	72,503
Total Net Position - Beginning	125,576	(5,937)	2,067	2,286	123,992
Total Net Position - Ending	\$ 201,747	\$ (8,861)	\$ 2,570	\$ 1,039	\$ 196,495

**BERKELEY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	FOOD SERVICE	BATTING CAGES	TECH EXPO	BRIDGE PROGRAM	
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 325,754	\$ 1,914	\$ 3,300	\$ 240	\$ 331,208
Payments to Employees & Benefits	(200,353)	(385)	-	(4,883)	(205,621)
Payments to Suppliers	(552,597)	-	(2,547)	(84)	(555,228)
Net Cash Provided/(Used) by Operating Activities	<u>(427,196)</u>	<u>1,529</u>	<u>753</u>	<u>(4,727)</u>	<u>(429,641)</u>
Cash Flows From Noncapital Financing Activities:					
State Sources	8,973	-	-	-	8,973
Federal Sources	442,387	-	-	-	442,387
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>451,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451,360</u>
Cash Flows From Investing Activities:					
Interest & Dividends	9,335	-	-	-	9,335
Net Cash Provided/(Used) by Investing Activities	<u>9,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,335</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	33,499	1,529	753	(4,727)	31,054
Balances - Beginning of Year	23,060	2,344	1,817	5,766	32,987
Balances - End of Year	<u>\$ 56,559</u>	<u>\$ 3,873</u>	<u>\$ 2,570</u>	<u>\$ 1,039</u>	<u>\$ 64,041</u>

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

Operating Loss	\$ (471,816)	\$ (2,924)	\$ 503	\$ (1,247)	\$ (475,484)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities:					
U.S.D.A. Commodities	39,655	-	-	-	39,655
Depreciation Expense	14,717	3,614	-	-	18,331
(Increase)/Decrease in Inventories	5,314	-	-	-	5,314
(Increase)/Decrease in Accounts Receivable	248	839	250	-	1,337
Increase/(Decrease) in Accounts Payable	(13,946)	-	-	-	(13,946)
Increase/(Decrease) in Unearned Revenue	(1,368)	-	-	(3,480)	(4,848)
Total Adjustments	<u>44,620</u>	<u>4,453</u>	<u>250</u>	<u>(3,480)</u>	<u>45,843</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (427,196)</u>	<u>\$ 1,529</u>	<u>\$ 753</u>	<u>\$ (4,727)</u>	<u>\$ (429,641)</u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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

ASSETS	PRIVATE PURPOSE	AGENCY	
	UNEMPLOYMENT COMPENSATION TRUST	PAYROLL FUND	
Cash & Cash Equivalents	\$ 198,746	\$ 21,182	\$ 219,928
Accounts Receivable	-	30,309	30,309
Total Assets	198,746	51,491	250,237
LIABILITIES			
Payroll Deductions & Withholdings	-	51,491	51,491
Total Liabilities	-	51,491	51,491
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	198,746	-	198,746
Total Net Position	\$ 198,746	\$ -	\$ 198,746

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

ADDITIONS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	2018
Investment Earnings:		
Interest	\$ 1,305	\$ 1,305
Net Investment Earnings	<u>1,305</u>	<u>1,305</u>
Total Additions	<u>1,305</u>	<u>1,305</u>
DEDUCTIONS		
Interfund Transfer	<u>501,561</u>	<u>501,561</u>
Total Deductions	<u>501,561</u>	<u>501,561</u>
Change in Net Position	(500,256)	(500,256)
Net Position - Beginning of the Year	<u>699,002</u>	<u>699,002</u>
Net Position - End of the Year	<u>\$ 198,746</u>	<u>\$ 198,746</u>

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

ASSETS	BALANCE JULY 1, 2017	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2018
Cash & Cash Equivalents	\$ 21,244	\$ 23,293,082	\$ 23,293,144	\$ 21,182
Accounts Receivable	29,799	30,309	29,799	30,309
Total Assets	\$ 51,043	\$ 23,323,391	\$ 23,322,943	\$ 51,491
LIABILITIES				
Payroll Deductions & Withholdings	\$ 51,043	\$ 23,323,391	\$ 23,322,943	\$ 51,491
Total Liabilities	\$ 51,043	\$ 23,323,391	\$ 23,322,943	\$ 51,491

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I. Long-Term Debt

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

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING		AMOUNT OUTSTANDING JUNE 30, 2018
			DATE	AMOUNT		JUNE 30, 2017	ISSUED	
2010 Refunding Issue	3/25/2010	\$ 16,760,000	10/1/2018	1,575,000	4.500%	\$ 10,250,000	\$ -	\$ 1,495,000
			10/1/2019	1,660,000	4.500%			
			10/1/2020	1,745,000	4.500%			
			10/1/2021	1,835,000	5.000%			
			10/1/2022	1,940,000	5.000%			
Total						\$ 10,250,000	\$ -	\$ 1,495,000
						<u>\$ 10,250,000</u>	<u>\$ -</u>	<u>\$ 8,755,000</u>

**BERKELEY TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2018**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2017	ISSUED	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2018
6 - Savin Copiers	5.00%	91,891	\$ 48,795	\$ -	\$ 18,795	\$ 30,000
1- Savin Copiers	5.28%	15,089	-	15,089	865	14,224
5- Savin Copiers	3.51%	98,798	93,020	-	23,623	69,397
Total			\$ 141,815	\$ 15,089	\$ 43,283	\$ 113,621

