

**NORTH BERGEN BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**North Bergen, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**North Bergen Board of Education**

**North Bergen, New Jersey**

**For The Fiscal Year Ended June 30, 2013**

**Prepared by**

**Business Office**

**NORTH BERGEN BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

**FINANCIAL SECTION**

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-16
<b>Basic Financial Statements</b>	
<b>A. District-wide Financial Statements</b>	
A-1 Statement of Net Position	17-18
A-2 Statement of Activities	19
<b>B. Fund Financial Statements</b>	
<i>Governmental Funds</i>	
B-1 Balance Sheet	20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	23
B-5 Statement of Revenues, Expenses, and Changes in Net Position	24
B-6 Statement of Cash Flows	25
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	26
B-8 Statement of Changes in Fiduciary Net Position	27
<b>Notes to the Basic Financial Statements</b>	28-57

**NORTH BERGEN BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	58-65
C-1A	Budgetary Comparison Schedule – General Fund – Education Jobs Fund	66
C-2	Budgetary Comparison Schedule – Special Revenue Fund	67
C-3	Budgetary Comparison Schedule - Notes to the Required Supplementary Information	68

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules (Not Applicable)**

**E. Special Revenue Fund**

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	69-71
E-2	Preschool Education Aid - Schedule of Expenditures – Budgetary Basis	72

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	73
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	74
F-2a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Franklin Elementary School Rehabilitation – Window Replacement	75
F-2b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Lincoln Elementary School Rehabilitation – Window Replacement	76
F-2c	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – North Bergen High School Rehabilitation – Maintenance Room Conversion	77
F-2d	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – North Bergen High School Addition and Rehabilitation	78
F-2e	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – North Bergen High School Rehabilitation – Brick Façade Repair and Restoration	79
F-2f	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – North Bergen High School Electrical Upgrades	80
F-2g	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Horace Mann Elementary School Rehabilitation-Window Replacement and Exterior Doors	81
F-2h	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Robert Fulton Elementary School Rehabilitation-Window Replacement and Exterior Doors	82

**NORTH BERGEN BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

**REQUIRED SUPPLEMENTARY INFORMATION (Continued)**

**G. Proprietary Funds**

*Enterprise Fund*

G-1	Statement of Net Assets – N/A	83
G-2	Statement of Revenues, Expenses and Changes in Net Assets – N/A	83
G-3	Statement of Cash Flows – N/A	83

**H. Fiduciary Funds**

H-1	Combining Statement of Agency Net Position	84
H-2	Combining Statement of Changes in Fiduciary Net Position – N/A	85
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	85
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	85

**I. Long-Term Debt**

I-1	Schedule of Serial Bonds	86
I-2	Schedule of Obligations under Lease-Purchase Agreements	87
I-3	Schedule of Capital Leases Payable – Not Applicable	88
I-4	Debt Service Fund Budgetary Comparison Schedule	89

**J. STATISTICAL SECTION (Unaudited)**

J-1	Net Position by Component	90
J-2	Changes in Net Position	91-92
J-3	Fund Balances – Governmental Funds	93
J-4	Changes in Fund Balances - Governmental Funds	94
J-5	General Fund Other Local Revenue by Source	95
J-6	Assessed Value and Actual Value of Taxable Property	96
J-7	Property Tax Rates	97
J-8	Principal Property Taxpayers	98
J-9	Property Tax Levies and Collections	99
J-10	Ratios of Outstanding Debt by Type	100
J-11	Ratios of Net General Bonded Debt Outstanding	101
J-12	Computation of Direct and Overlapping Debt	102
J-13	Legal Debt Margin Information	103
J-14	Demographic Statistics	104
J-15	Principal Employers	105
J-16	Full-Time Equivalent District Employees by Function/Program	106
J-17	Operating Statistics	107
J-18	School Building Information	108
J-19	Schedule of Required Maintenance for School Facilities	109
J-20	Schedule of Insurance	110

**NORTH BERGEN BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

**K. SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	111-112
K-2	Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04- Independent Auditor's Report	113-115
K-3	Schedule of Expenditures of Federal Awards	116
K-4	Schedule of Expenditures of State Financial Assistance	117-118
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	119-120
K-6	Schedule of Findings and Questioned Costs	121-124
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs	125

## **INTRODUCTORY SECTION**



# NORTH BERGEN BOARD OF EDUCATION

7317 Kennedy Boulevard, North Bergen, New Jersey 07047 • (201) 868-1000

EDWARD LaTOUR  
PRESIDENT

JULIO MARENCO  
VICE PRESIDENT

HUGO D. CABRERA  
BOARD SECRETARY

DR. GEORGE J. SOLTER, Jr.  
INTERIM SUPERINTENDENT

NICHOLAS J. SACCO  
DIRECTOR OF  
ELEMENTARY & SECONDARY EDUCATION

STEVEN P. SOMICK  
BUSINESS ADMINISTRATOR

November 18, 2013

Honorable President and Members  
of the Board of Education  
North Bergen, New Jersey

The New Jersey Department of Education statutes require that all school districts publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (the "CAFR") of the North Bergen Board of Education for the fiscal year ended June 30, 2013.

The report consists of management's representations concerning the finances of the North Bergen Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the North Bergen Board of Education has established a comprehensive internal control framework that is designed both to protect the Board's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the North Bergen Board of Education's financials statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the North Bergen Board of Education's comprehensive framework or internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The North Bergen Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Board for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the North Bergen Board of Education's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the North Bergen Board of Education as part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grant agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the Board's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

Superintendent's Office Fax  
(201) 868-5713

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

The North Bergen Board of Education and all its schools constitute the District’s reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and vocational, as well as special education for handicapped students. The District completed the 2012/2013 fiscal year with an enrollment of 8,068 students, which is 12 students less than the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last ten years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	8,068	-.01%
2011-2012	8,080	.24%
2010-2011	8,061	2.86%
2009-2010	7,837	4.38%
2008-2009	7,508	1.01%
2007-2008	7,424	-.32%
2006-2007	7,448	-.93%
2005-2006	7,518	-.58%
2004-2005	7,562	1.18%
2003-2004	7,474	1.03%

**ECONOMIC CONDITION AND OUTLOOK**

North Bergen’s economy is greatly affected by the New York metropolitan area. New development projects along the Hudson River area will continue to attract new business, industry and residents into the Township. These projects could also increase enrollment in a District. The Board of Trustees, School administrative staff and Township officials are currently analyzing the need for more classroom space. The District’s five-year facility plan has received State Department of Education approval. The project being considered in that plan is the construction of a new high school, conversion of the existing high school to a middle school for grades 6-8 and the conversation of all elementary schools from K-8 to K-5. The Board is aggressively pursuing potential funding sources for this project including the School Construction Financing Program or other State and Federal funding sources.

