

**Comprehensive Annual
Financial Report**

of the

Township of Berkeley Heights Board of Education

County of Union

Berkeley Heights, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

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

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INTRODUCTORY SECTION

Berkeley Heights Public Schools
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Donna A. Felezzola
School Business Administrator
Board Secretary

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January 4, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Berkeley Heights School District for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Berkeley Heights Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES (CONTINUED):

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular as well as special education for handicapped students. The District completed the 2019-2020 fiscal year with an enrollment of 2,567 students, which is 14 students less than the previous year's enrollment. The average daily enrollment is a compilation of enrollment and attendance data for the entire year. The statistic is different than the enrollment figure for the end of the year which is the actual number of students enrolled. The following details the changes in the student average daily enrollment of the District over the last ten years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-20	2,559	(0.0%)
2018-19	2,572	(1.9%)
2017-18	2,622	(.3%)
2016-17	2,700	1.5%
2015-16	2,659	(.2%)
2014-15	2,666	(1.1%)
2013-14	2,696	(1.1%)
2012-13	2,725	(2.6%)
2011-12	2,797	(0.6%)
2010-11	2,815	(1.4%)

2) ECONOMIC CONDITION AND OUTLOOK

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

Berkeley Heights is consistently nationally ranked as one of the best places to live. In NJ Magazine 2019, Berkeley Heights was ranked 23rd best place to live in New Jersey. In Money magazine's 2013 Best Places to Live rankings, Berkeley Heights was ranked 6th in the nation, the highest among the three places in New Jersey and was included in the top 50 list.

Berkeley Heights has a total tax base of \$1,827,913,370 and the residential portion of the tax base is 76%. The residential base has remained constant over the past ten years while the commercial base has been affected by changes in the economy. The total equalized value has fluctuated over the past ten years but has stabilized and increased over the past three years.

The landscape of the township will change significantly over the next several years. Several new residential and commercial projects have been approved by the township and some new construction has begun. Five residential complexes are being planned. The township has begun building a new municipal complex with expectations of a winter 2021 opening.

The COVID-19 pandemic has had a major impact on both the township and the school district. The local businesses felt the impact of the stay-at-home order. Despite the Covid-19 concerns the local housing market has remained strong. Berkeley Heights continues to be a desirable location because of school system, the ease of commuting into New York, easy access to major highways and the suburban feel of the town.

Based on Governor Murphy's executive order, schools were closed on March 16th and all learning was virtual through the end of the school year. This school year we have opened the schools with a hybrid model, with cohorts of students rotating weekly being in-person one week and virtual the following week. Some students have chosen total virtual learning.

In response to COVID-19 concerns and the financial impact of the pandemic on the residents, the township and school district both reduced their budgets. The school district reduced their budget, resulting in a tax levy increase of 1.34%. This budget reduction will have a cumulative effect on future budgets.

3) MAJOR INITIATIVES

Responding to the impact of the distribution of in-person instruction and the hybrid method of instruction we are currently functioning under, will be the major initiative for the remainder of the 2020/2021 school year. We are in the process of identifying where the students are now and comparing that to where they should be and then developing individual plans to bring the students to where they should be. Many students thrived in the remote learning environment and a catch-up plan for those students is not necessary.

The district has developed a five-year strategic plan. One focus of the plan is to improve student achievement with a specific focus on early elementary education. We have hired a Director of Elementary Education who will evaluate the intervention and resource room programs at the K-5 schools. We have also invested in a new language arts program which will provide the necessary professional development for the teachers to become familiar with the program and use enhanced method of teaching reading and writing.

Another initiative is to focus on and integrate social and emotional learning for all students. Berkeley Heights Public Schools are committed to the development of the whole child and recognize the importance of equipping our students with the skills necessary to understand and manage emotions; set and achieve positive goals; feel and show empathy for others; and make responsible decisions. The District Social & Emotional Learning Committee worked throughout the course of the 2019-2020 school year to create a district wide SEL framework that is specifically tailored to our district. The District Framework incorporated the NJ Department of Education sub competences to organize our SEL education and programming for staff and students. Implementation of this program is a major initiative for the current and upcoming school years.

The community values education and the school district continues to evaluate its educational program and make improvements to the educational experience. The curriculum has been revised to reflect new state standards and to keep pace with community expectations regarding student achievement. Additional AP courses have been added to the high school schedule. The STEAM curriculum has been expanded and opportunities for students to participate in STEAM activities have increased.

The high school continues to be a high performing school with 92% of its graduates going on to higher education. Advanced placement courses are offered in 25 subject areas. The class of 2020 had 59 AP Scholars, 30 AP Scholars with Honors, 69 AP Scholars with Distinction, and 21 National Scholars. Six students received the AP Capstone Diploma and 3 were awarded the AP Seminar and Research Certificate. The average SAT score was 595 for reading and 593 for math. The class of 20209 had 11 National Merit commended students.

The district is making improvements to its facilities, focusing on improvements which will increase air circulation in the schools. New rooftop fans have been installed and existing equipment has been repaired and/or replaced, increasing the overall air circulation in the schools.

The district continues to upgrade its technology infrastructure, adding access points as necessary and replacing outdated servers. Due to the remote learning situations, additional personal devices were purchased and all students in 9 through 12 have iPads. Students in kindergarten through grade 8 are using Chromebooks.

4) INTERNAL ACCOUNT CONTROLS

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

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

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

An Encumbrance account system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

6) ACCOUNTING SYSTEMS AND REPORTS:

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

7) DEBT ADMINISTRATION:

Under provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2020, the District's outstanding debt issues are well below the legal debt margin. The District continues to be committed to providing the debt rating agencies and all other interested parties with annual audited financial statements and other pertinent credit information relevant to outstanding securities.

8) CASH MANAGEMENT:

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

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

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:


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

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

Respectfully submitted,



Dr. Melissa Varley
Superintendent



Donna A. Felezzola
School Business Administrator/
Board Secretary



BOARD OF EDUCATION TOWNSHIP OF BERKELEY HEIGHTS

BERKELEY HEIGHTS, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2020

MEMBERS OF THE BOARD OF EDUCATION

TERM ENDS

Doug Reinstein, President	2021
Bill Cassano, Vice President	2020
Gerard J. Crisonino	2020
Helen Kirsch	2022
Christine Reilly	2021
Angela Penna	2022
Michael D'Aquila	2022
Dante Gioia (Mountainside Representative)	2020

OTHER OFFICIALS

Dr. Melissa Varley, Superintendent

Donna A. Felezzola, Board Secretary/School Business Administrator

Harold Kessler, Treasurer

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

BOARD OF EDUCATION
TOWNSHIP OF BERKELEY HEIGHTS
CONSULTANTS AND ADVISORS

ARCHITECT

Solutions Architecture
81 Clay Street
Newark, New Jersey 07104

AUDIT FIRM

Suplee, Clooney and Company
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ATTORNEY

Porzio, Bromberg & Newman PC
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OFFICIAL DEPOSITORY

Investors Savings
441 Springfield Avenue
Berkeley Heights, NJ 07922

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Berkeley Heights School District, in the County of Union, State of New Jersey (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPLEE, CLOONEY & COMPANY

Other Information

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

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the State of New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 4, 2021 on our consideration of the Township of Berkeley Heights School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

January 4, 2021

REQUIRED SUPPLEMENTARY INFORMATION – Part I

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 UNAUDITED

The discussion and analysis of the Township of Berkeley Heights School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2020 are as follows:

- The state continues to delay the final two state aid payments into the subsequent budget year. Therefore, the final two payments were not reflected on the GAAP basis financial statements for the 2019/2020 school year. The amount of the deferred state aid payments, which were received in July 2020, is \$148,282.
- General revenues accounted for \$45,478,578 or 68% of all revenues. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for \$21,761,998 or 32% of all revenues.
- The District had \$65,143,154 in expenses; \$21,761,998 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$45,478,578 were adequate to provide for these programs.

Using this Comprehensive Annual Financial Report (CAFR)

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 UNAUDITED

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the district, the General Fund is by far the most significant fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?". The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Government Activities** – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, student transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service program is reported a business activity.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Table 1 provides a comparative summary of the District's net position for 2020 and 2019.

**Table 1
Net Position**

	<u>2020</u>	<u>2019</u>
Assets		
Current and Other Assets	\$8,969,348.23	\$8,363,684.90
Capital Assets	<u>61,219,197.42</u>	<u>61,985,452.01</u>
Total Assets	70,188,545.65	70,349,136.91
Deferred Outflows:		
Related to Pensions	<u>3,487,777.00</u>	<u>4,327,615.00</u>
	3,487,777.00	4,327,615.00
Liabilities		
Other Liabilities	2,463,235.10	3,034,916.25
Long-Term Liabilities	<u>26,389,625.88</u>	<u>29,055,099.26</u>
Total Liabilities	28,852,860.98	32,090,015.51
Deferred Inflows:		
Related to Pensions	<u>4,817,382.00</u>	<u>4,678,079.00</u>
Net Position		
Net Investment in Capital Assets	50,128,262.51	48,670,180.33
Restricted	4,213,726.19	3,142,611.33
Unrestricted(Deficit)	<u>(14,335,909.03)</u>	<u>(13,904,134.26)</u>
Total Net Position	<u>\$40,006,079.67</u>	<u>\$37,908,657.40</u>

The District's combined net position was \$40,006,079 on June 30, 2020. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Table 2 shows changes in net position for fiscal years 2020 and 2019.

Table 2
Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$6,368,581.35	\$6,548,134.45
Operating Grants and Contributions	15,226,164.11	17,049,270.52
Capital Grants and Contributions	167,253.11	279,230.43
General Revenues:		
Property Taxes	44,187,050.00	43,053,625.00
Grants and Entitlements	639,126.00	628,534.00
Other	<u>652,402.29</u>	<u>629,263.56</u>
Total Revenues	<u>67,240,576.86</u>	<u>68,188,057.96</u>
Program Expenses		
Instruction	40,247,079.98	40,274,161.03
Support Services:		
Student and Instruction Related	9,812,710.84	9,082,887.10
General Administration	1,629,355.41	1,622,297.12
School Administration	2,858,508.85	2,879,600.15
Central Services/ Adm. Of Technology	1,256,986.35	1,266,083.91
Maintenance of Facilities	5,126,664.54	5,288,410.29
Student Transportation	1,384,918.66	1,634,270.90
Business Type Activities	747,248.23	983,998.34
Other	<u>2,079,681.72</u>	<u>731,690.74</u>
Total Expenses	<u>65,143,154.59</u>	<u>63,763,399.59</u>
Increase/ (Decrease) in Net Position	<u>\$2,097,422.27</u>	<u>\$4,424,658.37</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Government Activities

Property taxes made up 66 percent of revenues for governmental activities in the District. There was a \$1,133,425 increase in property taxes or 2.63 percent from the prior year. The District's total revenues were \$66,528,960 for the year ended June 30, 2020.

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

Business-Type Activities

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

- Business type expenses exceeded revenues by \$35,632.
- Revenues consist of \$711,616 in operating revenue from charges for services.

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

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

**Table 3
Net Cost of Services**

	Total Cost of <u>Services 2020</u>	Total Cost of <u>Services 2019</u>	Net Cost of <u>Services 2020</u>	Net Cost of <u>Services 2019</u>
Instruction	\$40,247,079.97	40,274,161.01	\$23,279,147.54	22,721,815.61
Support Services:				
Students and Instruction Related	9,812,710.84	9,082,887.10	6,868,698.95	6,868,698.95
General Administration, School & Central Administration	5,744,850.61	5,767,981.18	12,451,883.79	4,560,933.24
Maintenance of Facilities	5,126,664.54	5,288,410.29	4,682,079.50	5,175,433.56
Student Transportation	1,384,918.66	1,634,270.90	879,806.66	1,362,309.99
Other	1,972,354.63	610,114.27	1,532,719.99	652,931.19
Business-Type Activities	<u>747,248.23</u>	<u>983,998.34</u>	<u>35,632.18</u>	<u>(60,818.71)</u>
Total Net Cost of Services	<u>\$65,035,827.49</u>	<u>\$63,641,823.10</u>	<u>\$49,729,968.61</u>	<u>\$41,281,303.83</u>

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

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

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

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

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

"Other" includes unallocated depreciation and interest on long term debt.

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$62,642,142.33 and expenditures were \$61,893,737.54.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules, which do not include the Capital Project Fund's activity, present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2020, and the amount and percentage of increase or decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2019</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$50,601,842.33	80.42%	\$1,271,182.74	4.48%
State Sources	11,637,543.12	18.49%	710,346.36	2.80%
Federal Sources	685,183.35	1.09%	(26,920.64)	-1.82%
Total	\$62,924,568.80	100.00%	\$1,954,608.46	3.54%

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2020, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2019</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$24,327,061.51	39.10%	\$900,851.21	3.57%
Support Services	34,025,989.10	54.69%	1,165,309.22	3.31%
Capital Outlay	1,306,592.69	2.10%	356,395.02	21.43%
Debt Service	2,556,525.67	4.11%	(49,964.83)	-1.99%
Total	\$62,216,168.97	100.00%	\$2,372,590.62	4.41%

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

General Fund Budgeting Highlights

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

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

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

Debt Administration

At June 30, 2020, the District had \$26,387,625 of outstanding long-term liabilities. Of this amount, \$1,709,229 is for compensated absences; \$2,121,936 for capital leases, \$12,986,461 of net pension liability and \$9,570,000 of serial bonds for school construction.

Capital Assets

At the end of the fiscal year 2020, the District had a net of \$61,985,452.01 invested in land, building and building improvements, and machinery and equipment. Table 4 shows fiscal year 2020 balances compared to 2019.

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

	<u>2020</u>	<u>2019</u>
Governmental Activities Capital Assets, Net: of Depreciation		
Land	\$14,043,000.00	\$14,043,000.00
Construction in Progress	\$136,903.45	\$136,903.45
Land Improvements	1,703,872.96	1,592,850.36
Building and Building Improvements	43,554,830.82	44,327,940.26
Machinery and Equipment	<u>1,669,292.64</u>	<u>1,789,792.58</u>
Total Governmental Activities Capital Assets, Net	<u>61,107,899.87</u>	<u>61,890,486.65</u>
Business Type Activities Capital Assets, Net:of Depreciation		
Machinery and Equipment	<u>111,297.55</u>	<u>94,965.36</u>
Total Business Type Activities Capital Assets, Net:	<u>111,297.55</u>	<u>94,965.36</u>
Total Capital Assets, Net	<u>\$61,219,197.42</u>	<u>\$61,985,452.01</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 UNAUDITED

Overall net capital assets decreased by \$766,254.59 from fiscal year 2019 to fiscal year 2020.

For the Future

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

There was a significant change in leadership during the 2019/2020 school year. The superintendent, who had 15 years' experience in the district retired and was replaced by an interim and then by the Assistant Superintendent. The district started the 2020/2020 school year with a new superintendent and it is anticipated that this change in leadership will bring curricular and structural changes to the district.

The district continues to provide an excellent educational experience for our students. We continue to implement and update our strategic plan, focusing on improving student achievement. During the past year we made an investment in the elementary curriculum with the implementation of the Being a Writer program. The curriculum focuses on improving the writing skills of the students in grades 1-5 by increasing the opportunities for students to write and for teachers to provide authentic feedback.

Due to the identified increase in students' social and emotional needs, the district has begun to improve and increase the number of supports designed to address these needs. Programs are being added, curriculum is being revised and classroom space is being devoted to wellness and mindfulness. We will continue to evaluate our programs and further develop programs which address these student needs.