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

	JUNE 30, 2018				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Interfund Transfer	\$ -	\$ 501,561	\$ 501,561	\$ 501,561	
Local Tax Levy	1,945,225	-	1,945,225	1,945,225	-
Total Revenues	1,945,225	501,561	2,446,786	2,446,786	-
Expenditures:					
Regular Debt Service:					
Interest: Bonds and CDL	450,225	20,261	470,486	470,486	-
Principal: Bonds and CDL	1,495,000	481,300	1,976,300	1,976,300	-
Total Regular Debt Service	1,945,225	501,561	2,446,786	2,446,786	-
Total Expenditures	1,945,225	501,561	2,446,786	2,446,786	-
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

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STATISTICAL SECTION (Unaudited)

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Financial Trend Information

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment in Capital Assets	\$ 14,657,329	\$ 18,484,466	\$ 18,869,406	\$ 17,953,242	\$ 17,810,211	\$ 17,410,609	\$ 14,323,623	\$ 15,736,503	\$ 15,078,336	\$ 13,456,845
Restricted	6,852,109	6,967,786	6,573,286	7,139,245	6,624,847	5,901,687	5,477,992	3,986,680	3,010,992	3,329,751
Unrestricted	(12,376,376)	(12,153,084)	(12,010,544)	(11,636,605)	(1,022,895)	(642,477)	2,013,070	(226,016)	(533,810)	133,605
Total Governmental Activities	\$ 9,133,062	\$ 13,299,168	\$ 13,432,148	\$ 13,455,882	\$ 23,412,163	\$ 22,669,819	\$ 21,814,685	\$ 19,497,167	\$ 17,555,518	\$ 16,920,201
Business-Type Activities:										
Net Investment in Capital Assets	\$ 105,183	\$ 83,711	\$ 117,704	\$ 160,303	\$ 169,905	\$ 91,716	\$ 96,235	\$ 101,192	\$ 112,301	\$ 71,197
Unrestricted	91,312	40,281	(40,151)	(71,959)	(78,560)	(23,329)	537	19,771	13,581	(15,818)
Total Business-Type Activities	\$ 196,495	\$ 123,992	\$ 77,553	\$ 88,344	\$ 91,345	\$ 68,387	\$ 96,772	\$ 120,963	\$ 125,882	\$ 55,379
Government-Wide:										
Net Investment in Capital Assets	\$ 14,762,512	\$ 18,568,177	\$ 18,987,110	\$ 18,113,545	\$ 17,980,116	\$ 17,502,325	\$ 14,419,858	\$ 15,837,695	\$ 15,190,637	\$ 13,528,042
Restricted	6,852,109	6,967,786	6,573,286	7,139,245	6,624,847	5,901,687	5,477,992	3,986,680	3,010,992	3,329,751
Unrestricted	(12,285,064)	(12,112,803)	(12,050,695)	(11,708,564)	(1,101,455)	(665,806)	2,013,607	(206,245)	(520,229)	117,787
Total Government-Wide Net Position	\$ 9,329,557	\$ 13,423,160	\$ 13,509,701	\$ 13,544,226	\$ 23,503,508	\$ 22,738,206	\$ 21,911,457	\$ 19,618,130	\$ 17,681,400	\$ 16,975,580

Source: District CAFR, Schedule A-1

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 8,284,309	\$ 7,742,541	\$ 7,671,751	\$ 7,332,300	\$ 7,445,934	\$ 7,126,529	\$ 7,797,326	\$ 7,347,415	\$ 7,406,861	\$ 6,930,715
Special Education	4,631,151	4,442,157	4,291,228	4,054,069	3,814,426	3,742,079	3,515,551	3,697,106	3,541,021	3,428,691
Other Special Education	1,084,592	1,062,339	970,198	1,056,857	989,410	-	1,022,455	940,783	1,003,431	1,066,476
Other Instruction	106,345	75,834	74,360	53,330	40,517	24,162	29,135	63,208	60,988	147,696
Support Services:										
Tuition	29,739	181,534	121,422	189,425	381,845	385,128	391,112	534,653	643,203	647,093
Student & Instruction Related Services	3,456,046	3,317,290	3,317,290	2,874,147	2,924,800	2,833,481	2,730,859	2,668,515	2,844,048	2,201,914
School Administrative Services	1,191,350	1,179,237	1,398,015	1,470,546	1,137,381	1,174,579	1,081,050	1,092,882	1,080,519	1,111,250
General & Business Administrative Services	1,553,661	1,584,360	1,418,970	1,350,321	1,370,664	1,301,547	1,226,445	1,132,296	1,071,127	1,226,545
Plant Operations & Maintenance	3,004,056	2,887,030	2,974,784	3,281,659	3,502,263	3,799,014	3,011,237	3,627,788	3,249,017	3,182,642
Pupil Transportation	1,803,581	1,675,610	1,698,304	1,629,219	1,567,695	1,332,676	1,535,919	1,571,411	1,567,145	1,674,803
Unallocated Benefits	20,190,826	12,191,771	11,841,433	12,095,470	8,345,637	9,007,262	7,392,103	7,173,740	6,588,402	6,418,719
Interest on Long-Term Debt	450,531	622,925	508,044	547,701	592,303	643,042	664,815	703,939	694,583	894,829
Unallocated Depreciation	1,643,193	1,441,251	1,474,656	1,498,916	1,316,968	1,382,197	1,338,337	1,259,936	1,106,158	1,118,672
Total Governmental Activities	47,429,380	38,403,879	37,760,455	37,433,960	33,429,843	32,951,696	31,736,344	31,813,672	30,856,503	30,050,045
Expenses										
Business-Type Activities:										
Food Service	797,322	783,795	814,122	795,084	829,318	762,263	750,556	713,328	673,557	632,967
Bathing Cages	3,999	4,758	4,590	7,191	1,502	-	-	-	-	-
Tech Expo	2,547	1,564	3,330	1,689	-	-	-	-	-	-
Bridge Program	4,967	11,232	8,770	5,922	3,900	-	-	-	-	-
Total Business-Type Activities	808,835	801,349	830,812	809,886	834,720	762,263	750,556	713,328	673,557	632,967
Expense										
Total Government-Wide Expenses	\$ 48,238,215	\$ 39,205,228	\$ 38,591,267	\$ 38,243,846	\$ 34,264,563	\$ 33,713,959	\$ 32,486,900	\$ 32,527,000	\$ 31,530,060	\$ 30,683,012