**MAJOR INITIATIVES**

The North Bergen School District advisory team conducted district and school level meetings to evaluate the needs to meet the academic requirements set by the No Child Left Behind Act. Additionally, the groups determined what the managerial needs were of the district to conduct effective practices beyond the classroom initiatives. Administrators and staff set school objectives to monitor the implementation of curriculum and the effectiveness of instruction.

The North Bergen School District staff members were in-serviced on the new evaluation system (McREL) adopted by the North Bergen Board of Education. In addition to the evaluation instrument training all staff members were trained on the State of New Jersey evaluation rubric outlined in the AchieveNJ and TEACHNJ legislation. Each evaluator was issued IPADs and the district purchased a website subscription to infuse technology into the evaluation process. Each individual teacher and principal are judged by the new evaluation process to determine the effectiveness of academic instruction.

The North Bergen School District personnel at every aspect of instruction were in-serviced concerning Common Core State Standards (CCSS). Additionally, many materials were purchased to accommodate the shift from the NJCCCS to the CCSS. These materials include new textbooks, workbooks, reference materials, technology, and online testing resources.

The North Bergen School District during the 2012-2013 school year updated the entire communication system. The district moved from a centrex communication system to a cisco voice override IP system.

### **INTERNAL ACCOUNTING CONTROLS**

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

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

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

### **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 Board of Trustees. Annual appropriated budgets are adopted for the general, special revenue and the debt service funds. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as either commitments or as assigned fund balance at June 30, 2013.

### **ACCOUNTING SYSTEM AND REPORTS**

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

### **CASH MANAGEMENT**

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

## **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.

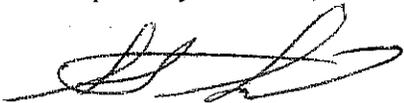
## **OTHER INFORMATION**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, 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 as amended and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

## **ACKNOWLEDGEMENTS**

We would like to express our appreciation to the members of the North Bergen 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 the financial and accounting staff.

Respectfully submitted,



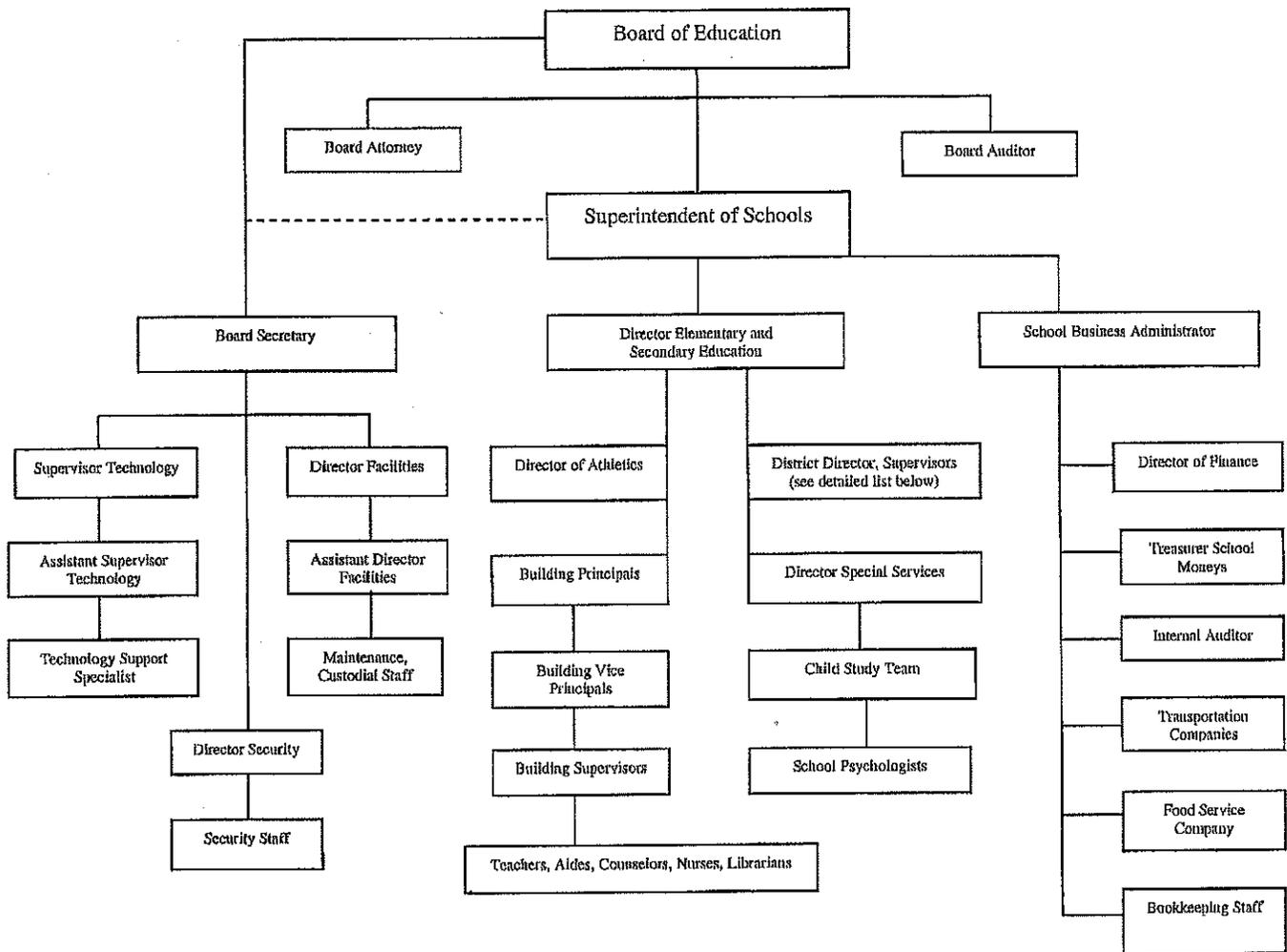
Steven Somick  
School Business Administrator