The STEAM curriculum has expanded and there continue to be more science and math co-curricular opportunities available for all students. At the high school, the number of advanced placement classes has expanded and the number of students taking AP tests has increased. This summer we offered an introduction and preparation AP classes for high school students. Overall, there has been an increase in student achievement demonstrated by increases in SAT and ACT scores

The school district will continue to evaluate its progress toward the goals of the strategic plan. The strategic plan is a living document and will be reviewed and adjusted to meet the changing curriculum standards and skills required to be successful in the current environment.

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

The district is planning a pilot full day kindergarten program for the 2020/2021 school year. There has been increased concern regarding the educational requirements of first grade and that curricular items are getting pushed to lower grades. The program would be tuition based.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 UNAUDITED

There is a concern regarding the availability of space at the current early childhood center and the district is looking at other schools for the pilot program.

The district is in the second year of an energy conservation and energy management program. We have contracted with an energy conservation company to monitor and focus on our energy usage, evaluation of equipment schedules and other conservation measures. Utility savings have been realized.

In response to the additional housing units the township has approved, the district had a demographic study performed. It was determined that there is capacity in the schools to accommodate the additional students that may be enrolled from the new developments. As the proposed units become a reality, we will continue to evaluate building capacity in relation to enrollment projections.

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

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

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact: Donna Felezzola, Business Administrator/Board Secretary, Berkeley Heights Board of Education, 345 Plainfield Avenue, Berkeley Heights, NJ 07922. Also, please visit our website to learn more about our School District.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2020.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$7,582,994.09	\$4,430.89	\$7,587,424.98
Receivables, net	1,274,044.93		1,274,044.93
Internal Balances		78,957.98	78,957.98
Inventory		28,920.34	28,920.34
Capital assets:			
Non Depreciable	14,179,903.45		14,179,903.45
Depreciable - Net	<u>46,927,996.42</u>	<u>111,297.55</u>	<u>47,039,293.97</u>
Total Assets	69,964,938.89	223,606.76	70,188,545.65
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pension	<u>3,487,777.00</u>		<u>3,487,777.00</u>
Total deferred outflow of resources	3,487,777.00		3,487,777.00
LIABILITIES:			
Accounts payable	788,810.78		788,810.78
Payable to state government	10,438.33		10,438.33
Other payables	1,170,340.00		1,170,340.00
Payable to other funds	78,957.98		78,957.98
Unearned revenue	203,273.13	65,288.07	268,561.20
Accrued interest payable	146,126.81		146,126.81
Noncurrent liabilities:			
Net pension liability	12,986,461.00		12,986,461.00
Due within one year	2,631,398.84		2,631,398.84
Due beyond one year	<u>10,771,766.04</u>		<u>10,771,766.04</u>
Total liabilities	28,787,572.91	65,288.07	28,852,860.98
DEFERRED INFLOWS OF RESOURCES:			
Related to pension	<u>4,817,382.00</u>		<u>4,817,382.00</u>
NET POSITION:			
Net investment in capital assets	50,016,964.96	111,297.55	50,128,262.51
Restricted for:			
Capital Projects	2,236,650.31		2,236,650.31
Other purposes	1,977,075.88		1,977,075.88
Unrestricted(deficit)	<u>(14,382,930.17)</u>	<u>47,021.14</u>	<u>(14,335,909.03)</u>
Total net position	<u>\$39,847,760.98</u>	<u>\$158,318.69</u>	<u>\$40,006,079.67</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2020

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 17,714,702.93	\$ 10,517,631.98	\$ 5,656,965.30	\$ 6,839,238.64	\$ (15,736,130.97)	\$ (15,736,130.97)
Special	6,494,587.28	2,935,180.20		3,889,517.87	(5,540,249.61)	(5,540,249.61)
Other Instruction	1,671,766.37	913,211.21		582,210.63	(2,002,766.96)	(2,002,766.96)
Support services:						
Student & instruction related services	6,208,744.12	3,603,966.72		2,045,248.43	(7,767,462.42)	(7,767,462.42)
General administrative services	1,269,705.32	359,650.09		229,292.08	(1,400,063.32)	(1,400,063.32)
School administrative services	1,928,381.16	930,127.69		564,157.98	(2,294,350.87)	(2,294,350.87)
Central services	447,462.19	353,133.87		177,242.14	(623,353.92)	(623,353.92)
Administration information technology	314,835.18	141,555.10		89,737.02	(366,653.26)	(366,653.26)
Plant operations and maintenance	3,446,170.02	1,680,494.52		277,331.93	(4,682,079.50)	(4,682,079.50)
Pupil transportation	1,216,111.47	168,807.19		505,112.00	(879,806.66)	(879,806.66)
Unallocated benefits	21,192,419.42	(21,192,419.42)				
Special Schools	64,658.72	42,468.37		27,075.38	(80,251.72)	(80,251.72)
Charter Schools	28,533.00				(28,533.00)	(28,533.00)
Unallocated depreciation and amortization	1,877,742.81	(453,807.54)			(1,423,935.27)	(1,423,935.27)
Interest on Long-Term Debt	519,886.36				(519,886.36)	(519,886.36)
Total governmental activities	64,395,906.35	0.00	5,656,965.30	15,226,164.11	(43,345,523.84)	(43,345,523.84)
Business-type activities						
Food Service	747,248.23		711,616.05		(35,632.18)	(35,632.18)
Total business-type activities	747,248.23		711,616.05		(35,632.18)	(35,632.18)
Total primary government	\$ 65,143,154.58	\$	\$ 6,368,581.35	\$ 15,226,164.11	\$ (43,345,523.84)	\$ (43,381,156.02)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net					\$ 42,570,866.00	\$ 42,570,866.00
Taxes levied for debt service					1,616,184.00	1,616,184.00
Federal and state aid not restricted					40,335.00	40,335.00
Federal and state aid restricted					598,791.00	598,791.00
Miscellaneous income					583,267.29	583,267.29
Donated Capital Assets					69,135.00	69,135.00
Total general revenues and special items					45,478,578.29	45,478,578.29
Change in net position					2,133,054.45	2,097,422.27
Net Position - beginning					37,714,706.53	37,908,657.40
Net Position ending					39,847,760.98	40,006,079.67

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

MAJOR FUND FINANCIAL STATEMENTS

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS:				
Cash and cash equivalents	\$ 6,956,296.56	\$ 25,696.62	\$ 0.38	\$ 6,981,993.56
Cash with fiscal agents	601,000.53			601,000.53
Accounts receivable:				
Federal		68,032.84		68,032.84
State	594,252.99			594,252.99
Local	<u>611,759.10</u>			<u>611,759.10</u>
 Total assets	 <u>\$ 8,763,309.18</u>	 <u>\$ 93,729.46</u>	 <u>\$ 0.38</u>	 <u>\$ 8,857,039.02</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	354.78	28,520.00		28,874.78
Accrued liability for insurance claims	1,170,340.00			1,170,340.00
Interfund payable	78,957.98			78,957.98
Intergovernmental payables:				
State		10,438.33		10,438.33
Unearned revenue	<u>749,502.53</u>	<u>54,771.13</u>		<u>804,273.66</u>
 Total liabilities	 <u>1,999,155.29</u>	 <u>93,729.46</u>		 <u>2,092,884.75</u>
Fund balances:				
Restricted for:				
Capital reserve account	2,236,650.31			2,236,650.31
Excess surplus	1,270,928.66			1,270,928.66
Excess surplus designated for subsequent years expenditures	706,147.22			706,147.22
Debt service			0.38	0.38
Assigned:				
Year-end encumbrances	900,586.42			900,586.42
Designated for subsequent years expenditures	314,899.78			314,899.78
Unassigned	<u>1,334,941.50</u>			<u>1,334,941.50</u>
 Total fund balances	 <u>6,764,153.89</u>		 <u>0.38</u>	 <u>6,764,154.27</u>
 Total liabilities and fund balances	 <u>\$ 8,763,309.18</u>	 <u>\$ 93,729.46</u>	 <u>\$ 0.38</u>	 <u>\$ 8,857,039.02</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Total Fund Balances (Brought Forward)		\$	6,764,154.27
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Cost of Assets	\$	94,268,800.23	
Accumulated Depreciation		<u>(33,160,900.36)</u>	61,107,899.87
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
Serial bonds payable		(9,570,000.00)	
Net Pension Liability		(12,986,461.00)	
Capital leases payable		(2,121,935.44)	
Less: unexpended capital lease proceeds		601,000.53	
Compensated absences payable		<u>(1,711,229.44)</u>	(25,788,625.35)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.			
Pensions:			
Deferred Outflows			
Pension related			3,487,777.00
Deferred Inflows:			
Pension related			(4,817,382.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.			
Accounts payable - pension related		(759,936.00)	
Accrued Interest Payable		<u>(146,126.81)</u>	(906,062.81)
Net Position of Governmental Activities		\$	<u><u>39,847,760.98</u></u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources:				
Local tax levy	\$ 42,570,866.00	\$	\$ 1,616,184.00	\$ 44,187,050.00
Interest earned on capital reserve funds	16,997.70			16,997.70
Tuition	5,656,965.30			5,656,965.30
Miscellaneous	566,269.59	174,559.74		740,829.33
Total - local sources	48,811,098.59	174,559.74	1,616,184.00	50,601,842.33
State sources	11,019,340.57	19,411.55	598,791.00	11,637,543.12
Federal sources		685,183.35		685,183.35
Total revenues	59,830,439.16	879,154.64	2,214,975.00	62,924,568.80
EXPENDITURES:				
Current expense:				
Regular instruction	16,906,807.48	198,136.56		17,104,944.04
Special instruction	5,037,698.10	512,653.00		5,550,351.10
Other Instruction	1,671,766.37			1,671,766.37
Support services:				
Tuition	1,469,636.18			1,469,636.18
Student & instruction related services	6,210,820.19	1,111.97		6,211,932.16
General administrative services	1,272,893.36			1,272,893.36
School administrative services	1,928,381.16			1,928,381.16
Central services	469,521.69			469,521.69
Administrative information technology	451,529.07			451,529.07
Plant operations and maintenance	3,527,076.13			3,527,076.13
Student transportation	1,313,776.03			1,313,776.03
Unallocated benefits	17,287,851.60			17,287,851.60
Special schools	64,858.72			64,858.72
Transfer to Charter Schools	28,533.00			28,533.00
Debt Service:				
Principal	341,550.67		1,705,000.00	2,046,550.67
Interest			509,975.00	509,975.00
Capital outlay	1,139,339.58	167,253.11		1,306,592.69
Total expenditures	59,122,039.33	879,154.64	2,214,975.00	62,216,168.97
Excess (deficiency) of revenues over (under) expenditures	708,399.83			708,399.83
Other financing sources (uses):				
Capital leases (non-budgeted)	322,431.43			322,431.43
Total other financing sources	322,431.43			322,431.43
Net change in fund balances	1,030,831.26			1,030,831.26
Fund balances, July 1,	5,733,322.63		0.38	5,733,323.01
Fund balances, June 30,	\$ 6,764,153.89	\$ -0-	\$ 0.38	\$ 6,764,154.27

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (from B-2)	\$	1,071,131.26
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	\$ (1,877,742.81)	
Capital outlays	1,306,592.69	
Less: Capital outlays not capitalized	<u>(211,436.66)</u>	(782,586.78)
Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.		
Capital lease proceeds		(322,431.43)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Payment of capital lease principal	841,768.20	
Payment of bond principal	<u>1,705,000.00</u>	2,546,768.20
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an increase in the reconciliation.		
Decrease in accrued interest payable		29,784.02
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	701,061.00	
Less: Pension expense	<u>(997,082.00)</u>	(296,021.00)
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
Decrease in compensated absences payable		<u>(73,289.82)</u>
Change in net position of governmental activities	\$	<u>2,173,354.45</u>

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

OTHER FUNDS

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

BUSINESS-TYPE
ACTIVITIES
ENTERPRISE FUNDS
FOOD SERVICE

ASSETS:

Current assets:

Cash and cash equivalents	\$	4,430.89
Accounts receivable:		
Interfunds		78,957.98
Inventories		28,920.34
		112,309.21

Noncurrent assets:

Furniture, machinery and equipment		336,167.72
Less accumulated depreciation		(224,870.17)
		111,297.55
Total noncurrent assets		111,297.55
Total assets		223,606.76

LIABILITIES:

Current liabilities:

Unearned revenue		65,288.07
		65,288.07
Total current liabilities		65,288.07
Total liabilities		65,288.07

NET POSITION:

Net Investment in capital assets		111,297.55
Unrestricted		47,021.14
		158,318.69
Total net position	\$	158,318.69

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND <u>FOOD SERVICE</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales	\$ 697,723.42
Other sales	13,892.63
	711,616.05
OPERATING EXPENSES:	
Cost of sales	322,306.36
Salaries	218,602.41
Employee benefits and taxes	62,092.68
Other purchased services	55,470.22
Supplies and materials	51,832.00
Miscellaneous	26,170.24
Depreciation	10,774.32
	747,248.23
Total operating expenses	747,248.23
Change in net position	(35,632.18)
Total net position - beginning	193,950.87
Total net position - ending	\$ 158,318.69

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND FOOD SERVICE</u>
Cash flows from operating activities:	
Receipts from customers	\$ 746,946.03
Payments to employees and employee benefits	(171,653.21)
Payments to suppliers	<u>(585,864.08)</u>
Net cash provided by (used for) operating activities	<u>(10,571.26)</u>
Cash flows from noncapital financing activities:	
Transfers from/(to) other funds	<u>39,623.80</u>
Net cash provided by noncapital financing activities:	<u>39,623.80</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(27,106.51)</u>
Net cash provided by (used for) capital and related financing activities	<u>(27,106.51)</u>
Net decrease in cash and cash equivalents	1,946.03
Cash and cash equivalents, July 1,	<u>2,484.86</u>
Cash and cash equivalents, June 30,	<u>\$ 4,430.89</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (35,632.18)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	10,774.32
Change in assets and liabilities:	
Increase/(decrease) in accounts payable	(6,106.23)
Increase/(decrease) in unearned revenue	35,329.98
(Increase)/decrease in inventories	<u>(14,937.15)</u>
	<u>25,060.92</u>
Net cash provided by (used for) operating activities	<u>\$ (10,571.26)</u>

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUNDS
ASSETS:			
Cash and cash equivalents	\$ <u>23,564.01</u>	\$ <u>428,765.80</u>	\$ <u>1,329,905.65</u>
Total assets	<u>23,564.01</u>	<u>428,765.80</u>	<u>1,329,905.65</u>
LIABILITIES:			
Payroll deductions and withholdings			955,003.37
Due to Student Groups			<u>374,902.28</u>
Total liabilities			<u>\$ 1,329,905.65</u>
NET POSITION:			
Held in trust for unemployment claims		<u>\$ 428,765.80</u>	
Held in trust for scholarships	<u>\$ 23,564.01</u>		

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION TRUST
ADDITIONS:		
Contributions:		
Unemployment	\$ _____	\$ _____ 55,739.80
Total contributions	<u>21,406.24</u>	<u>55,739.80</u>
Investment earnings:		
Interest earned	<u>322.58</u>	_____
Net investment earnings	<u>322.58</u>	_____
Total additions	<u>21,728.82</u>	<u>55,739.80</u>
DEDUCTIONS:		
Other purposes	2,250.00	
Unemployment claims	_____	<u>32,154.17</u>
Total deductions	<u>2,250.00</u>	<u>32,154.17</u>
Change in net position gain (loss)	19,478.82	23,585.63
Net position beginning of year	<u>4,085.19</u>	<u>405,180.17</u>
Net position end of year	<u>\$ 23,564.01</u>	<u>\$ 428,765.80</u>

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the State to offset the cost of approved capital projects.