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30.										
Program Revenues:										
Governmental Activities:										
Grants & Contributions	\$ 13,992,777	\$ 6,386,648	\$ 5,806,844	\$ 6,427,408	\$ 3,089,390	\$ 832,852	\$ 813,634	\$ 1,175,569	\$ 948,712	\$ 788,781
Total Governmental Activities	13,992,777	6,386,648	5,806,844	6,427,408	763,850	832,852	813,634	1,175,569	948,712	788,781
Business-Type Activities:										
Charges for Services:										
Grants & Contributions	498,850	493,818	445,446	399,345	485,635	377,003	363,369	332,451	309,796	280,531
Food Service	325,506	338,273	355,136	373,533	366,073	356,662	362,642	375,255	372,824	387,102
Batting Cages	1,075	3,004	1,370	6,200	1,530	-	-	-	-	-
Tech Expo	3,050	2,000	3,150	3,500	-	-	-	-	-	-
Bridge Program	3,720	10,470	11,510	6,250	3,900	-	-	-	-	-
Total Business-Type Activities	832,201	847,565	816,612	788,808	857,138	733,665	726,011	707,706	682,620	667,633
Total Government-Wide Program Revenues	\$ 14,824,978	\$ 7,234,213	\$ 6,623,456	\$ 7,216,216	\$ 1,620,988	\$ 1,566,517	\$ 1,539,645	\$ 1,883,275	\$ 1,631,332	\$ 1,456,414
Net (Expense)/Revenue:										
Governmental Activities	\$ (33,436,603)	\$ (32,017,231)	\$ (31,703,680)	\$ (31,006,552)	\$ (32,665,993)	\$ (32,118,844)	\$ (31,001,938)	\$ (30,638,103)	\$ (29,907,791)	\$ (29,261,264)
Business-Type Activities	23,366	46,216	(14,200)	(21,078)	22,418	(28,598)	(24,545)	(5,622)	9,063	34,666
Total Government-Wide Net Expense	\$ (33,413,237)	\$ (31,971,015)	\$ (31,717,880)	\$ (31,027,630)	\$ (32,643,575)	\$ (32,147,442)	\$ (31,026,483)	\$ (30,643,725)	\$ (29,898,728)	\$ (29,226,598)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 28,025,975	\$ 28,025,975	\$ 26,708,133	\$ 26,342,923	\$ 26,342,922	\$ 26,456,346	\$ 26,462,541	\$ 26,681,262	\$ 24,432,893	\$ 23,733,551
Taxes Levied for Debt Service	1,945,225	1,930,900	1,924,600	1,909,437	1,898,675	1,890,425	1,885,473	1,856,718	1,914,874	1,905,673
Unrestricted Grants & Contributions	2,580,215	1,168,635	2,487,816	2,430,648	4,753,511	5,098,756	4,491,449	3,620,614	3,993,955	4,576,501
Restricted State Aid	-	-	-	-	-	-	-	-	-	-
Tuition Received	449,866	131,003	205,149	147,841	-	-	-	-	-	-
Miscellaneous Income	371,349	378,616	354,248	361,478	514,165	571,385	479,993	421,158	201,386	551,189
Cancellation of CDL	-	249,122	-	-	-	-	-	-	-	-
Revaluation of Capital Assets	-	-	-	-	-	-	-	-	-	(52,756)
Transfer from Other Funds	501,561	-	-	-	-	-	-	-	-	-
Total Governmental Activities	33,874,191	31,884,251	31,679,946	31,192,327	33,509,273	34,016,912	33,319,456	32,579,752	30,543,108	30,714,158

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-Type Activities:										
Loss on Disposal of Asset	-	-	-	-	-	-	-	-	(2,170)	-
Contract Budget Guarantee	-	-	3,308	17,838	-	-	-	-	63,240	-
Investment Earnings	9,335	223	101	239	540	213	354	703	370	908
Adjustment to Fixed Assets	39,802	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	49,137	223	3,409	18,077	540	213	354	703	61,440	908
Total Government-Wide	\$ 33,923,328	\$ 31,884,474	\$ 31,683,355	\$ 31,210,404	\$ 33,509,813	\$ 34,017,125	\$ 33,319,810	\$ 32,580,455	\$ 30,604,548	\$ 30,715,066
Change in Net Position:										
Governmental Activities	\$ 437,588	\$ (132,980)	\$ (23,734)	\$ 185,775	\$ 843,280	\$ 1,898,068	\$ 2,317,518	\$ 1,941,649	\$ 635,317	\$ 1,452,894
Business-Type Activities	72,503	46,439	(10,791)	(3,001)	22,958	(28,385)	(24,191)	(4,919)	70,503	35,574
Total Government-Wide	\$ 510,091	\$ (86,541)	\$ (34,525)	\$ 182,774	\$ 866,238	\$ 1,869,683	\$ 2,293,327	\$ 1,936,730	\$ 705,820	\$ 1,488,468