Hugo Cabrera  
Board Secretary

# NORTH BERGEN BOARD OF EDUCATION

## ORGANIZATIONAL CHART



**NORTH BERGEN BOARD OF EDUCATION  
ROSTER OF OFFICIALS  
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Edward La Tour, President	2016
Julio Marengo, Vice President	2015
Elaine Nicoliello	2014
Kanaiyalal Patel	2014
Luis Diaz	2014
Maurena Luzzi	2015
Ruth Shaw	2015
Patricia Bartoli	2016
Luis Rabelo	2016
Gonzalo Perez (Guttenberg)	

Other Officials

Robert J. Dandorph, Superintendent of Schools (Retired Effective July 1, 2013)  
Nicholas J. Sacco, Director of Elementary and Secondary Education  
Steven Somick, School Business Administrator  
Hugo Cabrera, Board Secretary  
William B. Mitchell, Jr., Director of Finance  
Robert Pittfield, Treasurer

**NORTH BERGEN BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**ARCHITECT**

Mayo Lynch Associates, Inc.  
333 Meadowland Parkway  
Secaucus, New Jersey 07094

**AUDIT FIRM**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208N  
Fair Lawn, New Jersey 07410

**ATTORNEY**

Law Offices of Joseph J. Ryglicki, Esq.  
115 River Road  
Edgewater, New Jersey 07020

**OFFICIAL DEPOSITORY**

TD Bank North  
Kennedy Blvd.  
North Bergen, NJ

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
North Bergen Board of Education  
North Bergen, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Bergen Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to previously 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 North Bergen Board of Education as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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 and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

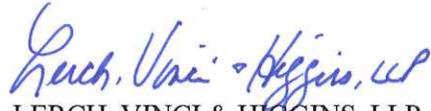
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Bergen Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the North Bergen Board of Education.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2013 on our consideration of the North Bergen Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 North Bergen Board of Education's internal control over financial reporting and compliance.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 18, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

This section of North Bergen Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 fiscal year include the following:

- The assets and deferred outflows of resources of the North Bergen Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$45,498,772 (net position).
- Overall District revenues were \$127,736,546. General revenues accounted for \$93,956,735 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$33,779,811 or 27% of total revenues.
- The School District had \$123,402,494 in expenses for governmental activities; only \$30,671,921 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$93,956,650 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$13,987,284 an increase of \$1,194,471 when compared to the ending Fund balance at June 30, 2012 of \$12,792,813.
- The General Fund unassigned fund balance at June 30, 2013 was in a deficit position of \$3,317,010, a decrease of \$332,395 when compared with the ending fund balance deficit of \$2,984,615 at June 30, 2012.
- The General Fund unassigned budgetary fund balance at June 30, 2013 was \$2,458,402 which represents a decrease of \$180,291 when compared to the ending unassigned fund balance at June 30, 2012 of \$2,638,693.

# NORTH BERGEN BOARD OF EDUCATION

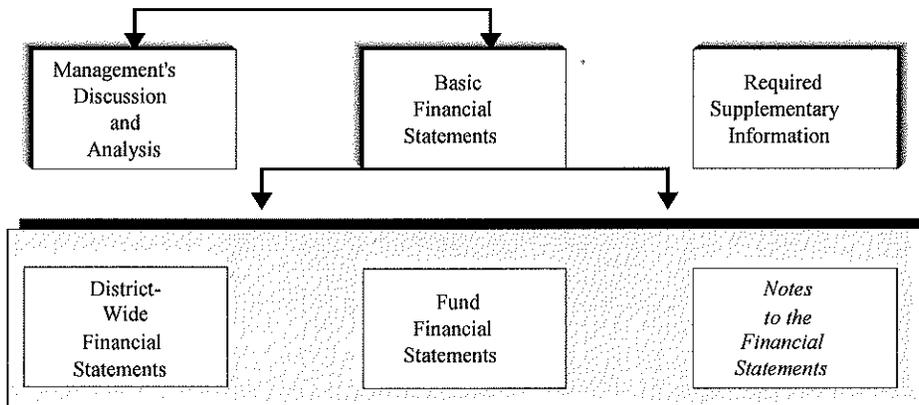
## Management Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
  - The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
  - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities fo the district that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education	Activities the district operates similar to private businesses: Enterprise funds	Instances in which the district administers resources on behalf of someone else, such as Unemployment, Payroll Agency, and Student Activities
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes In Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting And economic resources Focus
Type of asset/liability information	All asset, deferred outflows, liabilities, deferred inflows, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long Funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

### District-Wide Financial Statements

The district-wide statements report information about the North Bergen Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or position

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

### Fund Financial Statements (Continued)

The District has three kinds of funds:

- **Governmental funds** – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

*Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has an enterprise fund for the food service operations.

- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District’s budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons if required.

# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

### DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,498,772 and \$44,111,895 as of June 30, 2013 and 2012, respectively, as shown below.

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

#### Net Position as of June 30, 2013 and 2012

	Governmental		Business-Type		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>						
Current and Other Assets	\$ 21,476,363	\$ 20,325,743	\$ 754,471	\$ 520,312	\$ 22,230,834	\$ 20,846,055
Capital Assets	<u>55,795,815</u>	<u>56,128,812</u>	<u>21,462</u>	<u>23,185</u>	<u>55,817,277</u>	<u>56,151,997</u>
<b>Total Assets</b>	<u>77,272,178</u>	<u>76,454,555</u>	<u>775,933</u>	<u>543,497</u>	<u>78,048,111</u>	<u>76,998,052</u>
<b>Deferred Outflows of Resources</b>						
Deferred Charges on Refunding	<u>565,312</u>	<u>648,144</u>	-	-	<u>565,312</u>	<u>648,144</u>
<b>Total Deferred Outflows</b>	<u>565,312</u>	<u>648,144</u>	-	-	<u>565,312</u>	<u>648,144</u>
<b>Total Assets and Deferred Outflows</b>	<u>77,837,490</u>	<u>77,102,699</u>	<u>775,933</u>	<u>543,497</u>	<u>78,613,423</u>	<u>77,646,196</u>
<b>Liabilities</b>						
Long-Term Liabilities	25,337,295	25,778,107			25,337,295	25,778,107
Other Liabilities	<u>7,572,676</u>	<u>7,623,150</u>	198,951	127,567	<u>7,771,627</u>	<u>7,750,717</u>
<b>Total Liabilities</b>	<u>32,909,971</u>	<u>33,401,257</u>	<u>198,951</u>	<u>127,567</u>	<u>33,108,922</u>	<u>33,528,824</u>
<b>Deferred Inflows of Resources</b>						
Deferred Commodities Revenue	-	-	5,729	5,477	5,729	5,477
<b>Total Deferred Inflows</b>	<u>-</u>	<u>-</u>	<u>5,729</u>	<u>5,477</u>	<u>5,729</u>	<u>5,477</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>32,909,971</u>	<u>33,401,257</u>	<u>204,680</u>	<u>133,044</u>	<u>33,114,651</u>	<u>33,534,301</u>
<b>Net Position</b>						
Net Investment in Capital Assets	42,221,991	41,423,409	21,462	23,185	42,243,453	41,446,594
Restricted	10,814,307	8,314,077			10,814,307	8,314,077
Unrestricted	<u>(8,108,779)</u>	<u>(6,036,044)</u>	<u>549,791</u>	<u>387,268</u>	<u>(7,558,988)</u>	<u>(5,648,776)</u>
<b>Total Net Position</b>	<u>\$ 44,927,519</u>	<u>\$ 43,701,442</u>	<u>\$ 571,253</u>	<u>\$ 410,453</u>	<u>\$ 45,498,772</u>	<u>\$ 44,111,895</u>

# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

The changes in net position for fiscal years 2013 and 2012 are as follows:

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 3,385,154	\$ 4,022,183	\$ 637,575	\$ 723,677	\$ 4,022,729	\$ 4,745,860
Operating Grants and Contributions	26,589,456	25,015,529	2,470,315	2,369,269	29,059,771	27,384,798
Capital Grants and Contributions	697,311	896,328			697,311	896,328
General Revenues						
Property Taxes	42,543,922	41,710,604			42,543,922	41,710,604
State Aid	50,781,864	48,922,389			50,781,864	48,922,389
Investment Earnings	15,591	12,744			15,591	12,744
Miscellaneous	615,273	1,157,236	85	197	615,358	1,157,433
<u>Total Revenues</u>	<u>124,628,571</u>	<u>121,737,013</u>	<u>3,107,975</u>	<u>3,093,143</u>	<u>127,736,546</u>	<u>124,830,156</u>
<b>Expenses</b>						
Instruction						
Regular	49,890,427	46,698,490			49,890,427	46,698,490
Special Education	15,393,829	14,935,338			15,393,829	14,935,338
Other Instruction	10,598,844	9,141,683			10,598,844	9,141,683
School Sponsored Activities and Athletics	2,101,085	1,899,603			2,101,085	1,899,603
Support Services						
Student and Instruction Related Services	13,655,646	14,025,679			13,655,646	14,025,679
General Administration Services	2,849,487	2,489,391			2,849,487	2,489,391
School Administration Services	7,659,657	6,818,014			7,659,657	6,818,014
Plant Operation and Maintenance	13,724,829	12,807,210			13,724,829	12,807,210
Pupil Transportation	3,825,607	4,059,359			3,825,607	4,059,359
Business Services	2,802,117	2,650,591			2,802,117	2,650,591
Interest and Other Chgs on Long-Term Debt	900,966	925,499			900,966	925,499
Food Service	-	-	2,947,175	2,911,970	2,947,175	2,911,970
<u>Total Expenses</u>	<u>123,402,494</u>	<u>116,450,857</u>	<u>2,947,175</u>	<u>2,911,970</u>	<u>126,349,669</u>	<u>119,362,827</u>
<b>Increase in Net Position</b>	1,226,077	5,286,156	160,800	181,173	1,386,877	5,467,329
<b>Net Position, Beginning of Year (Restated)</b>	43,701,442	38,415,286	410,453	229,280	44,111,895	38,644,566
<b>Net Position, End of Year</b>	<u>\$ 44,927,519</u>	<u>\$ 43,701,442</u>	<u>\$ 571,253</u>	<u>\$ 410,453</u>	<u>\$ 45,498,772</u>	<u>\$ 44,111,895</u>

# NORTH BERGEN BOARD OF EDUCATION

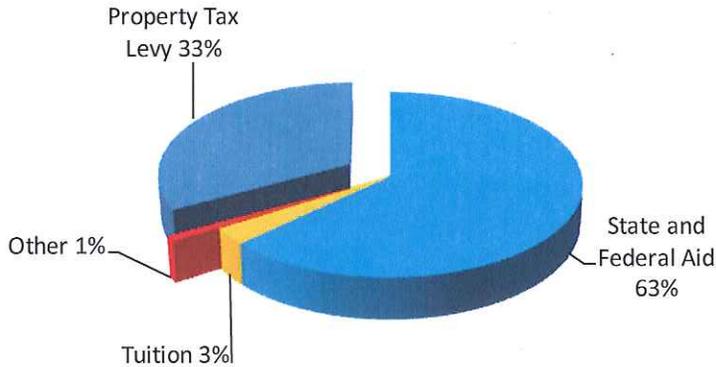
## Management Discussion and Analysis

**Governmental Activities.** The District's total governmental activities revenues were \$124,628,571 for the fiscal year ended June 30, 2013. Tuition accounted for \$3,385,154 representing 3% of total revenues. Local Tax levy was \$42,543,922 representing 33% of total revenues and state and federal aid were \$78,068,631 representing 63% of total revenue for the year. Investment earnings and the miscellaneous revenues accounted for 1% of the District's revenues.

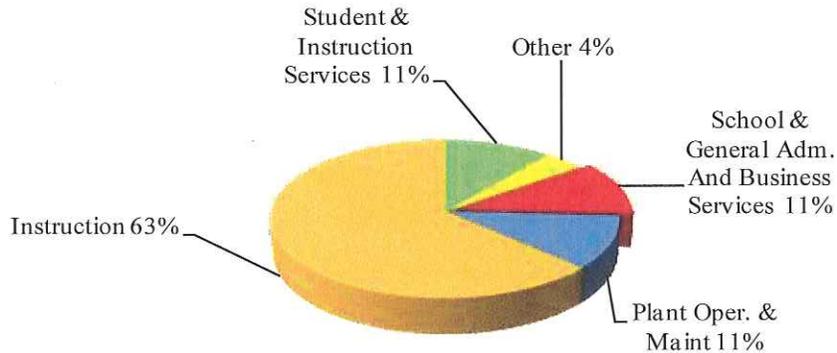
The total cost of all governmental activities programs and services were \$123,402,494. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$77,984,185 (63%) of total expenditures. Support services totaled \$44,517,343 (36%) of total expenditures and the remainder of expenditures were for interest and other charges on long-term debt totaling \$900,966 (1%).