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

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

Fiduciary Fund Types

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

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

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

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

Basis of Accounting - Measurement Focus

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - Measurement Focus (Continued)

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2020 totaled \$812,144.00, representing prior unbudgeted state aids, and other approved modifications. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (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 recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Encumbrance Accounting

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

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

Interfunds

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Expenses

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

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

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

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

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

Fund Equity

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

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

Unearned Revenue

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

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

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Reserves

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

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

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

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

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

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

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

Revenues Exchange and Non-Exchange Transactions

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Allocation of Indirect Expenses

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

Extraordinary and Special Items

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

Management Estimates

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Deferred Outflows/Inflows of Resources

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

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The District had the following cash and cash equivalents at June 30, 2020:

Fund Type:	Bank	Reconciling Items:		Reconciled
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental	\$8,415,798.63	\$7.64	\$832,812.18	\$7,582,994.09
Proprietary	5,106.77	0.00	675.88	4,430.89
Fiduciary	<u>1,847,499.47</u>	<u>150.00</u>	<u>65,414.01</u>	<u>1,782,235.46</u>
	<u>\$10,268,404.87</u>	<u>\$157.64</u>	<u>\$898,902.07</u>	<u>\$9,369,660.44</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2020, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$614,228.42 was covered by Federal Depository Insurance and \$9,654,176.45 was covered under the provisions of NJGUDPA.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2020, the District had no outstanding investments.

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$14,043,000.00			\$14,043,000.00
Construction in progress	<u>136,903.45</u>			<u>136,903.45</u>
Total Capital Assets not being depreciated	<u>14,179,903.45</u>			<u>14,179,903.45</u>
Land Improvements	4,499,982.22	\$236,262.00		4,736,244.22
Buildings & Building Improvements	68,841,296.77	584,420.73		69,425,717.50
Machinery & Equipment	<u>5,801,737.76</u>	<u>274,473.30</u>	<u>(\$149,276.00)</u>	<u>5,926,935.06</u>
Totals at historical cost	<u>79,143,016.75</u>	<u>1,095,156.03</u>	<u>(149,276.00)</u>	<u>80,088,896.78</u>
Gross Assets (Memo only)	<u>93,322,920.20</u>	<u>1,095,156.03</u>	<u>(149,276.00)</u>	<u>94,268,800.23</u>
Less: Accumulated Depreciation				
Land Improvements	(2,907,131.86)	(125,239.40)		(3,032,371.26)
Buildings & Building Improvements	(24,513,356.51)	(1,357,530.17)		(25,870,886.68)
Machinery & Equipment	<u>(4,011,945.18)</u>	<u>(394,973.24)</u>	<u>149,276.00</u>	<u>(4,257,642.42)</u>
Total Depreciation	<u>(31,432,433.55)</u>	<u>(1,877,742.81)</u>	<u>149,276.00</u>	<u>(33,160,900.36)</u>
Total capital assets being depreciated, net of depreciation	<u>47,710,583.20</u>	<u>(782,586.78)</u>		<u>46,927,996.42</u>
Total Governmental Fund Activities	<u>61,890,486.65</u>	<u>(782,586.78)</u>		<u>61,107,899.87</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2020 was as follows:

Proprietary Activities:				
Machinery & Equipment	<u>\$311,361.21</u>	<u>\$27,106.51</u>	<u>(\$2,300.00)</u>	<u>\$336,167.72</u>
Totals at historical cost	<u>311,361.21</u>	<u>27,106.51</u>	<u>(2,300.00)</u>	<u>336,167.72</u>
Less: Accumulated Depreciation				
Machinery & Equipment	<u>(216,395.85)</u>	<u>(10,774.32)</u>	<u>2,300.00</u>	<u>(224,870.17)</u>
Total Depreciation	<u>(216,395.85)</u>	<u>(10,774.32)</u>	<u>2,300.00</u>	<u>(224,870.17)</u>
Total Proprietary Fund Activities	<u><u>\$94,965.36</u></u>	<u><u>\$16,332.19</u></u>	<u><u></u></u>	<u><u>\$111,297.55</u></u>

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

Instruction:	
Regular	\$162,615.46
Support services:	
Student & instruction related services	57,533.24
Technology	17,661.22
Plant operations and maintenance	129,619.04
Pupil transportation	86,378.58
Direct Expense of various functions	<u>1,423,935.27</u>
	<u><u>\$1,877,742.81</u></u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM LIABILITIES

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

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

At June 30, 2020, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2020:

	<u>Balance,</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Bonds Payable	\$11,275,000.00		(\$1,705,000.00)	\$9,570,000.00	\$1,760,000.00
Compensated Absence	1,637,939.62	\$73,289.82		1,711,229.44	
Net Pension Liability	13,728,456.00		(741,995.00)	12,986,461.00	
Capital Leases Payable	<u>2,413,703.64</u>	<u>550,000.00</u>	<u>(841,768.20)</u>	<u>2,121,935.44</u>	<u>871,398.84</u>
Total	<u>\$29,055,099.26</u>	<u>\$623,289.82</u>	<u>(\$3,288,763.20)</u>	<u>\$26,389,625.88</u>	<u>\$2,631,398.84</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments on issued debt, are as follows:

Fiscal Year <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$1,760,000.00	\$426,650.00	\$2,210,225.00
2022	1,840,000.00	342,600.00	2,214,975.00
2023	1,485,000.00	298,500.00	2,186,650.00
2024	1,490,000.00	224,250.00	1,714,250.00
2025	1,500,000.00	149,750.00	1,649,750.00
2026	<u>1,495,000.00</u>	<u>74,750.00</u>	<u>1,569,750.00</u>
	<u>\$9,570,000.00</u>	<u>\$1,516,500.00</u>	<u>\$11,545,600.00</u>

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

<u>Issue</u>	<u>Amount Outstanding June 30, 2020</u>
\$4,005,000.00 in 2009 Refunding Bonds due in remaining annual installments of between \$380,000.00 and \$385,000.00 ending August, 2021 with interest between 4.000% to 5.000%	\$765,000.00
\$13,970,000.00 in 2014 Refunding Bonds due in remaining annual installments of between \$1,320,000.00 and \$1,500,000.00 ending November, 2026 with interest between 2.500% to 5.000%	<u>8,805,000.00</u>
	<u>\$9,570,000.00</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2020, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2019	\$3,471,820,266
2018	3,441,799,586
2017	3,322,293,187
	<u>\$10,235,913,039</u>
Average equalized valuation	<u>\$3,411,971,013</u>
School borrowing margin (4% of \$3,411,971,013)	\$136,478,841
Net school debt as of June 30, 2020	<u>9,570,000</u>
School borrowing power available	<u>\$126,908,841</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing copiers, technology, equipment, lighting, curriculum and buses under capital leases. The capital leases are for terms up to five years. The following is a schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2020:

Fiscal Year Ended	<u>Amount</u>
<u>June 30,</u>	
2021	\$906,409.21
2022	799,992.95
2023	188,813.70
2024	188,813.70
2025	<u>114,826.37</u>
Total Minimum Lease Payments	2,198,855.93
Less: Amount Representing Interest	<u>(76,920.49)</u>
 Present Value of Lease Payments	 <u><u>\$2,121,935.44</u></u>

NOTE 5: PENSION PLANS

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

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 5: PENSION PLANS (CONTINUED)

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

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

Significant Legislation

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

Pension Plan Design Changes

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

Funding Changes

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

COLA Suspension

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 5: PENSION PLANS (CONTINUED)

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

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

Three Year Trend Information for PERS

Year Ended	Annual Pension Cost	Percentage of APC	Net Pension Obligation
<u>June 30,</u>	<u>(APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2020	\$701,061.00	100%	\$701,061.00
2019	693,536.00	100%	693,536.00
2018	613,188.00	100%	613,188.00

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 5: PENSION PLANS (CONTINUED)

During the fiscal years ended June 30, 2020, 2019, and 2018, the State of New Jersey contributed \$5,073,075.00, \$4,519,280.00 and \$3,399,802.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2020, 2019 and 2018, the State of New Jersey reimbursed the District \$1,830,882.95, \$1,687,393.74 and \$1,734,266.05 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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

Public Employees Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$12,986,461.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0720730011 percent, which was an increase of 0.0023482511 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$997,081.00 in the district-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$233,090	\$57,368
Changes of assumptions	1,296,746	4,507,560
Net difference between projected and actual earnings on pension plan investments		204,996
Changes in proportion and differences between District contributions and proportionate share of contributions	1,198,005	47,458
District contributions subsequent to the measurement date	<u>759,936</u>	
	<u>\$3,487,777</u>	<u>\$4,817,382</u>

The \$759,936 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

Year Ended <u>June 30</u>	<u>Amount</u>
2020	(\$144,881)
2021	(986,351)
2022	(856,119)
2023	(279,931)
2024	<u>177,741</u>
	<u>(\$2,089,541)</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate

	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's proportionate share of the net pension liability	\$17,843,314	\$12,986,461	\$11,126,601

Pension Plan Fiduciary Net Position

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$138,128,732</u>
	<u>\$138,128,732</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was .2250718717% which was a decrease of .0003241263 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$8,147,202.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2019 measurement date.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75%-5.65%	2.00%-5.45%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

Mortality Rate

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2019 and June 30, 2018 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

Pension Plan Fiduciary Net Position

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Plan Description and Benefits Provided

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

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

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,943</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2020 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	82,108,046
	\$82,108,046

The total Non-Employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2020, the District recognized on-behalf post-employment expense and revenue of \$2,343,148 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2019 measurement date.

At June 30, 2019, the District's proportion was .1967645679 percent, which was an increase of .0026933850 from its proportion measured as of June 30, 2018.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:

	<u>June 30, 2019</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-3.05%*	3.00-7.00%*	Applied to All Future Years

*- Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 — June 30, 2018, July 1, 2014 — June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Discount Rate

The discount rate for June 30, 2020 and June 30, 2019 was 3.50% and 3.87% 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2018 to June 30, 2019

Balance at 6/30/18		\$89,487,839
Changes for the year:		
Service cost	3,340,698	
Interest	3,545,588	
Differences between expected and actual experience	(13,044,559)	
Changes in assumptions or other inputs	1,224,238	
Membership Contributions	74,714	
Benefit payments - Net	<u>(2,520,472)</u>	
Net changes		<u>(7,379,793)</u>
Balance at 6/30/19		<u><u>\$82,108,046</u></u>

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total Non-Employer 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:

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate (Continued)

	June 30, 2019		
	1.00% <u>Decrease (2.50%)</u>	At Discount Rate (3.50)	1.00% <u>Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the total Non- Employer OPEB Liability associated with the District	\$97,002,049	\$82,108,046	\$70,277,066

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer 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, 2019		
	1.00% <u>Decrease</u>	Healthcare Cost Trend Rate	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$67,653,370	\$82,108,046	\$101,243,069

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

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

State Health Benefit Local Education Retired Employee Plan Information

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

NOTE 8: LITIGATION

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

NOTE 9: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2019-2020 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors.

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

Year Ended <u>June 30,</u>	Employer <u>Contributions</u>	Interest and Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2020	\$-0-	\$55,739.80	\$32,154.17	\$428,765.80
2019	-0-	57,714.82	14,363.71	405,180.17
2018	-0-	51,867.12	31,555.80	361,829.06

Health and Prescription Drug Insurance

The District has entered into an agreement with Cigna Insurance Company for a Minimum Premium funded medical and prescription drug program. The agreement is administered by Centric Benefits Consulting. At June 30, 2020 total unpaid claims, including an estimate of claims that have been incurred but not yet reported (IBNR) to the administrative agent, totaled \$1,170,340.00.

The estimates are developed based on reports prepared by the administrative agent. For the year ended June 30, 2020 changes in the liability reported in the General Fund for unpaid claims are summarized below:

	Year Ended <u>June 30, 2020</u>
Accrued Liability for Claims-Beginning Balance, July 1,	\$1,926,721.00
Premiums	6,605,028.00
Incurred Claims (including IBNR) and Administrative Expenses	<u>(7,361,409.00)</u>
Accrued Liability for Claims-Ending Balance, June 30	<u>\$1,170,340.00</u>

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 11: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences of the governmental fund types are recorded in the district-wide statement of net position. As of June 30, 2020, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$1,711,229.44.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020 no liability existed for compensated absences in the proprietary funds.

NOTE 12: FUND BALANCE APPROPRIATED-GAAP BASIS

General Fund - Of the \$6,764,153.89 in General Fund Balance at June 30, 2020, \$900,586.42 has been assigned for encumbrances; \$2,236,650.31 has been restricted in the Capital Reserve Account; \$1,270,928.66 has been restricted as excess surplus; \$706,147.22 has been restricted as excess surplus - subsequent years' expenditures; \$314,899.78 has been assigned for subsequent years' expenditures; and \$1,334,941.50 is unassigned.

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance resulting from the year ended June 30, 2020 is \$1,270,928.66.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve during the year ended June 30, 2020, is as follows:

Balance, July 1, 2019		\$1,854,552.61
Interest Earnings	\$16,997.70	
Deposits:		
Board Resolution	700,000.00	
		716,997.70
		\$2,571,550.31
Withdrawals:		
Board Resolution dated 11/19/19		(334,900.00)
Balance, June 30, 2020		\$2,236,650.31

NOTE 15: INVENTORY

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food and Supplies	<u>\$28,920.34</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 16: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2020.