Source: District CAFR, Schedule A-2

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ 6,852,109	\$ 6,967,786	\$ 5,798,042	\$ 5,963,248	\$ 5,657,157	\$ 4,917,510	\$ 4,220,761	\$ 2,521,961	\$ 3,196,263	\$ 3,489,005
Committed	548,973	286,659	768,094	1,175,997	967,690	984,177	972,679	-	-	-
Assigned	-	7,150	7,150	-	-	-	284,552	1,660,813	-	-
Unreserved	454,659	436,143	488,318	441,020	454,778	493,830	552,428	562,318	592,187	827,577
Total General Fund	\$ 7,855,741	\$ 7,697,738	\$ 7,061,604	\$ 7,580,265	\$ 7,079,625	\$ 6,395,517	\$ 6,030,420	\$ 4,745,092	\$ 3,788,450	\$ 4,316,582
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,194	\$ 211,900
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	2
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,194	\$ 211,902

Source: District CAFR, Schedule B-1

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

	FOR FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Tax Levy	\$ 29,971,200	\$ 29,956,875	\$ 28,632,733	\$ 28,252,360	\$ 28,241,597	\$ 28,346,771	\$ 28,348,014	\$ 28,537,980	\$ 26,347,767	\$ 25,639,224
Tuition Charges	449,866	131,003	205,149	147,841	168,419	-	-	-	-	-
Interest	28,058	22,372	10,715	10,790	27,505	22,674	20,386	43,471	42,369	85,980
Miscellaneous	387,139	388,003	343,533	350,688	486,660	548,711	459,607	377,687	159,017	465,209
State Sources	6,724,521	6,062,956	5,642,444	5,078,438	4,691,526	5,066,885	4,385,634	3,604,441	4,018,217	4,642,124
Federal Sources	1,694,273	1,460,568	1,416,178	818,382	825,835	864,723	919,449	1,191,742	924,450	723,158
Total Revenue	39,255,057	38,021,777	36,250,752	34,658,499	34,441,542	34,849,764	34,133,090	33,755,321	31,491,820	31,555,695
Expenditures:										
Instruction:										
Regular Instruction	8,284,309	7,742,541	7,671,751	7,332,300	7,445,934	7,126,529	7,797,326	7,347,415	7,406,861	6,930,715
Special Education										
Instruction	4,631,151	4,442,157	4,291,228	4,054,069	3,814,426	3,742,079	3,515,551	3,697,106	3,541,021	3,428,691
Other Special Instruction	1,084,592	1,062,339	970,198	1,056,857	989,410	1,042,934	1,022,455	940,783	1,003,431	1,066,476
Other Instruction	106,345	75,834	74,360	53,330	40,517	24,162	29,135	63,208	60,988	147,696
Support Services:										
Student & Instruction										
Related Services	3,485,785	3,498,824	3,225,769	3,016,809	3,344,773	3,188,827	3,176,730	3,254,469	3,493,258	2,970,454
School Administrative										
Services	1,191,350	1,179,237	1,398,015	1,470,546	1,137,381	1,174,579	1,081,050	1,092,882	1,080,519	1,111,250
General & Business										
Administration Services	1,553,661	1,584,360	1,418,970	1,350,321	1,370,664	1,301,547	1,226,445	1,132,296	1,071,127	1,226,545
Plant Operations &										
Maintenance	2,993,578	2,887,030	2,875,250	2,958,646	3,496,792	2,982,312	3,192,649	3,236,095	3,249,017	3,507,333
Pupil Transportation	1,803,581	1,675,610	1,698,304	1,629,219	1,567,695	1,532,676	1,535,919	1,571,411	1,567,145	1,674,803
Unallocated Benefits	11,545,730	10,702,011	10,127,602	8,979,813	8,404,046	8,770,162	7,438,511	7,464,995	6,724,875	6,120,153
Capital Outlay	368,415	585,177	1,093,366	711,723	612,332	1,708,435	946,518	1,163,495	1,096,542	691,308
Debt Service:										
Principal	1,976,300	1,415,000	1,360,000	1,300,000	1,240,000	1,195,000	1,155,000	1,095,000	1,045,000	995,000
Interest & Other Charges	588,907	634,321	564,600	609,437	658,675	695,425	730,473	761,720	869,874	910,673
Total Expenditures	39,613,704	37,484,441	36,769,413	34,523,070	34,122,645	34,484,667	32,847,762	32,820,875	32,209,658	30,781,097
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(358,647)	537,336	(518,661)	135,429	318,897	365,097	1,285,328	934,446	(717,838)	774,598

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FOR FISCAL YEAR ENDING JUNE 30,										
Other Financing Sources/(Uses):										
Community Disaster Loan	-	-	-	365,211	365,211	-	-	-	-	-
Capital Lease Proceeds	15,089	98,798	-	-	-	-	-	-	-	-
Transfers In	501,561	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/ (Uses)	516,650	98,798	-	365,211	365,211	-	-	-	-	-
Net Change in Fund Balances	\$ 158,003	\$ 636,134	\$ (518,661)	\$ 500,640	\$ 684,108	\$ 365,097	\$ 1,285,328	\$ 934,446	\$ (717,838)	\$ 774,598
Debt Service as a Percentage of Noncapital Expenditures	6.5%	5.6%	5.4%	5.6%	5.7%	5.8%	5.9%	5.9%	6.2%	6.3%

Source: District CAFR, Schedule B-2

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	INTERLOCAL SERVICES	PRIOR YEAR REFUNDS	MISCELLANEOUS	TOTAL
2018	\$ 28,058	\$ 449,866	\$ 198,071	\$ -	\$ 145,220	\$ 821,215
2017	22,372	131,003	199,706	-	156,538	509,619
2016	10,715	205,149	181,240	-	120,430	517,534
2015	10,790	147,841	177,880	-	131,946	468,457
2014	27,505	169,192	263,996	169,085	52,805	682,583
2013	22,674	117,766	254,000	127,718	11,441	533,599
2012	20,386	-	303,797	-	148,899	473,082
2011	43,471	-	269,965	-	52,650	366,086
2010	26,079	-	-	55,672	67,934	149,685
2009	81,016	4,964	-	-	289,781	375,761