Total governmental activities revenues surpassed expenses and other items, increasing net position by \$1,226,077 over the previous year.

**Revenues by Source- Governmental Activities  
For Fiscal Year 2012/13**



**Expenditures by Type- Governmental Activities  
For Fiscal Year 2012/13**



# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$123,402,494 for the fiscal year ended June 30, 2013. After applying program revenues, derived from charges for services of \$3,385,154; operating grants and contributions of \$26,589,456; and capital grants and contributions of \$697,311, the net cost of services of the District is \$92,730,573. The following is a comparative analysis of the net cost of governmental activities for the fiscal years ended June 30, 2013 and 2012.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction				
Regular	\$ 49,890,427	\$ 46,698,490	\$ 37,372,199	\$ 33,750,451
Special Education	15,393,829	14,935,338	6,905,616	7,029,862
Other Instruction	10,598,844	9,141,683	6,413,551	5,906,943
School Sponsored Activities and Athletics	2,101,085	1,899,603	1,893,047	1,737,593
Support Services				
Student and Instruction Related Services	13,655,646	14,025,679	11,013,596	10,562,006
General Administration	2,849,487	2,489,391	2,661,404	2,343,429
School Administration Services	7,659,657	6,818,014	7,030,837	6,329,153
Plant Operation and Maintenance	13,724,829	12,807,210	12,220,528	11,533,684
Pupil Transportation	3,825,607	4,059,359	3,516,712	3,747,606
Business Services	2,802,117	2,650,591	2,802,117	2,650,591
Interest and Other Charges on Long-Term Debt	<u>900,966</u>	<u>925,499</u>	<u>900,966</u>	<u>925,499</u>
<b>Total</b>	<b><u>\$ 123,402,494</u></b>	<b><u>\$ 116,450,857</u></b>	<b><u>\$ 92,730,573</u></b>	<b><u>\$ 86,516,817</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$3,107,975 for the fiscal year ended June 30, 2013. Charges for services accounted for 21% or \$637,575 of total revenues. Operating grants and contributions accounted for 79% or \$2,470,315 of total revenue for the year.

The total cost of all business-type activities programs and services was \$2,947,175 for the fiscal year ended June 30, 2013. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities revenues and transfers were greater than expenses, increasing net position by \$160,800.

# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$13,987,284, an increase of \$1,194,471 from last year's fund balance of \$12,792,813.

Revenues for the District's governmental funds were \$124,628,571, total expenditures were \$123,434,100.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

The following schedule presents a comparison of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2013</u>	Fiscal Year Ended <u>June 30, 2012</u>	Amount of Increase (Decrease)	Percent
Local Sources:				
Property Tax Levy	\$ 41,061,340	\$ 40,037,337	\$ 1,024,003	2.56%
Tuition	3,385,154	4,022,183	(637,029)	-15.84%
Miscellaneous	630,864	1,169,980	(539,116)	-46.08%
State/Federal Sources	<u>67,687,316</u>	<u>64,476,685</u>	<u>3,210,631</u>	4.98%
Total General Fund Revenues	<u>\$ 112,764,674</u>	<u>\$ 109,706,185</u>	<u>\$ 3,058,489</u>	<u>2.79%</u>

Total General Fund Revenues increased slightly by \$3,058,489 or 2.79% over the previous year.

# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Local property taxes increased \$1,024,003 over the previous year. State and federal aid increased 5%, because the State of New Jersey increased their On-Behalf TPAF Funding and Equalization Aid to the District. Tuition charges decreased \$637,029 because of less students from Guttenberg attending the North Bergen High School.

The following schedule presents a summary of General Fund Expenditures.

	Fiscal Year Ended <u>June 30, 2013</u>	Fiscal Year Ended <u>June 30, 2012</u>	Amount of Increase (Decrease)	<u>Percent</u>
Instruction	\$ 70,077,912	\$ 67,553,134	\$ 2,524,778	3.74%
Support Services	40,359,166	38,333,019	2,026,147	5.29%
Debt Service	60,129	35,641	24,488	68.71%
Capital Outlay	<u>389,664</u>	<u>185,483</u>	<u>204,181</u>	110.08%
Total Expenditures	<u>\$ 110,886,871</u>	<u>\$ 106,107,277</u>	<u>\$ 4,779,594</u>	<u>4.09%</u>

Total General Fund expenditures increased \$4,779,594 or 4% from the previous year due to salary increases, and increases in the On-Behalf TPAF pension allocation.

For the fiscal year ended June 30, 2013 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,353,328. After deducting statutory reserves and designations in the amount of \$14,973,584, the unassigned fund balance at June 30, 2013 was in a deficit position of \$3,317,010, a decrease of \$332,395 from the June 30, 2012 fund balance deficit of \$2,984,615.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$9,132,842, for the fiscal year ended June 30, 2013. State sources in the amount of \$3,091,336 accounted for 34% of the total revenue and federal sources in the amount of \$5,991,513 accounted for 66% of the total revenue in the special revenue fund.

Total Special Revenue Fund revenues increased \$216,575 or 2% from the previous year. State sources increased \$130,755, while Federal sources increased by \$85,524.

Expenditures of the Special Revenue Fund were \$9,132,842. Instructional expenditures were \$7,219,477 or 79%, expenditures for support services were \$1,905,475 or 21%, and expenditures for capital outlay were \$7,890 for the fiscal year ended June 30, 2013.

# NORTH BERGEN BOARD OF EDUCATION

## Management Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

**Capital Projects** - The capital projects expenditures and other financing uses exceeded revenues and other financing sources by \$1,048,562 decreasing the fund balance from \$3,375,491 at June 30, 2012 to \$2,326,929 at June 30, 2013. The decrease was due to work in progress on the district's construction projects.

#### Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

**Enterprise Fund** - The District uses Enterprise Funds to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2012 encumbrances.

### CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2013 amounts to \$55,817,277 (net of accumulated depreciation). The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2012-2013 amounted to \$2,000,899 for governmental activities and \$1,723 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2013 and 2012.