NOTE 17: OPERATING LEASES

The District has commitments to lease postage equipment under operating leases which expire in June 2021. The operating lease payments made during the year ended June 30, 2020 were \$2,148.00. Future minimum lease payments are as follows:

Fiscal Year Ended	<u>Amount</u>
<u>June 30,</u> 2021	<u>\$1,611.00</u>
Total Future Minimum Lease Payments	<u><u>\$1,611.00</u></u>

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund		\$78,957.98
Enterprise Funds	<u>\$78,957.98</u>	<u> </u>
	<u><u>\$78,957.98</u></u>	<u><u>\$78,957.98</u></u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

Township of Berkeley Heights School District
Notes to the Financial Statements
June 30, 2020

NOTE 19: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through January 4, 2021 which is the date the financial statements were available to be issued. The impact of the COVID-19 Corona Virus on the District's operations in the 2020-21 school year cannot reasonably be estimated at this time but may negatively affect revenues.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 42,570,866.00	\$	\$ 42,570,866.00	\$ 42,570,866.00	\$ (18,745.20)
Tuition from Individuals	128,000.00		128,000.00	109,254.80	43,087.50
Tuition from Other LEAs Within State	5,504,623.00		5,504,623.00	5,547,770.50	965.70
Rents and Royalties	142,000.00		142,000.00	142,965.70	68,186.89
Miscellaneous	355,137.00		355,137.00	423,303.89	13,147.70
Interest Earned on Capital Reserve Funds	3,850.00		3,850.00	16,987.70	106,622.59
Total Local Sources	48,704,476.00		48,704,476.00	48,811,088.59	
State Sources:					
Categorical Transportation Aid	470,303.00		470,303.00	470,303.00	501,211.00
Extraordinary Aid				501,211.00	
Categorical Special Education Aid	1,216,846.00		1,216,846.00	1,216,846.00	19,672.62
Categorical Security Aid	40,882.00		40,882.00	40,882.00	4,983,747.00
Other State Aid				19,672.62	88,328.00
On-behalf TPAF Contributions-non-budgeted				4,983,747.00	1,830,882.95
NCGI-non-budgeted				88,328.00	1,882,018.00
Reimbursed TPAF Social Security Contribution-non-budgeted				1,830,882.95	2,657.00
Post Retirement Medical-non budgeted				1,882,018.00	9,308,516.57
Long-Term Disability Insurance-non-budgeted				2,657.00	
Total State Sources	1,728,031.00		1,728,031.00	11,037,547.57	
Total Revenues	50,432,507.00		50,432,507.00	59,848,646.16	9,416,139.16
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool	158,110.00		158,110.00	153,771.49	4,338.51
Kindergarten	50,285.00		519,849.00	514,965.38	4,883.62
Grades 1-5	86,883.63		5,662,887.63	5,610,618.84	52,268.79
Grades 6-8	8,000.00		3,754,069.00	3,736,018.97	18,050.03
Grades 9-12	(28,076.00)		6,042,234.00	5,938,837.96	103,396.04
Regular programs - home instruction:					
Salaries of teachers	1,140.00		41,140.00	41,140.00	17,351.09
Purchased professional educational services	34,000.00		51,650.00	34,298.91	941.91
Regular programs - undistributed instruction:					
Other salaries for instruction	(1,900.00)		68,036.00	67,094.09	13,423.26
Purchased professional - educational services	106,340.00		72,926.74	72,926.74	1,520.00
Purchased technical services	(4,736.69)		219,105.31	217,565.31	5,181.24
Other purchased services (400 - 500 series)	(30,027.76)		210,348.85	205,165.61	83,454.61
General supplies	336,207.72		355,324.38	271,869.77	55,827.92
Textbooks	11,664.65		98,052.33	42,224.41	250.00
Other objects	200.00		540.00	290.00	360,887.02
Total regular programs	16,905,181.98	\$62,512.52	17,267,694.50	16,906,607.48	

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Instruction - Special Education: Learning and/or Language Disabilities: Salaries of Teachers	\$ 185,975.00	\$ (500.00)	\$ 185,475.00	\$ 183,145.31	\$ 2,329.69
Other salaries for instruction	62,356.00	(25,606.00)	36,750.00	36,747.68	2.32
General Supplies	1,271.00		1,271.00	836.54	434.46
Total Learning and/or Language Disabilities	249,602.00	(26,106.00)	223,496.00	220,728.53	2,767.47
Auditory Impairments					
Salaries of Teachers	406,126.00	(12,000.00)	394,126.00	393,447.08	678.92
Other Salaries for Instruction	302,470.00	46,400.00	348,870.00	310,084.18	38,785.82
Other Purchased Services (400-500 series)	500.00		500.00	500.00	500.00
General Supplies	1,198.00	1,198.00	1,198.00	304.06	893.94
Other Objects	10,830.00	10,830.00	10,830.00	7,082.87	3,747.13
Total Auditory Impairments	710,284.00	45,230.00	755,524.00	710,918.19	44,605.81
Resource Room / Resource Center:					
Salaries of Teachers	2,925,674.00	73,700.00	2,999,374.00	2,979,165.07	20,408.93
Other salaries for instruction	587,000.00	(35,600.00)	551,400.00	525,757.10	25,642.90
General Supplies	3,145.00	2,222.05	5,367.05	5,239.83	127.22
Total Resource Room / Resource Center	3,516,019.00	40,322.05	3,556,341.05	3,510,162.00	46,179.05
Autism					
Salaries of Teachers	233,217.00	35,531.57	268,748.57	266,748.57	889.92
Other Salaries for Instruction	246,966.00	76,205.00	323,171.00	324,262.08	(443.56)
General Supplies	3,091.00	210.29	3,301.29	2,857.73	443.56
Total Autism	483,274.00	113,946.86	597,220.86	595,888.38	1,332.48
Preschool Disabilities - Part - Time:					
Salaries of Teachers	161,746.00	(161,746.00)			
Other Salaries for Instruction	45,086.00	(45,086.00)			
General Supplies	84.00	84.00	84.00	84.00	84.00
Total Preschool Disabilities - Part - Time	206,916.00	(206,748.00)	84.00	84.00	84.00
Total Special Education	5,166,021.00	(33,355.09)	5,132,665.91	5,037,698.10	94,967.81
Basic Skills / Remedial:					
Salaries of Teachers	180,960.00	3,960.00	184,920.00	173,365.27	11,554.73
General Supplies	1,900.00	(1,375.50)	524.50	311.40	213.10
Total Basic Skills / Remedial	182,860.00	2,584.50	185,444.50	173,676.67	11,767.83

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Bilingual Education:	\$ 147,640.00	\$ (10,000.00)	\$ 137,640.00	\$ 132,074.71	\$ 5,565.29
Salaries of Teachers	150.00		150.00		150.00
Purchased Professional-Educational Services	1,855.00		1,855.00	105.00	1,750.00
Other Purchased Services (400-500 series)	125.00		125.00		125.00
General Supplies	148,770.00	(10,000.00)	138,770.00	132,179.71	7,590.29
Total Bilingual Education:					
School Sponsored Co-Curricular Activities:					
Salaries	240,128.00	11,987.00	252,115.00	251,602.64	512.36
Purchased Services (300-500 series)	24,900.00		24,900.00	20,200.00	4,700.00
Supplies and Materials	18,726.00	(542.30)	18,183.70	14,437.77	3,745.93
Other Objects	5,392.00	700.00	6,092.00	3,590.00	2,502.00
Total School Sponsored Co-Curricular Activities	288,146.00	12,144.70	301,290.70	289,830.41	11,460.29
School Sponsored Athletics					
Salaries	827,191.00	11,160.00	838,351.00	829,557.73	8,793.27
Purchased Services (300-500 Series)	92,335.00	(1,000.00)	91,335.00	95,978.85	35,356.15
Supplies and Materials	177,198.62	(26,174.30)	151,024.32	111,215.12	39,809.20
Other Objects	67,836.00	3,715.10	71,551.10	71,250.10	301.00
Total School Sponsored Athletics	1,164,560.62	(12,299.20)	1,152,261.42	1,068,001.80	84,259.62
Community Service Program					
Salaries	8,275.00		8,275.00	8,077.78	197.22
Total Community Service Program	8,275.00		8,275.00	8,077.78	197.22
Total Other Instructional Programs	1,794,611.62	(7,570.00)	1,787,041.62	1,671,766.37	115,275.25
Total - Instruction	23,865,814.60	321,587.43	24,187,402.03	23,616,271.95	571,130.08
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's within the State - Regular	619,743.00	40,706.48	40,706.48	345,292.01	40,706.48
Tuition to Other LEA's within the State - Special	542,000.00	(94,569.48)	525,173.52	525,400.00	179,881.51
Tuition to County Vocational School District - Regular	19,000.00	(5,000.00)	9,000.00	8,000.00	11,000.00
Tuition to County Vocational School District - Sp. Ed	675,240.00		675,240.00	590,944.17	1,000.00
Tuition to Private Schools for the Handicapped with State	1,895,963.00	(68,863.00)	1,787,120.00	1,469,636.16	84,286.83
Total Undistributed Expenditures - Instruction					317,463.82
Attendance and Social Work Services					
Salaries	57,730.00		57,730.00	57,497.94	232.06
Total Attendance and Social Work Services	57,730.00		57,730.00	57,497.94	232.06
Health Services:					
Salaries	512,530.00	19,500.00	532,030.00	519,519.44	12,510.56
Other Purchased Services	41,325.00	(7,007.14)	34,317.86	31,055.04	3,262.82
Supplies and Materials	6,703.87	787.12	7,490.99	4,290.84	3,200.25
Other Objects	870.00		870.00	255.00	615.00
Total Health Services	561,428.97	13,279.98	574,708.95	565,120.32	19,588.63
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	751,156.00	(53,000.00)	698,156.00	697,922.00	236.00
Purchased Professional - Educational Services	43,100.00	22,350.00	65,450.00	42,371.67	23,078.33
Supplies and Materials	3,869.00	3,332.66	7,201.66	2,788.64	544.02
Total Other Support Services - Speech, OT, PT & Related Services	798,125.00	(31,166.34)	766,958.66	743,082.31	23,876.35

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other Support Services - Students - Extra Services					
Salaries	\$ 588,513.00	\$ 214,893.00	\$ 803,206.00	\$ 803,186.34	\$ 19.66
Total Other Support Services - Students - Extra Services	588,513.00	214,893.00	803,206.00	803,186.34	19.66
Guidance:					
Salaries of Other Professional Staff	972,108.00	(6,932.68)	965,175.32	964,876.44	298.88
Salaries of Secretarial and Clerical Assistants	123,435.00	9,900.00	133,335.00	131,339.74	1,995.26
Supplies and Materials	1,778.00	195.56	1,973.56	536.44	1,437.12
Total Guidance	1,097,321.00	3,162.88	1,100,483.88	1,096,752.62	3,731.26
Child Study Teams:					
Salaries of Other Professional Staff	1,198,937.00	(15,610.78)	1,184,326.22	1,184,326.22	
Salaries of Secretarial and Clerical Assistants	113,552.00	1,800.00	115,352.00	115,347.96	4.04
Purchased Professional Educational Services	33,950.00	(33,950.00)			
Other Purchased Professional and Technical Services	28,120.00	28,120.00	28,120.00	21,167.28	6,952.72
Other Purchased Services (400-500 series)	3,475.92	3,475.92	3,475.92	1,541.95	1,934.97
Supplies and Materials	14,768.00	1,000.00	15,768.00	14,139.43	1,628.57
Total Child Study Teams	1,365,883.92	(18,640.78)	1,347,043.14	1,336,522.84	10,520.30
Salaries of Supervisors of Instruction	1,024,449.00	28,440.00	1,052,889.00	1,049,422.31	3,466.69
Salaries of Secretarial and Clerical Assis.	28,673.00	1,500.00	30,173.00	30,161.65	11.35
Other Purch Prof. and Tech. Services	18,100.00	1,600.00	20,700.00	19,534.00	1,166.00
Other Purchased Services (400-500)	3,170.00	7,000.00	7,000.00	613.31	6,386.69
Supplies and materials		3,170.00	3,170.00	2,979.61	190.39
Educational Media Services / School Library:					
Salaries	364,528.00	63,613.27	428,141.27	426,496.16	1,645.11
Supplies and materials	17,462.00	(1,015.16)	16,446.84	15,746.30	700.54
Other Objects	24,250.00	(1,210.19)	23,039.81	23,039.81	
Total Educational Media Services / School Library	406,240.00	61,387.92	467,627.92	465,282.27	2,345.65
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction Summer Hours	35,438.00	1.00	35,439.00	35,438.16	0.84
Salaries of Secretarial and Clerical Assistants	8,897.00		8,897.00	8,337.84	559.16
Other Purchased Professional - Educational Services	800.00	1,000.00	1,800.00	218.63	1,581.37
Other Purchased Technical Services	3,500.00	10,000.00	10,000.00	10,000.00	
Other Purchased Services (400- 500)	700.00	18,100.00	19,600.00	545.27	19,054.73
Supplies and materials		7,300.00	8,000.00	6,124.77	1,875.23
Total Instructional Staff Training Services	48,335.00	34,401.00	83,736.00	80,664.67	3,071.33

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support Services General Administration:					
Salaries	\$ 562,568.00	\$ (13,301.74)	\$ 549,266.26	\$ 549,266.26	\$ 25,751.06
Legal Services	88,175.22	40,101.80	128,277.02	102,525.96	830.00
Expenditure and Internal Control Audit Fees	42,330.00		42,330.00	41,500.00	13,851.25
Architectural/Engineering Services	46,245.00	35,000.00	81,245.00	67,393.75	7,348.45
Other Purchased Professional Services	93,200.00	(41,702.23)	51,497.77	44,149.32	22,850.83
Other Purchased Technical Services	93,400.00	55,800.43	149,200.43	126,349.50	21,578.71
Communications / Telephone	48,000.00	8,630.31	56,630.31	35,251.60	7,474.32
Board Travel/Expense	13,500.00		13,500.00	6,025.68	7,305.49
Miscellaneous Expenditures	256,140.00	5,702.66	261,842.66	254,537.17	4,022.04
General Supplies	17,267.60	4,517.19	21,784.79	17,762.75	1,053.00
BOE In- House Training/ Meeting Supplies	1,000.00	(1,000.00)		7,497.00	10,848.44
Miscellaneous Expenditures	8,550.00		8,550.00	20,634.37	122,913.69
BOE Membership Dues and Fees	34,000.00	(2,517.19)	31,482.81		
Total Support Services General Administration	1,304,375.82	97,431.23	1,395,807.05	1,272,893.36	
Support Services School Administration:					
Salaries of Principals / Asst. Principals	1,350,430.00	1,035.75	1,351,465.75	1,351,433.25	32.50
Salaries of Secretarial and Clerical Assistants	567,490.00	40,885.00	608,375.00	546,601.18	61,773.82
Unused Vacation Payment to Terminated/Retired Staff		11,136.98	11,136.98	11,136.98	
Supplies and Materials	16,452.00	6,625.00	23,077.00	19,209.75	3,867.25
Total Support Services School Administration	1,934,372.00	59,682.73	1,994,054.73	1,928,381.16	65,673.57
Central Service:					
Salaries	424,113.00	470.00	424,583.00	424,581.29	1.71
Misc. Purch Services (400-500)	3,600.00	(50.00)	3,550.00	908.40	2,641.60
Supplies and Materials	17,250.00	19,716.48	36,966.48	22,379.86	14,586.62
Interest on Lease Purchase Agreements	37,715.00	(16,447.00)	21,268.00	16,871.46	2,396.54
Miscellaneous Expenditures	2,200.00	7,080.00	9,280.00	2,780.68	6,499.32
Total Central Service	484,878.00	10,769.48	495,647.48	469,521.69	26,125.79
Administrative Information Technology:					
Salaries	211,185.00	8,500.00	219,685.00	214,963.89	4,721.11
Purchased Technical Services	150,281.00	13,305.79	163,596.79	163,566.84	29.95
Other Purchased Services	121,959.00	(20,077.01)	101,881.99	72,747.32	29,134.67
Supplies and Materials	1,599.00	(1,347.98)	251.02	251.02	
Total Administrative Information Technology	485,034.00	380.80	485,414.80	451,529.07	33,885.73
Required Maintenance for School Facilities:					
Salaries	412,774.00	(19,413.46)	393,360.54	386,159.96	7,200.58
Cleaning, Repair and Maintenance Services	332,709.00	124,903.68	457,612.68	394,110.73	63,501.95
General Supplies	159,684.03	50,340.32	210,024.35	147,103.74	62,920.61
Other Objects	7,500.00	7,500.00	15,000.00	7,169.50	330.50
Total Required Maintenance for School Facilities	905,167.03	163,330.54	1,068,497.57	934,543.93	133,953.64