Source: District records

Revenue Capacity Information

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

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

FISCAL YEAR ENDED JUNE 30.	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	COMMUNICATION EQUIPMENT	NET TAXABLE VALUATION	TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2017	134,323,200	4,616,600,166	688,600	23,900	280,585,300	16,424,100	55,205,700	3,863,682	5,107,714,648	1,293,195,830	3,814,518,818	0.587
2016	139,576,200	4,610,354,810	688,600	23,900	285,904,700	23,692,500	55,205,700	3,989,190	5,119,435,600	1,281,759,500	3,837,676,100	0.586
2015	143,719,200	4,580,869,960	688,600	23,300	290,027,400	24,462,500	57,997,000	4,246,138	5,102,034,098	1,278,099,500	3,823,934,598	0.561
2014	149,897,200	4,565,575,860	688,600	23,300	291,170,700	24,462,500	57,997,000	4,196,262	5,094,011,422	1,274,856,100	3,819,155,322	0.555
2013	127,151,900	4,586,354,860	688,600	23,300	294,670,400	24,462,500	58,553,100	5,768,219	5,097,672,879	1,274,373,100	3,823,299,779	0.554
2012	123,862,500	4,586,855,260	688,600	23,300	318,920,400	24,764,900	58,647,000	6,571,500	5,120,333,460	1,272,461,000	3,847,872,460	0.553
2011	132,153,900	4,599,782,500	688,600	23,300	324,561,400	24,742,200	58,796,400	6,397,133	5,147,145,433	1,270,623,100	3,876,522,333	0.550
2010	142,705,500	4,597,514,300	688,600	22,700	344,374,200	28,114,500	59,170,800	8,476,005	5,181,066,605	1,269,044,700	3,912,021,905	0.551
2009	46,338,500	2,488,096,590	270,800	22,700	128,273,700	11,119,200	24,630,200	3,574,672	2,702,326,362	813,157,300	1,889,169,062	0.975
2008	49,607,700	2,469,451,190	270,800	22,700	122,003,200	10,646,400	24,630,200	3,292,475	2,679,924,665	811,068,500	1,868,856,165	0.939

Source: Abstract of Ratables " Assessed Value by Classification"

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		TOTAL DIRECT	TOWNSHIP OF BERKELEY				OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL		OCEAN COUNTY	COUNTY LIBRARY	COUNTY SPACE	COUNTY LIBRARY	COUNTY SPACE			
2017	0.587	0.436	1.023	0.628	0.378	0.039	0.012	0.012	2.080		
2016	0.586	0.436	1.022	0.628	0.369	0.038	0.012	0.012	2.069		
2015	0.561	0.425	0.986	0.610	0.366	0.038	0.012	0.012	2.012		
2014	0.555	0.383	0.938	0.610	0.357	0.038	0.012	0.012	1.955		
2013	0.554	0.382	0.936	0.567	0.353	0.039	0.012	0.012	1.907		
2012	0.553	0.384	0.937	0.532	0.341	0.038	0.014	0.014	1.862		
2011	0.550	0.367	0.917	0.508	0.336	0.038	0.014	0.014	1.813		
2010	0.551	0.370	0.921	0.505	0.341	0.038	0.014	0.014	1.819		
2009	0.975	0.667	1.642	0.969	0.636	0.071	0.029	0.029	3.347		
2008	0.957	0.657	1.614	0.916	0.638	0.071	0.029	0.029	3.268		

Source: Abstract of Ratables, Breakdown of General Tax Rate

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

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2017		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET VALUATION TAXABLE
Hovchild Partnership LLC	\$31,876,200	1	0.62%
Plainfield Properties, LLC	28,289,800	2	0.55%
Quaker Malls	17,721,200	3	0.35%
Baywick Plaza	15,000,000	4	0.29%
Arlington Beach Company	13,973,100	5	0.27%
Berkeley Healthcare Assoc	11,500,000	6	0.23%
Millers Camp Inc	8,434,900	7	0.17%
Bay HSE c/o Bank NJ?NY Corp Trust	8,160,000	8	0.16%
BNJ Realty LLC	8,000,000	9	0.16%
Shar-A-Dee Apartments	6,500,000	10	0.13%
Total	<u>\$149,455,200</u>		<u>2.93%</u>

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2007		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET VALUATION TAXABLE
RK Creek LLC	\$13,452,000	1	0.51%
Hovchild Partnership LLC	12,451,500	2	0.47%
Quaker Malls LP	7,376,800	3	0.28%
Baywick Plaza	6,660,400	4	0.25%
NJ Pulverizing Co	6,261,000	5	0.24%
Berkeley Healthcare Assoc	5,200,000	6	0.20%
Bay HSE c/o Bank NY/NJ Corp	4,817,500	7	0.18%
Verizon	3,662,675	8	0.14%
Esplanade at Ocean Pointe LLC	3,446,600	9	0.13%
Arlington Beach Company	3,359,600	10	0.13%
Total	<u>\$66,688,075</u>		<u>2.51%</u>

Source: Municipal Tax Assessor and Treasurer

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

YEAR ENDED December 31,	TAXES LEVIED FOR THE YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 106,207,411	\$ 105,440,652	98.79%	\$ 2,102,000
2016	105,897,564	103,292,484	97.54%	2,425,000
2015	102,605,892	100,030,484	97.49%	3,075,000
2014	99,570,329	96,214,809	96.63%	2,886,180
2013	97,194,773	94,123,418	96.84%	3,218,000
2012	95,308,308	91,638,938	96.15%	2,434,000
2011	93,298,408	90,359,508	96.85%	2,434,000
2010	94,204,501	91,378,366	97.00%	1,646,000
2009	90,426,522	87,713,726	97.00%	1,582,000
2008	87,578,591	85,914,598	98.10%	1,335,000