	<b>Governmental</b>		<b>Business- Type</b>		<b>Total</b>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 2,688,797	\$ 2,688,797			\$ 2,688,797	\$ 2,688,797
Construction in Progress	2,419,237	5,655,724	-	-	2,419,237	5,655,724
Site Improvements	82,469	87,554			82,469	87,554
Building	50,182,570	47,407,940			50,182,570	47,407,940
Machinery and Equipment	422,742	288,797	\$ 21,462	\$ 23,185	444,204	311,982
<b>Total</b>	<u>\$ 55,795,815</u>	<u>\$ 56,128,812</u>	<u>\$ 21,462</u>	<u>\$ 23,185</u>	<u>\$ 55,817,277</u>	<u>\$ 56,151,997</u>

Additional information on the District's capital assets are presented in the Notes to the Financial Statements.

# **NORTH BERGEN BOARD OF EDUCATION**

## **Management Discussion and Analysis**

### **LONG TERM LIABILITIES**

At June 30, 2013, the District's long-term liabilities consisted of compensated absences payable of \$7,257,118, serial bonds of \$4,887,874 (net of unamortized premium) and obligations under lease purchase agreements of \$13,192,303 (net of unamortized discount) totaling \$25,337,118. This is in comparison to long-term liabilities at June 30, 2011 of \$25,778,107, or a decrease of \$440,989.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the District's administration during the process of developing the fiscal year 2012-2013 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were also considered when adopting the budget for fiscal year 2013-2014. Budgeted expenditures in the General Fund increased in this year's school year to fund contractual salary increases and increases in the premiums for employee benefits.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, North Bergen Board of Education, 7317 Kennedy Boulevard, North Bergen, NJ 07047.

**FINANCIAL STATEMENTS**

**NORTH BERGEN BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,223,352	\$ 41	\$ 10,223,393
Receivables, Net	10,507,842	199,887	10,707,729
Internal Balances	(512,072)	512,072	
Other Receivables	129,190	6,684	135,874
Prepaid Items	1,096,243		1,096,243
Other Assets	20,000		20,000
Inventory		35,787	35,787
Restricted Assets			
Cash and Cash Equivalents	11,808		11,808
Capital Assets			
Not Being Depreciated	5,108,034		5,108,034
Being Depreciated, Net	<u>50,687,781</u>	<u>21,462</u>	<u>50,709,243</u>
Total Assets	<u>77,272,178</u>	<u>775,933</u>	<u>78,048,111</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges on Refundings	<u>565,312</u>	-	<u>565,312</u>
Total Deferred Outflows of Resources	<u>565,312</u>	-	<u>565,312</u>
Total Assets and Deferred Outflows of Resources	<u>77,837,490</u>	<u>775,933</u>	<u>78,613,423</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	3,813,413	198,951	4,012,364
Accrued Interest Payable	83,597		83,597
Payable to Other Governments	561,458		561,458
Unearned Revenue	3,114,208		3,114,208
Noncurrent Liabilities			
Due Within One Year	2,135,000		2,135,000
Due Beyond One Year	<u>23,202,295</u>	-	<u>23,202,295</u>
Total Liabilities	<u>32,909,971</u>	<u>198,951</u>	<u>33,108,922</u>

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

**NORTH BERGEN BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	-	\$ 5,729	\$ 5,729
Total Deferred Inflows of Resources	-	5,729	5,729
Total Liabilities and Deferred Inflows of Resources	\$ 32,909,971	204,680	33,114,651
<b>NET POSITION</b>			
Net Investment in Capital Assets	42,221,991	21,462	42,243,453
Restricted for:			
Capital Projects	8,505,526		8,505,526
Other Purposes	2,308,781		2,308,781
Unrestricted	(8,108,779)	549,791	(7,558,988)
Total Net Position	<u>\$ 44,927,519</u>	<u>\$ 571,253</u>	<u>\$ 45,498,772</u>

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

**NORTH BERGEN BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 49,890,427	\$ 3,385,154	\$ 9,133,074		\$ (37,372,199)		\$ (37,372,199)
Special Education	15,393,829		8,488,213		(6,905,616)		(6,905,616)
Other Instruction	10,598,844		4,185,293		(6,413,551)		(6,413,551)
School Sponsored Activities and Athletics	2,101,085		208,038		(1,893,047)		(1,893,047)
Support Services:							
Student and Instruction Related Services	13,655,646		2,642,050		(11,013,596)		(11,013,596)
General Administrative Services	2,849,487		188,083		(2,661,404)		(2,661,404)
School Administrative Services	7,659,657		628,820		(7,030,837)		(7,030,837)
Plant Operations and Maintenance	13,724,829		806,990	\$ 697,311	(12,220,528)		(12,220,528)
Pupil Transportation	3,825,607		308,895		(3,516,712)		(3,516,712)
Business Services	2,802,117				(2,802,117)		(2,802,117)
Interest on Long-Term Debt	900,966				(900,966)		(900,966)
Total Governmental Activities	123,402,494	3,385,154	26,589,456	697,311	(92,730,573)	-	(92,730,573)
<b>Business-Type Activities:</b>							
Food Service	2,947,175	637,575	2,470,315			\$ 160,715	160,715
Total Business-Type Activities	2,947,175	637,575	2,470,315			160,715	160,715
<b>Total Primary Government</b>	<b>\$ 126,349,669</b>	<b>\$ 4,022,729</b>	<b>\$ 29,059,771</b>	<b>\$ 697,311</b>	<b>(92,730,573)</b>	<b>160,715</b>	<b>(92,569,858)</b>
<b>General Revenues</b>							
Property Taxes							
Levied for General Purposes					41,061,340		41,061,340
Levied for Debt Service					1,482,582		1,482,582
State Aid - Unrestricted					50,230,702		50,230,702
State Aid - Restricted for Debt Service					551,162		551,162
Investment Earnings					15,591	85	15,676
Miscellaneous Income					615,273	-	615,273
Total General Revenues and Transfers					93,956,650	85	93,956,735
Change in Net Position					1,226,077	160,800	1,386,877
Net Position-Beginning of Year (Restated)					43,701,442	410,453	44,111,895
Net Position-End of Year					\$ 44,927,519	\$ 571,253	\$ 45,498,772