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Custodial Services:					
Salaries	\$ 1,669,242.00	\$ 7,867.00	\$ 1,677,109.00	\$ 1,636,247.42	\$ 40,861.58
Unused Vacation Payment		912.35	912.35	912.35	
Purchased Professional and Technical Services	19,476.00	77,904.00	97,380.00	77,904.00	19,476.00
Cleaning, Repair and Maintenance Services	28,600.00	18,326.02	46,926.02	44,709.75	2,216.27
Other Purchased Property Services	158,946.00	22,430.84	182,376.84	127,602.88	54,573.96
Insurance	23,181.00	(6,000.00)	17,181.00	17,181.00	
General Supplies	96,432.50	(12,860.27)	83,572.23	67,683.48	15,768.75
Energy (Natural Gas)	190,000.00	102,502.18	292,502.18	248,156.70	44,345.48
Energy (Heat and Electricity)	423,322.79	(173,423.95)	249,898.84	119,603.39	130,295.45
Total Custodial Services	2,810,200.29	37,538.17	2,847,738.46	2,340,200.97	307,537.49
Care and Upkeep of Grounds:					
Salaries	55,363.00	11,038.91	66,401.91	66,396.99	4.92
Unused Vacation Payment to Terminated/Retired Staff		3,514.41	3,514.41	3,514.41	
Purchased Professional and Technical Services	15,015.00	(15,015.00)			
Cleaning, Repair and Maintenance	64,775.00	51,340.88	116,115.88	111,160.16	4,955.72
General Supplies	37,068.13	5,000.00	42,068.13	34,147.35	7,920.78
Total Care and Upkeep of Grounds	172,221.13	55,879.20	228,100.33	215,218.91	12,881.42
Security:					
Purchased Professional and Technical Services	25,000.00	3,810.00	28,810.00	27,999.32	810.68
General Supplies	9,788.65	1,190.00	10,988.65	9,113.00	1,876.65
Total Security	34,788.65	5,000.00	39,788.65	37,112.32	2,676.33
Student Transportation Services:					
Home and School) - Regular	106,065.00	8,250.00	114,315.00	114,307.40	7.60
Home and School) - Special	54,468.00	(29,500.00)	24,968.00	24,768.04	200.96
Salaries (Other than H & S)	119,310.00	(11,432.67)	107,877.33	95,967.17	11,910.16
Cleaning, Repair and Maintenance Services	74,545.00	(22,774.47)	51,770.53	35,002.53	16,768.00
Lease Payments	74,643.00	13,124.94	87,767.94	68,276.80	19,491.14
Contracted Services - Aid in Lieu Payments-NonPub Sch and School) - Vendors	180,960.00	(28,610.00)	152,350.00	97,400.00	54,950.00
Contracted Services (Between Home & School) - Vendors	634,462.73	(6,260.62)	628,202.11	513,378.13	114,823.98
Contract Services (Sp. Ed. Stds.) - Vendors	67,870.00		67,870.00	47,373.46	20,496.54
Contracted Services (Spec Ed. Students) - ESCs & CTSA's	1,000.00	38,000.00	39,000.00	289,832.35	1,000.00
Miscellaneous Purchased Services - Transportation	410,755.20	448,755.20	859,510.40	14,506.00	158,922.85
General Supplies	14,225.00	556.00	14,781.00	12,378.15	2,402.85
Other Objects	12,000.00	378.15	12,378.15	586.00	11,792.15
Total Student Transportation Services	1,750,304.93	(37,682.67)	1,712,622.26	1,313,776.03	398,846.23
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	688,786.80	(5,000.00)	683,786.80	676,729.06	8,069.74
Other Retirement Contributions - PERS	763,242.74	(3,850.00)	759,392.74	727,493.92	31,898.82
Workmen's Compensation	220,510.00	(33,244.00)	187,266.00	181,707.00	5,559.00
Health Benefits	8,019,089.00	(577,097.12)	7,441,991.88	6,721,866.79	720,125.09
Tuition Reimbursements	82,000.00		82,000.00	77,655.53	4,344.47
Other Employee Benefits	3,700.00	6,000.00	9,700.00	7,961.65	1,738.35
Unused sick payment	85,000.00	30,000.00	115,000.00	105,784.70	9,215.30
Total Unallocated Benefits - Employee Benefits	9,863,350.54	(563,191.12)	9,280,159.42	8,498,218.65	780,940.77

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
	\$	\$	\$	\$	
On-Behalf TPAF Contributions (Non-Budgeted)					
On-behalf TPAF Contributions-non-budgeted				4,983,747.00	(4,983,747.00)
NCGI-non-budgeted				89,328.00	(89,328.00)
Post Retirement Medical-non budgeted				1,882,018.00	(1,882,018.00)
Long-Term Disability Insurance-non-budgeted				2,657.00	(2,657.00)
Reimursed TPAF Social Security Contribution-non-budgeted				1,830,882.95	(1,830,882.95)
Total On-Behalf TPAF Contributions (Non-Budgeted)				8,788,632.95	(8,788,632.95)
Total Undistributed Expenditures	27,400,457.28	49,913.02	27,450,370.30	33,931,485.41	(6,481,115.11)
TOTAL EXPENDITURES - CURRENT EXPENSE	51,265,271.88	371,500.45	51,637,772.33	57,547,757.36	(5,909,985.03)
Equipment:					
Grades 6-8	4,368.06	3,499.00	3,499.00	13,714.23	3,499.00
Grades 9-12 - Equipment	6,895.35	9,489.92	13,857.98	6,895.35	143.75
Autism				12,570.70	9,888.50
School Sponsored and Other Instructional Program	3,585.00	22,459.20	22,459.20	3,585.00	
Undistributed Expenditures - Instruction				2,655.00	
Undistributed-Central Services	9,273.00	2,655.00	9,273.00	2,655.00	
Undistributed-Admin. Info Technology	14,318.70	24,259.22	38,577.92	9,273.00	
Undistributed-Reg. Maint. For Schools	3,713.92	14,848.21	18,562.13	13,782.16	4,779.97
Undist. Expend. - Care and Upkeep of Grounds	42,154.03	77,210.55	119,364.58	101,053.36	18,311.22
Total Equipment					
Facilities Acquisition and Construction Services:					
Construction services	448,304.85	334,900.00	783,204.85	685,920.79	97,284.06
Lease purchase agreements - principal	415,538.00		415,538.00	341,550.67	73,987.33
Assessment for Debt Service on SDA Funding	29,934.00		29,934.00	29,934.00	
Total Facilities Acquisition and Construction Services	893,776.85	334,900.00	1,228,676.85	1,057,405.46	171,271.39
Interest Deposit to Capital Reserve	3,850.00		3,850.00		3,850.00
Assets acquired under capital leases (non-budgeted)					
Undistributed expenditures:					
Equipment				322,431.43	(322,431.43)
Total assets acquired under capital leases (non-budgeted)				322,431.43	(322,431.43)
TOTAL CAPITAL OUTLAY	935,780.88	412,110.55	1,351,891.43	1,480,890.25	(128,998.82)
SPECIAL SCHOOLS:					
Salaries of Teachers	65,000.00		65,000.00	64,858.72	141.28
Total Summer School Instruction	65,000.00		65,000.00	64,858.72	141.28
Total summer school	65,000.00		65,000.00	64,858.72	141.28
TOTAL SPECIAL SCHOOLS	65,000.00		65,000.00	64,856.72	141.28
Transfer of funds to charter schools		28,533.00	28,533.00	28,533.00	
TOTAL EXPENDITURES	52,271,052.76	612,144.00	53,083,196.76	59,122,039.33	(6,038,842.57)
Excess (deficiency) of revenues over (under) expenditures	(1,838,545.76)	(812,144.00)	(2,650,689.76)	726,606.83	3,377,296.59

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other financing sources (uses)					
Proceeds from Capital Lease (non-budgeted)				322,431.43	(322,431.43)
Total other financing sources	\$	\$	\$	\$ 322,431.43	\$ (322,431.43)
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(1,838,545.75)	(812,144.00)	(2,650,689.75)	1,049,038.26	3,054,865.16
Fund balances, July 1	5,881,604.63		5,881,604.63	5,881,604.63	
Fund balances, June 30	\$ 4,043,058.87	\$ (812,144.00)	\$ 3,230,914.87	\$ 6,930,642.89	\$ 3,054,865.16
Reconciliation:					
Assigned - year-end encumbrances				\$ 900,566.42	
Restricted - excess surplus - current year				1,270,828.66	
Restricted - excess surplus - designated for subsequent years expenditures				706,147.22	
Restricted - capital reserve				2,236,650.31	
Unassigned fund balance				1,501,430.50	
Assigned - designated for subsequent years expenditures				314,898.78	
				\$ 6,930,642.89	
Reconciliation to governmental funds statements (GAAP):					
Prior Year aid payment not recognized on GAAP basis				(166,489.00)	
Fund balance per governmental funds (GAAP)				\$ 6,764,153.89	

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Other Sources	\$	\$ 94,230.92	\$ 94,230.92	\$ 39,459.79	\$ (54,771.13)
State Sources	26,009.00	3,888.00	29,897.00	19,411.55	(10,485.45)
Federal Sources	557,414.00	210,003.88	767,417.88	693,466.56	(73,951.32)
Total Revenues	\$ 583,423.00	\$ 308,122.80	\$ 891,545.80	\$ 752,337.90	\$ (139,207.90)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 121,487.00	\$ (14,209.00)	\$ 107,278.00	\$ 86,231.85	\$ 21,046.15
Purchased Professional/Technical Services		15,391.88	15,391.88	7,278.87	8,113.01
Tuition	371,432.00	44,900.00	416,332.00	416,332.00	
General Supplies	53,927.00	47,704.65	101,631.65	66,968.40	34,663.25
Textbooks	2,950.00	5,250.00	8,200.00	2,377.74	5,822.26
Other Objects		44.00	44.00	44.00	
Total Instruction	549,796.00	99,081.53	648,877.53	579,232.86	69,644.67
Support Services:					
Other Salaries		420.00	420.00		420.00
Purchased Services Employee Benefits		35,194.00	35,194.00	28,520.00	6,674.00
Purchased Professional/Technical Services	33,627.00	80,803.32	114,430.32	76,406.74	38,023.58
Other Purchased Services		18,753.00	18,753.00	17,763.73	989.27
Supplies and Materials		18,868.00	18,868.00	18,261.41	606.59
Total Support Services	33,627.00	154,038.32	187,665.32	140,951.88	46,713.44
Facilities Acquisition and Construction Service:					
Construction services		55,002.95	55,002.95	32,153.16	22,849.79
Total Facilities Acquisition and Construction Service		55,002.95	55,002.95	32,153.16	22,849.79
Total expenditures	\$ 583,423.00	\$ 308,122.80	\$ 891,545.80	\$ 752,337.90	\$ 139,207.90

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI (REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 59,888,946.16	\$ 752,337.90
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	148,282.00	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(166,489.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Add prior year encumbrances		141,338.50
Less prior year encumbrances canceled		(3,312.60)
Less current year encumbrances		(11,209.16)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 59,870,739.16</u>	<u>\$ 879,154.64</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$59,122,039.33	\$ 752,337.90
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		141,338.50
Less prior year encumbrances canceled		(3,312.60)
Less current year encumbrances		(11,209.16)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 59,122,039.33</u>	<u>\$ 879,154.64</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0620130944%	\$11,851,934	\$4,239,020	279.59%	48.72%
2014	0.0614885818%	11,512,344	4,270,359	269.59%	52.08%
2015	0.0652668655%	14,651,103	4,379,262	334.56%	47.92%
2016	0.0645415599%	19,115,359	4,469,881	427.65%	40.14%
2017	0.0666190900%	15,408,184	4,442,888	346.81%	48.09%
2018	0.0697247500%	13,728,456	5,042,435	272.26%	53.60%
2019	0.0720730011%	12,986,461	4,994,574	260.01%	56.27%

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	506,903	\$506,903	-0-	\$4,239,020	11.96%
2015	561,120	561,120	-0-	4,379,262	12.81%
2016	573,378	573,378	-0-	4,469,881	12.83%
2017	576,245	576,245	-0-	4,442,888	12.97%
2018	693,536	693,536	-0-	5,042,435	12.22%
2019	701,061	701,061	-0-	4,994,574	14.04%
2020	759,936	759,936	-0-	5,103,963	14.89%

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST SEVEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.2158864422%	-0-	\$109,107,310	\$21,328,084	-0-	511.57%	33.76%
2014	0.2115480206%	-0-	113,065,532	22,379,398	-0-	505.22%	33.64%
2015	0.2179062605%	-0-	137,726,062	22,342,727	-0-	616.42%	28.71%
2016	0.2238181394%	-0-	176,069,599	23,002,506	-0-	765.44%	22.33%
2017	0.2206775019%	-0-	148,788,729	24,125,457	-0-	616.73%	25.41%
2018	0.2253959980%	-0-	143,390,567	24,377,339	-0-	588.21%	26.49%
2019	0.2250718717%	-0-	138,128,732	23,919,266	-0-	577.48%	26.95%

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Public Employees Retirement System

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

Teachers Pension and Annuity Fund

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

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

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

Total Non-Employer OPEB Liability - State's Proportionate Share
of Total OPEB Liability Associated with the School District

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Balance at 6/30	\$89,487,839	\$102,300,890	\$109,987,082
Changes for the year:			
Service cost	\$3,340,698	\$3,718,094	\$4,479,767
Interest	3,545,588	3,754,491	3,230,012
Differences between expected and actual experience	(13,044,559)	(7,706,288)	
Changes in assumptions or other inputs	1,224,238	(10,269,177)	(13,113,716)
Benefit payments	(2,520,472)	(2,392,873)	(2,369,506)
Contributions from Members	74,714	82,702	87,251
Net changes	<u>(7,379,793)</u>	<u>(12,813,051)</u>	<u>(7,686,192)</u>
Balance at 6/30	<u>\$82,108,046</u>	<u>\$89,487,839</u>	<u>\$102,300,890</u>
Covered Employee Payroll	28,913,840	29,419,774	28,568,345
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	279.09%	304.18%	358.09%

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.87% to 3.50% as of June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	LOCAL	COPS LOCAL	NONPUBLIC NURSING	NONPUBLIC SECURITY	NONPUBLIC TEXTBOOKS	NONPUBLIC TECHNOLOGY	EXAM AND CLASSIFICATION
REVENUES:							
Local Sources	7,306.63	32,153.16	1,111.97	7,135.00	2,377.74	1,507.97	7,278.87
State Sources							
Federal Sources							
Total Revenues	7,306.63	32,153.16	1,111.97	7,135.00	2,377.74	1,507.97	7,278.87
Instruction:							
Salaries of Teachers							7,278.87
Purchased Professional / Technical Services							
Tuition							
General Supplies	7,306.63		1,111.97	7,135.00	2,377.74	1,507.97	
Textbooks							
Other Objects Instruction							
Total Instruction	7,306.63		1,111.97	7,135.00	2,377.74	1,507.97	7,278.87
Support Services:							
Personal Services Employee - Benefits							
Purchased Professional / Technical Services							
Other purchased services							
Supplies and Materials							
Total Support Services							
Facilities acquisition and construction serv:							
Construction services		32,153.16					
Total facilities acq. and construction serv:		32,153.16					
Total Expenditures	7,306.63	32,153.16	1,111.97	7,135.00	2,377.74	1,507.97	7,278.87
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	TITLE IV	TITLE IIA	TITLE III	IDEA PART B BASIC	IDEA PART B PRESCHOOL	TITLE I	TOTALS
	\$	\$	\$	\$	\$	\$	\$
REVENUES:							
Local Sources	5,209.52	42,369.74	17,735.53	500,871.52	13,672.97	113,607.28	39,459.79
State Sources							19,411.55
Federal Sources							693,466.56
Total Revenues	5,209.52	42,369.74	17,735.53	500,871.52	13,672.97	113,607.28	752,337.90
Instruction:							
Salaries of Teachers			6,002.25			80,229.60	86,231.85
Purchased Professional / Technical Services				416,332.00			7,278.87
Tuition				25,112.35		4,209.68	416,332.00
General Supplies	5,209.52		10,754.28		4,621.00		66,988.40
Textbooks							2,377.74
Other Objects Instruction					44.00		44.00
Total Instruction	5,209.52		16,756.53	441,444.35	4,665.00	84,439.28	579,232.86
Support Services:							
Personal Services Employee - Benefits			979.00	36,608.00		28,520.00	28,520.00
Purchased Professional / Technical Services		38,171.74		8,755.76		648.00	76,406.74
Other purchased services		4,188.00		14,063.41			17,763.73
Supplies and Materials							18,261.41
Total Support Services		42,369.74	979.00	59,427.17	9,007.97	29,168.00	140,951.88
Facilities acquisition and construction serv:							
Construction services							32,153.16
Total facilities acq. and construction serv:							32,153.16
Total Expenditures	5,209.52	42,369.74	17,735.53	500,871.52	13,672.97	113,607.28	752,337.90
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-