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

Debt Capacity Information

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

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

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			PER CAPITA PERSONAL INCOME	% OF PERSONAL INCOME
	GENERAL OBLIGATION BONDS	CAPITAL LEASES *	TOTAL DISTRICT		
2018	\$ 8,755,000	\$ 113,621	\$ 8,868,621	N/A	N/A
2017	10,250,000	141,815	10,391,815	N/A	N/A
2016	11,665,000	84,133	11,749,133	\$ 47,413	0.35%
2015	13,025,000	121,121	13,146,121	46,385	0.35%
2014	14,325,000	74,358	14,399,358	44,354	0.31%
2013	15,565,000	112,486	15,677,486	42,954	0.26%
2012	16,760,000	82,705	16,842,705	42,596	0.26%
2011	17,915,000	137,463	18,052,463	41,467	0.23%
2010	19,010,000	188,764	19,198,764	39,791	0.21%
2009	20,635,100	194,771	20,829,871	39,766	0.19%

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

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

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA PERSONAL INCOME
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2018	\$ 8,755,000	N/A	\$ 8,755,000	N/A	N/A
2017	10,250,000	N/A	10,250,000	N/A	N/A
2016	11,665,000	N/A	11,665,000	N/A	\$ 47,413
2015	13,025,000	N/A	13,025,000	N/A	46,385
2014	14,325,000	N/A	14,325,000	N/A	44,354
2013	15,565,000	N/A	15,565,000	N/A	42,954
2012	16,760,000	N/A	16,760,000	N/A	42,596
2011	17,915,000	N/A	17,915,000	N/A	41,467
2010	19,010,000	N/A	19,010,000	N/A	39,791
2009	20,635,100	N/A	20,635,100	N/A	39,766

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

BERKELEY TOWNSHIP BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018

GOVERNMENTAL UNIT	ESTIMATED PERCENTAGE APPLICABLE	DEBT OUTSTANDING
<u>Overlapping Debts:</u>		
Berkeley Township		\$ 51,720,506
Berkeley Township Sewerage Authority		6,530,204
Berkeley Township Municipal Utilities Authority		6,453,749
Central Regional School District		1,875,427
Ocean County Utilities Authority		7,996,729
County of Ocean		<u>25,713,232</u>
Subtotal, Overlapping Debt		100,289,847
Berkeley Township Board of Education Direct Debt		<u>8,755,000</u>
Total Direct & Overlapping Debt		<u><u>\$ 109,044,847</u></u>

Sources: Township of Berkeley, Annual Debt Statement as of December 31, 2018
Debt outstanding data provided by each governmental unit.

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 131,997,175	\$ 129,246,721	\$ 127,774,393	\$ 128,834,143	\$ 132,936,829	\$ 139,483,856	\$ 147,207,363	\$ 153,818,595	\$ 157,612,361	\$ 155,095,981
Total Net Debt Applicable to Limit	8,755,000	10,250,000	11,665,000	13,025,000	14,325,000	15,565,000	16,760,000	17,915,000	19,010,000	20,635,100
Legal Debt Margin	\$ 123,242,175	\$ 118,996,721	\$ 116,109,393	\$ 115,809,143	\$ 118,611,829	\$ 123,918,856	\$ 130,447,363	\$ 135,903,595	\$ 138,602,361	\$ 134,460,881
Total Net Debt Applicable to the Limit as a % of Debt Limit	6.63%	7.93%	9.13%	10.11%	10.78%	11.16%	11.39%	11.65%	12.06%	13.30%

Legal Debt Margin Calculation for Fiscal Year 2017

	2015	2016	2017
Equalized Valuation Basis	\$ 5,141,490,630	\$ 5,282,369,279	\$ 5,415,801,110
Average Equalized Valuation of Taxable Property	\$ 15,839,661,019	\$ 5,279,887,006	
Debt Limit (2.5 % of Average Equalized Valuation of Taxable Property)	\$ 131,997,175	\$ 8,755,000	
Net Bonded School Debt	\$ 123,242,175		

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

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Demographic and Economic Information

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

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

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
2018			
2017	41,747	N/A	6.3%
2016	41,739	\$ 47,413	6.7%
2015	41,720	46,385	7.6%
2014	41,624	44,354	9.0%
2013	41,505	42,954	12.9%
2012	41,286	42,596	15.6%
2011	41,358	41,467	14.9%
2010	41,298	39,791	14.2%
2009	42,975	39,766	14.0%

Source:

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

b Per Capita Personal income - NJ Dept of Labor

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

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

	2018		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK	
Berkeley Township Board of Education	347	1	2.18%
Township of Berkeley	327	2	2.06%
Central Regional Board of Education	325	3	2.04%
Ocean County Utilities Authority	275	4	1.73%
Hovnanian	250	5	1.57%
Perlmart	240	6	1.51%
Crystal Lake	220	7	1.38%
Tallwoods	200	8	1.26%
Ocean Mental Health	149	9	0.94%
Urner Barry publications	62	10	0.39%
Total	<u>2,395</u>		<u>15.07%</u>
Total Labor Force	<u>15,893</u>		

2008 DATA NOT AVAILABLE

Source: Ocean County Department of Economic Development and Tourism;