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

**FUND FINANCIAL STATEMENTS**

**NORTH BERGEN BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 10,223,352				\$ 10,223,352
Receivables From Other Governments	1,283,743	\$ 3,648,133	\$ 5,575,966		10,507,842
Other Receivables	117,401				117,401
Prepaid Items	1,096,243				1,096,243
Other Assets	20,000				20,000
Due From Other Funds	3,195,796			\$ 50,019	3,245,815
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	-	-	-	11,808	11,808
<b>Total Assets</b>	<u>\$ 15,936,535</u>	<u>\$ 3,648,133</u>	<u>\$ 5,575,966</u>	<u>\$ 61,827</u>	<u>\$ 25,222,461</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 3,674,330	\$ 115,583			\$ 3,789,913
Unearned Revenue	75,059	1,682,981	\$ 1,356,168		3,114,208
Payables to Other Governments		561,458			561,458
Other Payables	18,500		5,000		23,500
Due To Other Funds	512,072	1,279,330	1,887,869	\$ 66,827	3,746,098
<b>Total Liabilities</b>	<u>4,279,961</u>	<u>3,639,352</u>	<u>3,249,037</u>	<u>66,827</u>	<u>11,235,177</u>
Fund Balances:					
Restricted					
Capital Reserve	7,105,526				7,105,526
Maintenance Reserve	1,000,000				1,000,000
Emergency Reserve	1,000,000				1,000,000
Excess Surplus Designated for Subsequent Year's Budget	846,083				846,083
Excess Surplus	280,118				280,118
Preschool Program		8,781			8,781
Capital Projects Fund			2,326,929		2,326,929
Committed					
Encumbrances	88,967				88,967
Assigned					
Designated for Subsequent Year's Budget	2,619,279				2,619,279
Capital Reserve-Designated for Subsequent Year's Budget	1,400,000				1,400,000
Maintenance Reserve-Designated for Subsequent Year's Budget	300,000				300,000
Encumbrances	333,611				333,611
Unassigned					
General Fund	(3,317,010)				(3,317,010)
Debt Service	-	-	-	(5,000)	(5,000)
<b>Total Fund Balances</b>	<u>11,656,574</u>	<u>8,781</u>	<u>2,326,929</u>	<u>(5,000)</u>	<u>13,987,284</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 15,936,535</u>	<u>\$ 3,648,133</u>	<u>\$ 5,575,966</u>	<u>\$ 61,827</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$79,085,923 and the accumulated depreciation is \$29,290,108. 55,795,815

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (83,597)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

Bonds Payable	\$ 4,880,000	
Less: Deferred Amount on Refunding	(5,489)	
Add: Unamortized Premium	7,874	
Certificates of Participation	13,290,000	
Less: Deferred Amount on Refunding	(559,823)	
Less: Unamortized Discount	(97,697)	
Compensated Absences	7,257,118	
	<u>24,771,983</u>	(24,771,983)

Net Position of Governmental Activities \$ 44,927,519

**NORTH BERGEN BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Property Taxes	\$ 41,061,340 <sup>n</sup>			\$ 1,482,582	\$ 42,543,922
Tuition	3,385,154 <sup>p</sup>				3,385,154
Interest	15,591 <sup>n</sup>				15,591
Miscellaneous	615,273 <sup>p</sup>	\$ 49,993	-	-	665,266
Total - Local Sources	<u>45,077,358</u>	<u>49,993</u>	<u>-</u>	<u>1,482,582</u>	<u>46,609,933</u>
State Sources	67,405,437	3,091,336	\$ 697,311	551,162	71,745,246
Federal Sources	281,879 <sup>n</sup>	5,991,513	-	-	6,273,392
Total Revenues	<u>112,764,674</u>	<u>9,132,842</u>	<u>697,311</u>	<u>2,033,744</u>	<u>124,628,571</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	46,937,618	2,266,013			49,203,631
Special Education Instruction	13,494,675	1,899,154			15,393,829
Other Instruction	7,544,534	3,054,310			10,598,844
School Sponsored Activities and Athletics	2,101,085				2,101,085
Community Service Programs					-
Support Services					
Student and Instruction Related Services	11,823,814	1,791,879			13,615,693
General Administrative Services	2,779,257				2,779,257
School Administrative Services	7,505,592				7,505,592
Plant Operations and Maintenance	11,828,538				11,828,538
Pupil Transportation	3,712,011	113,596			3,825,607
Business Services	2,709,954				2,709,954
Debt Service					
Principal				1,390,000	1,390,000
Interest and Other Charges	60,129			754,039	814,168
Capital Outlay	389,664	7,890	1,270,348	-	1,667,902
Total Expenditures	<u>110,886,871</u>	<u>9,132,842</u>	<u>1,270,348</u>	<u>2,144,039</u>	<u>123,434,100</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>1,877,803</u>	<u>-</u>	<u>(573,037)</u>	<u>(110,295)</u>	<u>1,194,471</u>
Other Financing Sources (Uses)					
Transfers In (Out)	(1,106,478)		1,106,478		-
Cancelled Balances Restored to Capital Reserve	1,582,003	-	(1,582,003)	-	-
Total Other Financing Sources (Uses)	<u>475,525</u>	<u>-</u>	<u>(475,525)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,353,328	-	(1,048,562)	(110,295)	1,194,471
Fund Balance, Beginning of Year	<u>9,303,246</u>	<u>8,781</u>	<u>3,375,491</u>	<u>105,295</u>	<u>12,792,813</u>
Fund Balance, End of Year	<u>\$ 11,656,574</u>	<u>\$ 8,781</u>	<u>\$ 2,326,929</u>	<u>\$ (5,000)</u>	<u>\$ 13,987,284</u>

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

**NORTH BERGEN BOARD OF EDUCATION  
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, 2013**

**Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ 1,194,471**

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 depreciation exceeded capital outlay in the period.