FIDUCIARY FUNDS DETAIL STATEMENTS
--

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

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

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

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

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION TRUST	TOTAL TRUST FUNDS	STUDENT ACTIVITY	PAYROLL	TOTAL AGENCY FUNDS
ASSETS:						
Cash and Cash Equivalents	\$ 23,564.01	\$ 428,765.80	\$ 452,329.81	\$ 374,902.28	\$ 955,003.37	\$ 1,329,905.65
Total assets	\$ 23,564.01	\$ 428,765.80	\$ 452,329.81	\$ 374,902.28	\$ 955,003.37	\$ 1,329,905.65
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups				\$ 374,902.28		\$ 955,003.37
Total liabilities				\$ 374,902.28		\$ 374,902.28
NET POSITION:						
Held in trust for unemployment claims	\$ 23,564.01	\$ 428,765.80	\$ 452,329.81			\$ 1,329,905.65
Held in trust for scholarships			23,564.01			
TOTAL NET POSITION	\$ 23,564.01	\$ 428,765.80	\$ 452,329.81			\$ 1,329,905.65

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>TOTALS</u>
ADDITIONS:			
Contributions:			
Unemployment	\$	\$	\$
Donations	21,406.24	55,739.80	55,739.80
	<u>21,406.24</u>	<u>55,739.80</u>	<u>21,406.24</u>
Total contributions	<u>21,406.24</u>	<u>55,739.80</u>	<u>77,146.04</u>
Investment Earnings:			
Interest Earned	<u>322.58</u>	<u> </u>	<u>322.58</u>
Net Investment Earnings	<u>322.58</u>	<u> </u>	<u>322.58</u>
Total additions	<u>21,728.82</u>	<u>55,739.80</u>	<u>77,468.62</u>
DEDUCTIONS:			
Scholarships awarded	<u>2,250.00</u>	<u> </u>	<u>2,250.00</u>
Unemployment claims and contributions	<u> </u>	<u>32,154.17</u>	<u>32,154.17</u>
Total deductions	<u>2,250.00</u>	<u>32,154.17</u>	<u>34,404.17</u>
Change in Net Position	19,478.82	23,585.63	43,064.45
Net Position, Beginning of Year	<u>4,085.19</u>	<u>405,180.17</u>	<u>409,265.36</u>
Net Position, End of Year	<u>\$ 23,564.01</u>	<u>\$ 428,765.80</u>	<u>\$ 452,329.81</u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JUNE 30, 2019</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ <u>253,027.25</u>	\$ <u>244,099.25</u>	<u>122,224.22</u>	\$ <u>374,902.28</u>
Total assets	\$ <u><u>253,027.25</u></u>	\$ <u><u>244,099.25</u></u>	\$ <u><u>122,224.22</u></u>	\$ <u><u>374,902.28</u></u>
LIABILITIES:				
Due student groups	\$ <u>253,027.25</u>	\$ <u>244,099.25</u>	\$ <u>122,224.22</u>	\$ <u>374,902.28</u>
Total liabilities	\$ <u><u>253,027.25</u></u>	\$ <u><u>244,099.25</u></u>	\$ <u><u>122,224.22</u></u>	\$ <u><u>374,902.28</u></u>

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JUNE 30, 2019</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ <u>680,384.41</u>	\$ <u>18,440,961.79</u>	\$ <u>18,166,342.83</u>	\$ <u>955,003.37</u>
Total assets	\$ <u><u>680,384.41</u></u>	\$ <u><u>18,440,961.79</u></u>	\$ <u><u>18,166,342.83</u></u>	\$ <u><u>955,003.37</u></u>
LIABILITIES:				
Payroll deductions and withholdings	\$ <u>680,384.41</u>	\$ <u>18,440,961.79</u>	\$ <u>18,166,342.83</u>	\$ <u>955,003.37</u>
Total liabilities	\$ <u><u>680,384.41</u></u>	\$ <u><u>18,440,961.79</u></u>	\$ <u><u>18,166,342.83</u></u>	\$ <u><u>955,003.37</u></u>

LONG-TERM DEBT SCHEDULES

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT

LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2020

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JUNE 30, 2019	RETIRED	BALANCE JUNE 30, 2020
			DATE	AMOUNT				
Refunding Bonds Series 2009	6/16/2009	\$ 4,005,000.00	8/1/2020	\$ 385,000.00	4.000%	\$ 1,150,000.00	\$ 385,000.00	\$ 765,000.00
			8/1/2021	380,000.00	4.000%			
Refunding Bonds Series 2014	5/14/2014	13,970,000.00	3/1/2021	1,375,000.00	5.000%	10,125,000.00	1,320,000.00	8,805,000.00
			3/1/2022	1,460,000.00	2.500%			
			3/1/2023	1,485,000.00	5.000%			
			3/1/2024	1,490,000.00	5.000%			
			3/1/2025	1,500,000.00	5.000%			
			3/1/2026	1,495,000.00	5.000%			
						\$ 11,275,000.00	\$ 1,705,000.00	\$ 9,570,000.00

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 AS OF JUNE 30, 2020

SERIES	DATE	TERM	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL LEASE	AMOUNT OUTSTANDING JUNE 30, 2019	INCREASE	DECREASE	AMOUNT OUTSTANDING JUNE 30, 2020
2014 Technology, Bus., Equip. & Textbooks	6/20/2015	5	1.72%	\$ 450,000.00	\$ 92,036.50	\$	\$ 92,036.50	\$
2016 Equipment	6/10/2016	5	1.46%	332,000.00	134,184.43		66,606.32	67,578.11
2017 Bus & Technology	3/28/2017	5	2.75%	105,000.00	42,838.69		21,128.82	21,709.87
2017 LED Lighting	7/1/2016	5	2.25%	158,478.00	75,545.05		24,623.50	50,921.55
2017 Security, Track, Technology, Maintenance Equipment & Bus	5/4/2017	5	1.76%	2,700,000.00	1,635,761.34		533,167.54	1,102,593.80
2019 Bus, Maintenance Equipment, Technology and Curricular Materials	6/15/2019	5	2.62%	350,000.00	350,000.00		71,856.26	278,143.74
2020 Maintenance Truck and Technology	6/20/2020	5	1.87%	550,000.00		550,000.00		550,000.00
Copiers	12/20/2016	5	3.96%	158,826.09	83,337.63		32,349.26	50,988.37
				\$	2,413,703.64	\$	550,000.00	\$
						\$	841,768.20	\$
								2,121,935.44

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>MODIFIED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 1,616,184.00	\$ 1,616,184.00	\$ 1,616,184.00	\$
State sources:				
Debt Service Aid Type II	598,791.00	598,791.00	598,791.00	
Total revenues	<u>2,214,975.00</u>	<u>2,214,975.00</u>	<u>2,214,975.00</u>	
EXPENDITURES:				
Regular debt service:				
Interest	509,975.00	509,975.00	509,975.00	
Redemption of principal	1,705,000.00	1,705,000.00	1,705,000.00	
Total regular debt service-expenditures	<u>2,214,975.00</u>	<u>2,214,975.00</u>	<u>2,214,975.00</u>	
Excess (deficiency) of revenues over (under) expenditures				
Fund balance, July 1	0.38	0.38	0.38	
Fund balance, June 30	<u>0.38</u>	<u>0.38</u>	<u>0.38</u>	<u>\$</u>

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STATISTICAL SECTION
(UNAUDITED)

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

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

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

	Fiscal Year Ending June 30										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	
Governmental activities											
Net investment in capital assets	\$ 50,016,964.96	\$ 49,526,421	\$ 47,522,832	\$ 46,183,660	\$ 43,899,322	\$ 41,730,079	\$ 41,311,030	\$ 40,698,362	\$ 40,090,474	\$ 39,651,236	
Restricted	4,254,026	3,142,611	1,117,662	2,670,124	2,520,840	3,025,633	3,083,519	4,082,641	4,841,132	2,878,696	
Unrestricted(deficit)	(14,380,930)	(13,880,798)	(14,459,625)	(14,041,721)	(13,017,523)	(1,118,304)	(1,031,436)	(1,143,613)	(1,076,652)	(1,090,464)	
Total governmental activities net position	\$ 39,890,061	\$ 36,788,234	\$ 34,180,870	\$ 34,812,063	\$ 33,402,639	\$ 43,637,408	\$ 43,363,113	\$ 43,637,390	\$ 43,854,954	\$ 41,439,468	
Business-type activities											
Net investment in capital assets	\$ 111,298	\$ 94,965	\$ 65,448	\$ 68,952	\$ 37,746	\$ 48,895	\$ 60,044	\$ 16,929	\$ 22,411	\$ 21,161	
Unrestricted	47,021	98,986	91,432	27,110	359	(49,280)	(46,179)	(3,134)	\$	\$	
Total business-type activities net position	\$ 158,319	\$ 193,951	\$ 156,880	\$ 96,062	\$ 38,105	\$ (385)	\$ 13,865	\$ 13,795	\$ 22,411	\$ 21,161	
District-wide											
Net investment in capital assets	50,128,263	49,621,386	47,588,281	46,252,612	43,937,068	41,778,974	41,371,074	40,715,291	40,090,474	39,651,236	
Restricted	4,254,026	3,142,611	1,117,662	2,670,124	2,520,840	3,025,633	3,083,519	4,082,641	4,841,132	2,878,696	
Unrestricted(Deficit)	(14,333,809)	(13,781,812)	(14,368,193)	(14,014,611)	(13,017,164)	(1,167,584)	(1,077,615)	(1,146,747)	(1,054,241)	(1,069,303)	
Total district net position	\$ 40,048,380	\$ 36,982,185	\$ 34,337,750	\$ 34,908,125	\$ 33,440,744	\$ 43,637,023	\$ 43,376,978	\$ 43,651,185	\$ 43,877,365	\$ 41,460,629	

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
Instruction										
Regular	\$ 28,232,335	\$ 27,573,696	\$ 30,472,151	\$ 30,125,270	\$ 27,356,924	\$ 16,698,786	\$ 16,719,611	\$ 16,628,090	\$ 15,966,205	\$ 15,946,715
Special education	9,429,767	9,894,252	10,120,509	9,756,196	8,607,890	4,099,047	3,848,277	3,472,750	3,383,511	3,054,708
Other special instruction					385,388		339,713	316,051	260,570	226,547
Other instruction	2,584,978	2,806,214	2,946,080	2,813,804	2,519,404	1,299,367	1,230,662	1,246,132	1,215,083	1,112,950
Support Services										
Tuition	9,812,711	9,082,887	9,885,929	9,545,193	8,586,876	5,321,878	5,025,924	4,884,523	4,342,265	4,638,541
Student and instruction related services	1,625,355	1,622,297	1,547,282	1,457,381	1,377,435					
General administration	2,858,509	2,879,600	3,255,411	3,228,452	2,794,094	1,176,379	1,032,140	914,662	965,581	948,692
General & business administration	1,266,986	1,266,084	1,364,059	1,309,192	1,052,584	2,475,861	2,455,088	2,389,370	2,405,572	2,296,054
Central services	5,126,665	5,288,410	5,970,093	4,830,601	4,843,150	3,563,551	3,270,281	2,982,096	3,304,114	3,237,594
Plant operations and maintenance	1,384,919	1,634,271	1,634,394	1,665,499	1,856,029	1,676,714	1,643,770	1,484,138	1,406,839	1,387,742
Pupil transportation						11,856,736	11,295,272	11,720,257	10,862,356	9,849,143
Business and other support services						60,479	71,548	62,485	45,130	84,561
Special schools	107,327	121,576	121,379	117,083	42,143					
Charter Schools	28,533	610,114	652,931	670,812	705,024	746,260	742,994	934,377	987,157	1,030,239
Interest on long-term debt						1,145,177	2,248,192	484,368	11,941	178,784
Plant and equipment services						85,227	91,337	86,997	85,732	85,050
Unallocated amortization	1,423,935	0	1,385,011	1,311,418	1,048,801					
Total governmental activities expenses	\$ 64,395,906	\$ 62,779,401	\$ 69,435,229	\$ 66,850,901	\$ 60,790,354	\$ 52,051,736	\$ 51,676,952	\$ 49,240,282	\$ 46,386,673	\$ 45,164,937
Business-type activities:										
Food service	747,248	983,998	942,760	975,096	978,880	900,400	810,732	791,646	795,566	777,102
Total business-type activities expense	747,248	983,998	942,760	975,096	978,880	900,400	810,732	791,646	795,566	777,102
Total district expenses	\$ 65,143,155	\$ 63,763,400	\$ 70,397,990	\$ 67,805,997	\$ 61,769,234	\$ 52,952,136	\$ 52,487,684	\$ 50,031,928	\$ 47,182,239	\$ 45,942,039
Program Revenues										
Governmental activities:										
Charges for services	\$ 5,656,965	\$ 5,523,407	\$ 5,942,789	\$ 6,382,210	\$ 5,904,850					
Instruction (Tuition)	15,226,164	17,049,271	20,694,085	19,236,512	14,595,863					
Operating grants and contributions	167,253	279,230	9,931	766,548	288,242	570,485	549,731	558,400	675,659	696,977
Capital grants and contributions	21,050,383	22,851,908	26,646,805	26,385,270	20,788,955	570,485	549,731	558,400	675,659	696,977
Total governmental activities program revenues										
Business-type activities:										
Charges for services	711,616	1,024,728	1,003,579	996,688	990,352	885,869	781,599	782,916	796,707	773,506
Food service	0	0	0	0	0					
Operating grants and contributions	711,616	1,024,728	1,003,579	996,688	990,352	885,869	781,599	782,916	796,707	773,506
Total business-type activities program revenues	711,616	1,024,728	1,003,579	996,688	990,352	885,869	781,599	782,916	796,707	773,506
Total district program revenues	\$ 21,761,999	\$ 23,876,635	\$ 27,650,364	\$ 27,381,958	\$ 21,779,307	\$ 1,456,354	\$ 1,331,330	\$ 1,341,316	\$ 1,472,366	\$ 1,470,483
Net (Expense)/Revenue										
Governmental activities	(43,345,524)	(39,927,494)	(42,808,424)	(40,445,632)	(40,001,399)	(51,481,251)	(51,127,221)	(48,681,882)	(45,711,014)	(44,467,960)
Business-type activities	(35,632)	40,730	60,819	21,592	11,472	(14,531)	(29,133)	(6,730)	1,141	(3,596)
Total district-wide net expense	\$ (43,381,156)	\$ (39,886,764)	\$ (42,747,606)	\$ (40,424,039)	\$ (38,989,927)	\$ (51,495,782)	\$ (51,156,354)	\$ (48,688,612)	\$ (45,709,873)	\$ (44,471,556)