The Township of Berkeley

Total Labor Force from NJ DOL and Workforce Development

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Operating Information

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

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

Function/Program	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular, teachers/aides	117.5	110	109	109	109	107	109	114	113	111
Special Education, teachers/aides	105	104	100	97	91	87	80	53	52	53
Support Services:										
Student & Instruction Related Services	35.8	40.8	42.8	44.8	42.8	46	50	86	93	89
General Administration	5.8	5.8	5.8	5.8	5.8	4.8	3	4	4	4
School Administration	17	17	17	17	17	16	17	17	15	16
Business Administrative Services	5.5	5.5	5.5	6	6	6	6	6	6	6
Technical Administrative Services	4	4	4	3	3	3	2	2	2	2
Food Services	8	8	10	10	10	10	11	11	11	12
Plant Operations/Maint, Lunchrm aides	33.5	33.5	32.9	33.5	31.6	32.5	26.5	31	27	27
Pupil Transportation	39.5	39.5	40	39.5	34.5	33.5	44	38	37	37
Total	372	368	367	366	351	346	349	362	360	357

Source: District Personnel Records

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

SCHOOL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	PUPIL COST PER PERCENTAGE TEACHING STAFF (b)	PUPIL TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2018	2,152	\$ 32,715,137	15,202	10.5	2,167	2,054.7	2.96%	94.8%
2017	2,132	31,625,634	14,834	10.5	2,112	1,995.7	-1.00%	94.5%
2016	2,079	30,475,661	14,659	11.6	2,126	2,015.9	1.57%	94.8%
2015	2,091	29,211,782	13,970	11.7	2,103	1,984.8	-0.96%	94.4%
2014	2,110	29,266,711	13,870	11.9	2,112	2,004.0	3.21%	94.9%
2013	2,039	28,180,062	13,821	11.6	2,057	1,941.7	1.23%	94.9%
2012	2,012	27,885,851	13,860	11.2	2,022	1,918.2	-0.39%	94.6%
2011	2,017	29,173,545	14,473	11.2	2,036	1,925.8	0.99%	94.7%
2010	2,016	29,177,946	14,473	11.9	2,015	1,907.0	5.53%	94.9%
2009	2,010	30,781,097	15,314	11.8	1,974	1,874.6	4.00%	94.7%

Sources: District records

Note: Enrollment based on annual October District count.

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

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

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

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

DISTRICT BUILDINGS	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Bayville Elementary (Org. 1926 Add: 1951,1959,1969,2003):										
Square Feet	73,369	73,369	73,369	73,369	73,369	73,369	73,369	73,369	73,369	73,369
Capacity (Students)	600	600	600	600	600	600	600	600	600	600
Enrollment	402	399	391	411	415	450	374	408	430	434
Berkeley Twp. Elementary (2003):										
Square Feet	102,830	102,830	102,830	102,830	102,830	102,830	102,830	102,830	102,830	102,830
Capacity (Students)	800	800	800	800	800	800	800	800	800	800
Enrollment	649	619	592	593	571	543	522	545	536	535
Clara B. Worth Elementary (Org. 1962 Add: 1984&2003):										
Square Feet	81,258	81,258	81,258	81,258	81,258	81,258	81,258	81,258	81,258	81,258
Capacity (Students)	845	845	845	845	845	845	845	845	845	845
Enrollment	557	556	546	545	623	600	605	580	587	583
H&M Potter Elementary (Org. 1974 Add: 1984&2003):										
Square Feet	88,424	88,424	88,424	88,424	88,424	88,424	88,424	88,424	88,424	88,424
Capacity (Students)	725	725	725	725	725	725	725	725	725	725
Enrollment	544	558	550	542	501	462	520	484	461	458

Number of Schools at June 30, 2018:
Elementary = 4

Source: District Facilities Office

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

	BAYVILLE ELEMENTARY	CLARA B. WORTH	H&M POTTER	BERKELEY TOWNSHIP ELEMENTARY	OTHER	TOTAL
2018	\$ 148,029	\$ 163,946	\$ 178,404	\$ 207,470	\$ 17,187	\$ 715,036
2017	133,941	148,343	161,425	187,725	15,551	646,985
2016	168,191	186,276	202,703	235,728	19,527	812,425
2015	155,622	172,355	187,555	218,111	18,068	751,711
2014	248,773	275,522	299,820	348,667	28,882	1,201,664
2013	186,504	206,558	224,773	261,393	21,653	900,881
2012	249,993	276,874	304,601	350,377	29,023	1,210,868
2011	195,154	216,138	235,199	273,517	22,657	942,665
2010	235,610	260,944	283,957	330,219	27,354	1,138,084
2009	277,594	307,442	334,555	389,061	8,606	1,317,258

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

**INSURANCE SCHEDULE
JUNE 30, 2018**

	LIMITS	DEDUCTIBLE
Property:		
Real and Personal Property	\$ 81,354,552	\$ 5,000
Flood- Aggrgate Zones A & V	25,000,000	1,000,000
Flood - All Other Zones	75,000,000	10,000
Earthquake	50,000,000	
Environmental Package	1,000,000	100,000
Inland Marine:		
EDP Hardware/Software	1,500,000	1,000
Boiler & Machinery:	100,000,000	
Crime:		
Money/Securities	25,000	
Board Secretary Bond	25,000	500
Board Treasurer Bond	250,000	1,000
Comprehensive General Liability:		
Bodily Injury/Property damage-Each Occurance	31,000,000	
Sexual Abuse Aggregate	17,000,000	
Personal Advertising & Injury	31,000,000	
Employee Benefits Liability	31,000,000	1,000
Auto:		
Combined Single Limit	31,000,000	1,000
Uninsured/Underinsured Motorist - Private Passenger	1,000,000	
Uninsured/Underinsured Motorist - All other vehicle type	15,000	
PIP	250,000	
Workers Comp	2,000,000	
Errors & Omissions		
Each Policy Period - Coverage A	31,000,000	10,000
Each Claim - Coverage B	100,000	10,000

SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Berkeley Township School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Berkeley Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berkeley Township School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of This Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River, New Jersey
February 15, 2019

EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Berkeley Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River, New Jersey
February 15, 2019