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

	Fiscal Year Ending June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 42,570,866	\$ 41,431,500	\$ 40,283,522	\$ 39,227,836	\$ 38,458,663	\$ 37,312,415	\$ 36,188,642	\$ 35,479,061	\$ 36,132,822	\$ 35,775,842
Taxes levied for debt service	1,616,184	1,622,125	1,644,438	1,608,378	1,695,547	1,710,697	1,699,925	1,699,596	1,627,285	1,677,486
State aid restricted for debt service	40,335	36,434	130,966	106,710	81,833					
Unrestricted state aid	598,791	592,100	593,637	595,043	592,831	6,946,856	6,103,487	6,551,089	5,143,642	3,986,102
Tuition received						4,836,257	4,824,778	4,322,566	4,647,781	4,369,523
Gain on refinancing							769,000			
Capital Lease Purchases						383,446	872,966			
Miscellaneous income	583,267	632,922	575,836	532,348	416,712	460,807	420,811	403,078	559,829	322,900
Investment Earnings	68,135	0	0	0	0	5,068	12,324	8,929	15,141	19,588
Donation - Capital asset										
Transfers	0	0	0	0	(27,000)		(29,000)			
Total governmental activities	45,478,578	44,315,081	43,228,400	42,070,313	41,218,586	51,755,546	50,852,944	48,464,318	48,126,500	46,131,451
Business-type activities:										
Investment earnings	0	0	0	0	17	281	203	114	109	109
Disposal of capital asset (net)	0	(3,659)	0	0	27,000		29,000			
Transfers	0	0	0	0	0		114			
Total business-type activities	0	0	0	0	0	29,203	114	109	109	103
Total district-wide	45,478,578	44,315,081	43,228,400	42,070,313	41,218,586	51,784,749	50,853,058	48,464,428	48,126,609	46,131,554
Change in Net Position										
Governmental activities	\$ 2,133,054	\$ 4,387,587	\$ 419,975	\$ 1,624,681	\$ 1,217,187	\$ 274,295	\$ (274,277)	\$ (217,563)	\$ 2,415,486	\$ 1,663,491
Business-type activities	(35,632)	40,730	60,819	21,592	11,472	14,672	(29,019)	(6,621)	1,250	(3,493)
Total district	2,097,422	4,428,317	480,794	1,646,274	1,228,659	288,967	(303,296)	(226,184)	2,416,736	1,659,998

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Reserved										
Unreserved										
Restricted	4,254,026	3,142,611	2,369,236	2,886,629	2,777,633	2,930,751	3,078,425	4,070,532	4,808,167	2,683,732
Assigned	1,215,486	1,296,634	513,220	319,514	202,183	784,752	778,378	741,620	724,216	786,342
Unassigned	1,334,942	1,334,077	1,238,233	1,265,729	1,064,127					
Total general fund	<u>\$ 6,804,454</u>	<u>\$ 5,733,323</u>	<u>\$ 4,120,689</u>	<u>\$ 4,471,872</u>	<u>\$ 4,043,943</u>	<u>\$ 3,715,503</u>	<u>\$ 3,856,803</u>	<u>\$ 4,812,152</u>	<u>\$ 5,532,383</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted										
Committed				1,199	(25,080)			12,109	2,721	62,595
Unassigned									12,109	132,369
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,247)</u>	<u>\$ 1,199</u>	<u>\$ (25,080)</u>	<u>\$ 52,666</u>	<u>\$ 5,094</u>	<u>\$ 12,109</u>	<u>\$ 14,830</u>	<u>\$ -</u>

Source: CAFR Schedule B-1

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax levy	\$ 44,187,050	\$ 43,053,625	\$ 41,927,960	\$ 40,836,212	\$ 40,154,210	\$ 39,023,112	\$ 37,678,567	\$ 37,178,657	\$ 37,760,107	\$ 37,453,338
Tuition Charges						4,936,257	4,824,779	4,322,566	4,647,781	4,369,523
Interest Earnings	6,414,792	6,277,035	5,541,825	6,914,558	6,323,270	5,068,000	12,324,000	8,929,000	15,141,000	19,588,000
Miscellaneous	11,687,543	11,084,686	9,625,205	9,227,285	8,248,468	6,946,856	442,311	403,578	547,720	253,900
State Sources	685,163	712,104	739,384	734,623	691,153	570,489	6,103,487	6,554,820	5,138,478	3,926,450
Federal Sources	62,924,569	61,137,460	58,834,374	57,712,878	55,417,100	51,942,585	49,784,309	554,169	680,623	736,629
Total Revenue										
	\$ 124,323,116	\$ 122,290,193	\$ 120,871,816	\$ 119,228,343	\$ 117,246,748	\$ 115,510,024	\$ 113,933,442	\$ 112,121,019	\$ 112,385,716	\$ 111,817,076
Expenditures										
Instruction										
Regular Instruction	17,104,944	16,052,430	16,623,743	16,368,073	16,183,260	15,592,164	15,707,616	15,461,275	14,961,546	14,874,235
Special Education Instruction	5,650,351	5,598,408	5,373,638	5,161,050	4,845,496	3,983,191	3,724,107	3,354,488	3,266,969	2,938,092
Other Special Instruction						376,066	329,722	306,536	251,193	217,245
Other Instruction	1,671,766	1,775,372	1,693,239	1,648,679	1,616,179	1,256,753	1,184,975	1,202,633	1,172,217	1,070,425
School Sponsored Activities and Athletics										
Tuition	1,469,636	1,484,196	1,441,486	1,505,847	1,555,706	1,460,886	1,662,143	1,632,986	1,154,617	1,087,617
Student & Instruction Related Services	6,211,932	5,510,547	5,509,916	5,333,565	5,229,975	5,064,370	4,778,625	4,661,942	4,122,911	4,377,890
Educational Media / School Library										
General Administration	1,272,893	1,269,162	1,128,893	1,025,027	1,033,871	1,116,454	967,914	853,462	805,301	888,891
School Administrative Services	1,528,381	1,651,717	1,873,043	1,864,630	1,786,608	2,394,629	2,368,036	2,306,451	2,323,859	2,214,990
Central Services	921,051	976,864	980,807	916,884	897,172	897,172	987,914	987,914	987,914	987,914
Plant Operations and Maintenance	3,527,076	3,527,716	3,559,123	3,347,766	3,329,192	3,433,047	3,166,110	3,065,862	3,172,837	3,107,360
Pupil Transportation	1,313,776	1,620,039	1,598,642	1,591,256	1,710,009	1,604,803	1,566,689	1,410,734	1,383,194	1,374,941
Other Support Services										
Unallocated Benefits	17,287,852	16,551,269	15,855,365	14,163,762	13,218,359	11,856,736	11,295,272	11,720,257	10,862,356	9,848,143
Capital Outlay	1,306,593	950,198	3,005,022	3,646,596	1,590,527	1,354,839	1,903,312	850,576	307,144	454,961
Special Schools	64,859	69,170	64,584	62,231	42,143	57,816	68,694	58,766	42,451	81,903
Charter Schools										
Special Revenue Funds	28,533					580,672	549,731	558,400	675,659	696,977
Debt Service:										
Refunding Bond Issue Cost										
Principal	2,046,551	2,027,266	2,021,378	1,585,000	1,555,000	1,650,000	1,425,000	1,365,000	1,295,000	1,304,000
Interest and Other Charges	509,975	579,225	623,075	664,400	729,613	637,333	898,083	953,408	1,004,595	1,054,763
Total expenditures	62,216,169	59,843,578	61,282,955	58,884,767	55,113,110	52,419,759	51,596,039	49,763,806	46,801,849	45,594,433
Excess (Deficiency) of Revenues Over (Under) Expenditures	708,400	1,293,861	(2,448,682)	(1,171,889)	303,990	(477,174)	(1,801,730)	(741,087)	1,888,201	1,164,995
Other Financing Sources (Uses)										
Proceeds from Borrowing									12,109	69,000
Proceeds from Refunding Bonds	322,431	350,000	2,064,953	1,597,096	158,928	383,446	868,366			
Capital Leases (Non-Budgeted)										
Refund Prior Year Revenue										
Cancelled SDA Grant			0	0	(27,000)					
Transfers Out										
Total Other Financing Sources (Uses)	322,431	350,000	2,064,953	1,597,096	131,928	383,446	868,366	0	12,109	69,000
							(29,000)			
							639,366			
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ 1,030,831	\$ 1,643,881	\$ (383,629)	\$ 425,208	\$ 435,918	\$ (93,728)	\$ (962,364)	\$ (741,087)	\$ 1,900,310	\$ 1,233,985
Debt Service as a Percentage of Noncapital Expenditures	4.20%	4.43%	4.54%	4.07%	4.29%	4.48%	4.67%	4.74%	4.94%	5.23%

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

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	4,369,523	19,588	38,438	215,462	4,643,011
2012	4,647,781	12,370	38,205	506,832	5,205,188
2013	4,322,566	5,671	52,267	350,811	4,731,315
2014	4,824,779	5,640	54,272	366,539	5,251,230
2015	4,936,257	1,950	67,363	387,901	5,393,471
2016	5,904,850	21,018	57,367	335,129	6,318,364
2017	6,382,210	25,889	89,705	410,896	6,908,700
2018	5,947,584	73,595	141,349	350,263	6,512,791
2019	5,523,407	164,142	183,918	267,731	6,139,197
2020	5,656,965	124,852	142,966	298,451	6,223,234

Source: District Records

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

UNAUDITED.

Calendar Year	Vacant Land	Residential	FARM	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	22,897,700	1,349,437,300	420	362,566,100	39,438,250	5,560,000	1,779,899,770	1,163,848	1,781,063,618	2.107	3,379,342,643
2012	21,960,200	1,351,388,000	420	360,148,400	38,760,950	5,560,000	1,777,817,970	1,276,232	1,779,094,202	2.111	3,284,447,246
2013	22,412,600	1,351,716,000	420	358,555,600	38,468,950	5,400,000	1,776,553,570	1,300,680	1,777,854,250	2.180	3,184,358,971
2014	22,262,900	1,358,947,250	420	338,365,000	37,958,900	5,400,000	1,762,934,470	970,767	1,763,905,237	2.236	3,153,728,533
2015	21,578,100	1,363,668,850	420	340,868,600	37,945,550	5,400,000	1,769,461,520	1,001,980	1,770,463,500	2.230	3,139,569,766
2016	21,514,700	1,370,401,350	420	376,331,600	37,612,350	5,822,900	1,811,683,320	1,748,125	1,813,431,445	2.898	3,293,370,878
2017	18,151,100	1,376,587,950	420	383,683,800	34,709,350	5,822,900	1,818,955,520	949,329	1,819,904,849	2.234	3,357,138,626
2018	21,771,500	1,382,091,250	420	385,811,800	31,409,350	5,822,900	1,826,907,220	967,049	1,827,874,269	2.330	3,338,583,140
2019	21,359,300	1,387,454,700	420	381,866,700	31,409,350	5,822,900	1,827,913,370	946,798	1,828,860,168	2.325	3,445,478,839
2020	22,846,500	1,388,780,600	420	385,636,500	31,409,350	5,822,900	1,835,496,270	958,488	1,836,454,758	2.241	3,488,043,225

Source: District records Tax list summary & Municipal Tax Assessor

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

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

^b Tax rates are per \$100

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

(rate per \$100 of assessed value)

UNAUDITED

Calendar Year Ended Dec. 31	Berkeley Heights Public Schools	Berkeley Heights Township	Union County	Total
2011	2.11	0.65	0.82	3.59
2012	2.11	0.67	0.84	3.61
2013	2.11	0.69	0.91	3.70
2014	2.18	0.72	0.95	3.84
2015	2.24	0.75	0.96	3.95
2016	2.23	0.76	0.98	3.97
2017	2.27	0.76	1.00	4.03
2018	2.33	0.79	0.98	4.09
2019	2.39	0.81	0.98	4.18
2020	2.42	0.81	0.97	4.20

Source: District Records and Municipal Tax Collector

Note:

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable
- b** Rates for debt service are based on each year's requirements.

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

<u>Taxpayer</u>	<u>2020</u>			<u>2011</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
	*			*		
Total	\$ -		0.00%	\$ -		0.00%

(*) Not Available at time of Audit

Source: District CAFR J11 and Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 37,453,338	\$ 37,453,338	100.00%	
2012	\$ 37,760,107	\$ 37,760,107	100.00%	
2013	\$ 37,178,657	\$ 37,178,657	100.00%	
2014	\$ 37,878,567	\$ 37,878,567	100.00%	
2015	\$ 39,023,112	\$ 39,023,112	100.00%	
2016	\$ 38,458,663	\$ 38,458,663	100.00%	
2017	\$ 40,836,212	\$ 40,836,212	100.00%	
2018	\$ 41,927,960	\$ 41,927,960	100.00%	
2019	\$ 43,053,625	\$ 43,053,625	100.00%	
2020	\$ 44,187,050	\$ 44,187,050	100.00%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities						Population	Per Capita ^a
	General Obligation Bonds	Capital Leases	Notes Payable	Total District	Population	Per Capita ^a		
2011	\$ 24,179,000.00	\$ 244,936.00		\$ 24,423,936.00	13,263	1,841		
2012	22,884,000.00			22,884,000.00	13,344	1,712		
2013	21,519,000.00			21,519,000.00	13,435	1,595		
2014	19,325,000.00	1,297,262.00		20,622,262.00	13,532	1,523		
2015	17,675,000.00	1,315,556.00	0.00	18,990,556.00	13,566	1,402		
2016	16,110,000.00	1,604,280.35		17,714,280.35	13,672	1,308		
2017	14,525,000.00	4,016,392.16		18,541,392.16	13,759	1,369		
2018	12,910,000.00	3,047,637.24		15,957,637.24	13,759	1,160		
2019	11,275,000.00	2,413,703.64		13,688,703.64	13,601	1,006		
2020	9,570,000.00	2,121,935.44		11,691,935.44	13,363	875		

Source: District CAFR Schedules I-1

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

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Total Municipal Assessed Value	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
2011	\$ 24,179,000.00	-0-	\$ 24,179,000.00	\$ 1,779,899,770.00	1.36%	\$ 1,809.13
2012	22,884,000.00	-0-	22,884,000.00	1,777,817,970.00	1.29%	1,695.74
2013	21,519,000.00	-0-	21,519,000.00	1,776,553,570.00	1.21%	1,589.06
2014	19,325,000.00	-0-	19,325,000.00	1,762,934,470.00	1.10%	1,426.30
2015	17,675,000.00	-0-	17,675,000.00	1,769,461,520.00	1.00%	1,305.30
2016	16,110,000.00	-0-	16,110,000.00	1,811,683,320.00	0.89%	1,189.72
2017	14,525,000.00	-0-	14,525,000.00	1,818,955,520.00	0.80%	1,062.39
2018	12,910,000.00	-0-	12,910,000.00	1,826,907,220.00	0.71%	938.29
2019	11,275,000.00	-0-	11,275,000.00	1,827,913,370.00	0.62%	828.98
2020	9,570,000.00	-0-	9,570,000.00	1,835,496,270.00	0.52%	716.16

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

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

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Berkeley Heights Township	56,416,871	100.00%	\$ 56,416,871
Other debt			
Union County	577,364,704	4.70%	<u>27,136,141</u>
Subtotal, overlapping debt			83,553,012
Berkeley Heights School District Direct Debt	9,570,000	100.00%	<u>9,570,000</u>
Total direct and overlapping debt			<u><u>\$ 93,123,012</u></u>

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

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

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2020

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit		\$ 137,252,417	\$ 134,421,377	\$ 131,041,985	\$ 128,033,797	\$ 126,368,764	\$ 126,969,328	\$ 129,154,391	\$ 132,654,307	\$ 134,747,538	\$ 136,478,841
Total net debt applicable to limit		<u>24,179,000</u>	<u>22,884,000</u>	<u>21,519,000</u>	<u>19,325,000</u>	<u>17,675,000</u>	<u>16,110,000</u>	<u>16,110,000</u>	<u>12,910,000</u>	<u>11,275,000</u>	<u>9,570,000</u>
Legal debt margin		<u>\$ 113,073,417</u>	<u>\$ 111,537,377</u>	<u>\$ 109,522,985</u>	<u>\$ 108,708,797</u>	<u>\$ 108,693,764</u>	<u>\$ 110,859,328</u>	<u>\$ 113,044,391</u>	<u>\$ 119,744,307</u>	<u>\$ 123,472,538</u>	<u>\$ 126,908,841</u>
Total net debt applicable to the limit as a percentage of debt limit		17.62%	17.02%	16.42%	15.09%	13.99%	12.69%	12.47%	9.73%	8.37%	7.01%

		Equalized valuation basis					
		2019	2018	2017	[A]	[A3]	[B]
		\$ 3,471,820,266	3,441,799,586	3,322,293,187	<u>\$10,235,913,039</u>	\$ 3,411,971,013	\$136,478,841 ^a
							<u>9,570,000</u>
							<u>\$ 126,908,841</u>

		Average equalized valuation of taxable property	[B]	[C]	[B-C]	
		\$136,478,841	9,570,000	126,908,841		

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

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year Ended</u> <u>December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita</u> <u>Income</u>	<u>Population</u>
2010	4.7%	49,897	13,216
2011	4.7%	52,297	13,266
2012	4.7%	53,638	13,344
2013	4.4%	54,382	13,435
2014	3.7%	57,306	13,532
2015	3.7%	60,089	13,566
2016	3.5%	61,808	13,672
2017	3.1%	61,624	13,759
2018	2.9%	64,413	13,601
2019	2.5%	68,262	13,363

Source: N.J. Department of Labor

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	198	200	201	201	203	204	204	204	203	204
Regular	23	23	24	27	29	30	32	34	36	37
Special education	22	22	23	23	24	25	25	26	27	27
Other special education	3	3	3	3	3	3	3	3	3	3
Vocational										
Support Services:										
Student & instruction related services	27	27	27	27	28	28	29	29	29	29
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	9	9	9	9	9	9	9	9	9	9
Other Administrative Services	6	6	7	7	7	7	7	7	6	7
Central services	5	5	5	5	5	5	5	5	5	5
Administrative Information Technology	4	4	4	6	6	6	7	6	6	6
Plant operations and maintenance	31	31	32	32	32	32	32	32	32	32
Pupil transportation	5	6	6	7	7	7	7	7	7	6
Other Support Services	55	57	59	61	58	63	65	62	63	65
Food Service	24	16	15	9	8	8	7	7	7	7
Child Care										
Total	423	427	415	412	418	420	422	430	436	440

Source: District Personnel Records

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
OPERATING STATISTICS
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost. per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2011	2,821	42,729,949.00	15,147	-4.24%	286	14	12	11	2,815	2,656	-1.38%	94.35%
2012	2,802	44,295,110.00	15,808	4.36%	288	14	12	11	2,798	2,651	-0.61%	94.75%
2013	2,728	46,594,822.00	17,080	8.05%	291	14	12	11	2,725	2,594	-2.60%	95.21%
2014	2,710	47,369,644.00	17,480	2.34%	294	14	12	11	2,696	2,585	-1.06%	95.88%
2015	2,684	48,777,587.00	18,173	3.96%	297	14	12	11	2,666	2,561	-1.10%	96.05%
2016	2,681	51,227,970.00	19,749	8.67%	299	14	12	11	2,671	2,568	0.17%	96.14%
2017	2,700	52,988,770.96	19,625	-0.62%	300	14	12	11	2,700	2,589	1.09%	95.89%
2018	2,622	56,039,856.13	21,373	8.90%	302	14	12	11	2,622	2,501	-2.90%	95.40%
2019	2,574	56,679,155.68	22,020	3.03%	303	14	12	11	2,572	2,461	-1.89%	95.68%
2020	2,553	58,694,601.28	22,990	4.41%	305	14	12	11	2,559	2,473	-0.51%	96.64%

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay;
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil represents operating expenditures divided by enrollment.

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
<u>Elementary</u>										
Mary Kay McMillin School (1961)	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137	40,137
Square Feet	332	332	332	332	332	332	332	332	332	332
Capacity (students)	345	375	345	327	329	346	338	326	313	338
Enrollment										
Hughes School (1953)	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600
Square Feet	278	278	278	278	278	278	278	278	278	278
Capacity (students)	313	272	270	275	261	258	289	270	276	283
Enrollment										
Mountain Park (1958)	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092	43,092
Square Feet	278	278	278	278	278	278	278	278	278	278
Capacity (students)	262	253	259	251	241	228	220	229	230	239
Enrollment										
Woodruff School (1961)	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820	38,820
Square Feet	235	235	235	235	235	235	235	235	235	235
Capacity (students)	258	228	227	227	219	245	240	207	202	184
Enrollment										
<u>Middle School</u>										
Columbia	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610	109,610
Square Feet	665	665	665	665	665	665	665	665	665	665
Capacity (students)	605	626	617	615	593	570	554	566	597	583
Enrollment										
<u>High School</u>										
Governor Livingston	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983	186,983
Square Feet	903	903	903	903	903	903	903	903	903	903
Capacity (students)	1,038	1,048	1,010	1,015	1,041	1,034	1,064	1,024	963	940
Enrollment										

Number of Schools at June 30, 2020

Elementary -	4
Middle School -	1
Senior High School -	1
	<hr/>
	6

Source: District records, ASSA

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

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

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

School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2,014	2013	2012	2011
Governor Livingston High School	N/A	\$ 361,357	\$ 318,159	\$ 370,922	\$ 344,644	\$ 324,254	\$ 298,942	\$ 266,822	\$ 339,055	\$ 299,713	\$ 294,599
Columbia Middle School	N/A	226,982	198,014	192,028	160,123	213,589	202,174	163,718	215,719	211,622	167,681
T.P. Hughes Elementary School	N/A	76,664	62,516	108,547	85,760	68,066	66,625	52,748	75,840	76,864	63,171
Mary Kay McMillin School	N/A	98,142	80,628	59,897	70,624	81,516	82,614	66,371	56,349	76,414	79,914
Mountain Park Elementary School	N/A	103,487	73,033	92,602	77,066	79,976	84,360	59,246	75,950	93,638	64,508
Woodruff Elementary School	N/A	67,912	60,298	85,979	63,213	76,811	77,108	59,636	93,509	77,897	56,748
Total School Facilities		934,544	792,648	909,975	801,430	844,212	811,823	668,541	856,422	836,148	726,621
Grand Total		\$ 934,544	\$ 792,648	\$ 909,975	\$ 801,430	\$ 844,212	\$ 811,823	\$ 668,541	\$ 856,422	\$ 836,148	\$ 726,621

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

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

TOWNSHIP OF BERKELEY HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

Disability Insurance-Athletic	1,000,000	
Student Accident Full Excess Plan	5,000,000	
Volunteer Accident Full Excess Plan	500,000	
Cyber Liability	1,000,000	15,000
Privacy Liability	1,000,000	15,000
Privacy Reulatory Claimes Coverage	1,000,000	15,000
Security Breech Response Coverage	1,000,000	15,000
Security Liability	1,000,000	15,000
Multimedia Liability	1,000,000	15,000
Cyber Extortion	1,000,000	15,000
Business Income and Digital Asset Restoration	1,000,000	15,000
PCI DSS Assessment	100,000	15,000
Workers Compensation	500,000	
Self Insured Retention	1,000,000	
Bi By Accident-Each Accident	1,000,000	
BI by Disease-Each Employee	1,000,000	

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Berkeley Heights School District, in the County of Union, State of New Jersey (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 4, 2021.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

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

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

January 4, 2021



SUPLEE, CLOONEY & COMPANY

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

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

Report on Compliance for Each Major State Program

We have audited the Township of Berkeley Heights School District's, in the County of Union, State of New Jersey (the "District") compliance with the types of compliance requirements described in the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and New Jersey *OMB 15-08*. Those standards and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

January 4, 2021

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANT OR PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE AT JUNE 30, 2019		CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	ACCOUNTS RECEIVABLE	UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE										
State Department of Education																
General Funds																
State Aid Cluster:																
Special Education Aid	20-495-034-5120-089	\$1,216,846.00	7/1/2019	6/30/2020				\$1,100,304.00	(\$1,216,846.00)	\$116,542.00					\$116,542.00	\$1,216,846.00
Security Aid	20-495-034-5120-084	40,882.00	7/1/2019	6/30/2020				35,897.00	(40,882.00)	4,985.00					4,985.00	40,882.00
Total State Aid Cluster								1,136,191.00	(1,257,728.00)	121,527.00					121,527.00	1,257,728.00
Transportation Aid	20-495-034-5120-014	470,303.00	7/1/2019	6/30/2020				426,351.00	(470,303.00)	44,952.00					44,952.00	470,303.00
Tuition Reimbursement for Homeless	20-495-034-5120-076	19,672.82	7/1/2019	6/30/2020				14,580.32	(19,672.82)			(5,092.50)			(5,092.50)	19,672.82
Non-Public Transportation Aid	20-495-034-5120-014		7/1/2019	6/30/2020												
Non-Public Transportation Aid	19-495-034-5120-014	41,760.00	7/1/2018	6/30/2019				41,760.00								41,760.00
Extraordinary Aid	20-100-034-5120-473	501,211.00	7/1/2019	6/30/2020					(501,211.00)							501,211.00
Bullying Aid					7/1/11-6/30/12											
On-Behalf Payments																
Extraordinary Aid	19-100-034-5120-473	477,224.00	7/1/2018	6/30/2019				477,224.00								477,224.00
On-Behalf TPAF Contributions	20-495-034-5094-002	4,983,747.00	7/1/2019	6/30/2020				4,983,747.00	(4,983,747.00)							4,983,747.00
NCGI	20-495-034-5094-004	88,328.00	7/1/2019	6/30/2020				88,328.00								88,328.00
Post Retirement Medical	20-495-034-5094-001	1,882,018.00	7/1/2019	6/30/2020				1,882,018.00	(1,882,018.00)							1,882,018.00
Long-Term Disability Insurance	20-495-034-5094-000	2,657.00	7/1/2019	6/30/2020				2,657.00	(2,657.00)							2,657.00
TPAF Social Security Aid	20-495-034-5095-003	1,830,882.95	7/1/2019	6/30/2020				1,742,923.26	(1,830,882.95)			(87,959.69)			87,959.69	1,830,882.95
TPAF Social Security Aid	19-495-034-5095-003	1,687,393.74	7/1/2018	6/30/2019				83,338.43	(83,338.43)							1,687,393.74
Total General Fund								10,878,128.01	(11,027,547.57)	166,488.00		(594,252.98)			872,114.38	14,501,653.31
Special Revenue Funds																
NJ Nonpublic Aid																
Technology Aid	20-100-034-5120-373	1,764.00	7/1/2019	6/30/2020				1,764.00	(1,507.97)							1,507.97
Technology Aid	19-100-034-5120-373	2,340.00	7/1/2018	6/30/2019							(153.14)					2,340.00
Security Aid	20-100-034-5120-509	7,350.00	7/1/2019	6/30/2020				7,350.00	(7,135.00)							7,135.00
Security Aid	19-100-034-5120-509	9,750.00	7/1/2018	6/30/2019							(9,750.00)					9,750.00
Textbook Aid	20-100-034-5120-064	2,583.00	7/1/2019	6/30/2020				2,583.00	(2,377.74)							2,377.74
Textbook Aid	19-100-034-5120-064	3,471.00	7/1/2018	6/30/2019							(42.60)					3,471.00
Nursing	20-100-034-5120-070	4,753.00	7/1/2019	6/30/2020				4,753.00	(1,111.97)							1,111.97
Nursing	19-100-034-5120-070	6,305.00	7/1/2018	6/30/2019							(4,385.05)					6,305.00
Auxiliary Services:																
Compensatory Education	15-100-034-5120-067		7/1/2019	6/30/2020												
Compensatory Education	15-100-034-5120-067		7/1/2018	6/30/2019												
English as a Second Language	15-100-034-5120-087		7/1/2019	6/30/2020												
English as a Second Language	15-100-034-5120-087		7/1/2018	6/30/2019												
Home Instruction	20-100-034-5120-087		7/1/2019	6/30/2020												
Home Instruction	19-100-034-5120-087		7/1/2018	6/30/2019												
Home Instruction								5,487.34		1,944.88						3,542.46
Handicapped Services:																
Transportation	14-100-034-5120-068		7/1/2019	6/30/2020												
Transportation	20-100-034-5120-068		7/1/2019	6/30/2020												
Supplemental Instruction	15-100-034-5120-068	476.00	7/1/2019	6/30/2020												476.00
Supplemental Instruction	15-100-034-5120-068	13,447.00	7/1/2019	6/30/2020				11,455.00	(7,278.67)							237.90
Examination & Classification	15-100-034-5120-088	9,827.00	7/1/2019	6/30/2020												9,827.00
Examination & Classification	15-100-034-5120-088		7/1/2018	6/30/2019												
Corrective Speech	15-100-034-5120-068		7/1/2019	6/30/2020												
Corrective Speech	15-100-034-5120-068		7/1/2018	6/30/2019												
Total Special Revenue Fund								33,392.34	(19,411.55)	1,944.88		(1,992.00)			12,430.33	50,888.42

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

TOWNSHIP OF BERKELEY HEIGHTS - SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	CARRYOVER/ (WALKOVER) DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	MEMO				
									BALANCE AT JUNE 30, 2019	BALANCE AT JUNE 30, 2020	CUMULATIVE TOTAL		
									ACCOUNTS RECEIVABLE	UNEARNED REVENUE	DUE TO GRANTOR	GAAP RECEIVABLE	EXPENDITURES
Dist. Service Fund													
Dist. Service State Aid	20-495-034-5120-075	598,791.00	7/1/2019	598,791.00	598,791.00	(598,791.00)							598,791.00
Total State Financial Assistance				\$17,665.44	\$11,511,311.35	\$11,655,796.12	\$168,433.88	(\$17,665.44)	(\$596,244.99)	\$12,430.33	\$12,430.33	\$972,114.39	\$18,246,650.79
On-Behalf TPAF Contributions		4,983,747.00	7/1/2019		4,983,747.00	(4,983,747.00)							
NCGI		88,328.00	7/1/2019		88,328.00	(88,328.00)							
Post Retirement Medical		1,882,018.00	7/1/2019		1,882,018.00	(1,882,018.00)							
Long-Term Disability Insurance		2,657.00	7/1/2019		2,657.00	(2,657.00)							
Total State Financial Assistance Subject to Single Audit					\$4,553,561.35	\$4,698,000.12							

Less: On-Behalf amounts not utilized for determination of Major Programs

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

Township of Berkeley Heights School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2020

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Township of Berkeley Heights School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2020

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$18,207.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,283.21) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$11,019,340.57	\$11,019,340.57
Special Revenue Fund	\$685,183.35	19,411.55	704,594.90
Debt Service Fund		598,791.00	598,791.00
	<u>685,183.35</u>	<u>598,791.00</u>	<u>1,283,974.35</u>
Total Awards & Financial Assistance	<u>\$685,183.35</u>	<u>\$11,637,543.12</u>	<u>\$12,322,726.47</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2020.

Township of Berkeley Heights School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s) – Not Applicable

State Program(s)

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

Township of Berkeley Heights School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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

State Program(s) (Continued)

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

<u>Program</u>	<u>Grant Number</u>
Reimbursed TPAF Social Security Contributions	495-034-5095-003
Debt Service Aid	495-034-5120-014

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

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

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

Internal Control Findings – None Reported

Compliance Findings – None Reported

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

Federal Programs – Not Applicable

State Programs – None Reported

Township of Berkeley Heights School District
Union County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