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

GRANT OR STATE PROJECT NUMBER	STATE GRANTOR/ PROGRAM TITLE	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUB RECIPIENT	UNEARNED REVENUE AT JUNE 30, 2018	(ACCOUNTS RECEIVABLE) JUNE 30, 2018	DUE TO GRANTOR JUNE 30, 2018	MEMO ONLY	
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Education:												
General Fund:												
State Aid Public:												
495-034-5120-089	Special Education Categorical Aid	\$ 1,203,081	7/1/17-6/30/18	\$ -	\$ 1,203,081	\$ (1,203,081)	\$ -	\$ -	\$ -	\$ -	\$ 117,000	\$ 1,203,081
495-034-5120-084	Security Aid	298,476	7/1/17-6/30/18	-	298,476	(298,476)	-	-	-	-	28,000	298,476
495-034-5120-085	Adjustment Aid	71,463	7/1/17-6/30/18	-	71,463	(71,463)	-	-	-	-	6,000	71,463
495-034-5120-098	PARCC Readiness Aid	21,150	7/1/17-6/30/18	-	21,150	(21,150)	-	-	-	-	2,000	21,150
495-034-5120-097	Per-Pupil Growth Aid	21,150	7/1/17-6/30/18	-	21,150	(21,150)	-	-	-	-	2,000	21,150
495-034-5120-101	Professional Learning Community Aid	20,830	7/1/17-6/30/18	-	20,830	(20,830)	-	-	-	-	1,479	20,830
	Total State Aid Public				1,636,150	(1,636,150)					156,479	1,636,150
495-034-5120-014	Transportation Aid	788,553	7/1/17-6/30/18	-	788,553	(788,553)	-	-	-	-	70,000	788,553
495-034-5120-044	Extraordinary Aid	41,119	7/1/17-6/30/18	-	-	(41,119)	-	-	(41,119)	-	-	41,119
495-034-5120-044	Extraordinary Aid	37,146	7/1/16-6/30/17	(37,146)	-	-	-	-	-	-	-	-
495-034-5120-014	Additional Nonpublic Transportation Aid	14,630	7/1/17-6/30/18	-	37,146	(14,630)	-	-	(14,630)	-	-	14,630
495-034-5120-014	Additional Nonpublic Transportation Aid	8,532	7/1/16-6/30/17	(8,532)	8,532	-	-	-	-	-	-	-
495-034-5120-104	Lead Testing for Schools	7,448	7/1/17-6/30/18	-	7,448	(7,448)	-	-	-	-	-	7,448
100-034-5094-003	Reimbursed TPAF Social Security Contributions	1,025,652	7/1/17-6/30/18	-	975,010	(1,025,652)	-	-	(50,642)	-	-	1,025,652
100-034-5094-003	TPAF - Post Retirement	984,370	7/1/16-6/30/17	(48,366)	48,366	-	-	-	-	-	-	-
495-034-5094-001	Medical (Noncash Assistance)	1,262,821	7/1/17-6/30/18	-	1,262,821	(1,262,821)	-	-	-	-	-	1,262,821
495-034-5094-002	Contributions (Noncash Assistance)	1,955,199	7/1/17-6/30/18	-	1,955,199	(1,955,199)	-	-	-	-	-	1,955,199
495-034-5094-004	TPAF - Long-Term Liability Insurance (Noncash Assistance)	2,175	7/1/17-6/30/18	-	2,175	(2,175)	-	-	-	-	-	2,175
	Total General Fund			(94,044)	6,721,400	(6,733,747)			(106,391)		226,479	6,733,747
New Jersey Department of Agriculture												
Enterprise Fund:												
100-010-3350-023	National School Lunch Program	9,168	7/1/17-6/30/18	-	-	(9,168)	-	-	(9,168)	-	-	9,168
100-010-3350-023	National School Lunch Program	8,162	7/1/16-6/30/17	(511)	511	-	-	-	-	-	-	-
	Total Enterprise Fund			(511)	511	(9,168)			(9,168)			9,168
	Total State Financial Assistance			(94,555)	6,721,911	(6,742,915)			(115,559)		226,479	6,742,915
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
495-034-5094-001	TPAF - Post Retirement Medical (Noncash Assistance)		7/1/16-6/30/17			1,262,821						
495-034-5094-002	TPAF - Pension Contributions (Noncash Assistance)		7/1/16-6/30/17			1,955,199						
495-034-5094-004	TPAF - Long-Term Liability Insurance (Noncash Assistance)		7/1/16-6/30/17			2,175						
	Total State Financial Assistance subject to Calculation for Major Program Determination					(3,522,720)						

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

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

BERKELEY TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018 (Continued)

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,266 for the general fund and (\$7,378) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 101,541	\$ 6,724,521	\$ 6,826,062
Special Revenue Fund	1,592,732	-	1,592,732
Food Service Fund	489,682	9,168	498,850
Total Awards & Financial Assistance	<u>\$ 2,183,955</u>	<u>\$ 6,733,689</u>	<u>\$ 8,917,644</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Berkeley Township School District had no loan balances outstanding at June 30, 2018.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	Special Education Cluster:
84.027	H027A160100	I.D.E.A. Part B
84.173	H173A160114	I.D.E.A. Preschool
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \$ _____ 750,000.00 _____

Auditee qualified as low-risk auditee? X yes _____ no

**BERKELEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	<u>750,000.00</u>
Auditee qualified as low-risk auditee?	<u>X</u> yes	_____ no
Internal control over major programs:		
1) Material weakness(es) identified?	_____ yes	<u>X</u> no
2) Significant deficiency(ies) identified?	_____ yes	<u>X</u> none reported
Type of auditor's report issued on compliance for major programs		<u>Unmodified</u>

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**BERKELEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings

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

None.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section III - Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**BERKELEY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2018**

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.