Capital Outlays	\$ 1,667,902	
Depreciation Expense	<u>(2,000,899)</u>	(332,997)

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these activities:

Principal Repayments		
General Obligation Bonds	505,000	
Amortization		
Premium	5,184	
Deferred Charge on Refunding	(3,614)	
Certificates of Participation	885,000	
Amortization		
Discount	(15,773)	
Deferred Charge on Refunding	<u>(79,218)</u>	
		1,296,579

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. 6,623

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

Compensated Absences		<u>(938,599)</u>
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**Change in Net Position of Governmental Activities ( Exhibit A-2)** **\$ 1,226,077**

**NORTH BERGEN BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2013**

	<u>Business-Type Activities Food Service Enterprise Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 41
Intergovernmental Receivable	
State	5,172
Federal	194,715
Accounts Receivable	6,684
Inventories	35,787
Due from Other Funds	<u>512,072</u>
Total Current Assets	<u>754,471</u>
Capital Assets	
Equipment	116,661
Accumulated Depreciation	<u>(95,199)</u>
Total Capital Assets	<u>21,462</u>
Total Assets	<u>775,933</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>198,951</u>
Total Current Liabilities	<u>198,951</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>5,729</u>
Total Deferred Inflows of Resources	<u>5,729</u>
Total Liabilities and Deferred Inflows of Resources	<u>204,680</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	21,462
Unrestricted	<u>549,791</u>
Total Net Position	<u>\$ 571,253</u>

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

**NORTH BERGEN BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities Food Service Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales	\$ 615,480
Special Functions	22,095
	637,575
Total Operating Revenues	637,575
<b>OPERATING EXPENSES</b>	
Salaries and Wages	1,110,504
Employee Benefits	187,148
Cost of Sales	1,212,076
Other Purchased Services	345,067
Supplies and Materials	90,657
Depreciation	1,723
	2,947,175
Total Operating Expenses	2,947,175
Operating Income (Loss)	(2,309,600)
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	37,580
Federal Sources	
School Breakfast Program	486,703
National School Lunch Program	1,927,576
Special Milk Program	6,161
After School Snack Program	12,295
Interest	85
	2,470,400
Total Nonoperating Revenues	2,470,400
Change in Net Position	160,800
Net Position, Beginning of Year	410,453
Net Position, End of Year	\$ 571,253

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



**NORTH BERGEN BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 766,872	\$ 3,868,759
Investments		90,277
Accounts Receivable	25,763	
Due From Other Funds	84,379	-
	<u>877,014</u>	<u>3,959,036</u>
Total Assets	<u>877,014</u>	<u>\$ 3,959,036</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		\$ 564,641
Accrued Salaries and Wages		3,021,294
Intergovernmental Payable	3,952	
Due to Student Groups		276,933
Due to Other Funds	-	96,168
	<u>3,952</u>	<u>3,959,036</u>
Total Liabilities	<u>3,952</u>	<u>\$ 3,959,036</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Compensation Claims	<u>\$ 873,062</u>	

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

**NORTH BERGEN BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>	
Employee Deductions	\$ 94,640
Interest	<u>811</u>
Total Additions	<u>95,451</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>53,241</u>
Total Deductions	<u>53,241</u>
Change in Net Position	42,210
Net Position, Beginning of Year	<u>830,852</u>
Net Position, End of Year	<u>\$ 873,062</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The North Bergen Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and one appointed official from Guttenburg Board of Education. The Board 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the North Bergen Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During the 2012/13 fiscal year, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government’s net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**B. New Accounting Standards (Continued)**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the fiscal year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**C. Basis of Presentation - Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (continued)**

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***3. Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

**5. Restricted Assets**

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects and/or Lease-Purchase Agreements for capital projects and/or certificates of participation, principal and interest.

**6. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Heavy Equipment	15
Office Equipment and Furniture	5-15
Computer Equipment	5

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***7. 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***8. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accumulation of unused personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***9. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***10. Net Position/Fund Balance***

**District-Wide Statements**

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**Governmental Fund Statements**

Fund balance categories are designed to make the nature and extent of the constraints placed on the District’s fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures.

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

*Excess Surplus – Designated for Subsequent Year’s Budget* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 original budget certified for taxes.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***10. Net Position/Fund Balance (Continued)***

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

Preschool Programs – This restriction was created to represent the unbudgeted proceeds from the Economic Development Agency Grant for reimbursement of Early Childhood capital project expenses.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee’s for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year’s Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

Capital Reserve - Designated for Subsequent Year’s Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

Maintenance Reserve - Designated for Subsequent Year’s Budget – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Unassigned Fund Balance** – Represents fund balance (General Fund and Debt Service) that has not been restricted, committed or assigned to specific purposes within the governmental funds.

***11. Reclassifications***

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

***3. Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

***4. Proprietary Funds, Operating and Non-Operating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$2,851,435. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or 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 which are reappropriated and honored during the subsequent fiscal year.

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Debt Service Fund			
Pension Obligation Bonds			
Principal	\$160,000	\$165,000	\$5,000

The above variance will be offset by additional property taxes levied in 2014.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Deficit Fund Equity**

The District has an accumulated deficit in fund balance of \$5,000 in the Debt Service Fund. The District expects to eliminate this deficit through normal operations in the 2013/2014 fiscal year.

The District has an unassigned (deficit) fund balance of \$3,317,010 in the General Fund as of June 30, 2013 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2012/2013 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The deficit in the GAAP (fund) financial statements of \$3,317,010 in the General Fund is less than the delayed state aid payments.

**D. Capital Reserve**

A capital reserve account was established by the District on September 20, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012		\$ 6,200,001
Increased by		
Deposits Approved by Board Resolution	\$ 1,500,000	
Cancelled Balances Restored to Reserve		
Capital Projects	\$ 1,582,003	
General Fund Transfer	<u>1,423,522</u>	
		<u>3,005,525</u>
		4,505,525
		10,705,526
Decreased by		
Utilized in 2012-2013 Budget		<u>2,200,000</u>
Balance, June 30, 2013		<u>\$ 8,505,526</u>

Analysis of Capital Reserve, June 30, 2013

Restricted Capital Reserve		\$ 7,105,526
Assigned Capital Reserve - Designated for Subsequent Year's Budget		<u>1,400,000</u>
		<u>\$ 8,505,526</u>

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$1,126,201. Of this amount, \$846,083 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$280,118 will be appropriated in the 2014/2015 original budget certified for taxes.

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$14,870,832 and bank and brokerage firm balances of the Board's deposits amounted to \$17,309,465. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	<u>\$ 17,309,465</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 the Board's bank balance of was not exposed to custodial credit risk as follows:

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2013, the Board had the following investments:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>
MBIA Class Account	<u>\$ 90,277</u>

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2013, 90,277 of the Board’s investments was exposed to custodial credit risk as follows:

	<b><u>Fair Value</u></b>
<b><u>Depository Account</u></b>	
Uninsured and Collateralized:	
Collateral Held by pledging financial institution's trust department or agent in the Board's name	<u>\$ 90,277</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2013 for the district’s individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Other Funds</u>	<u>Total</u>
Receivables:						
Intergovernmental	\$ 1,283,743	\$ 3,648,133	\$ 5,575,966	\$ 199,887		\$ 10,707,729
Other	<u>117,401</u>	<u>-</u>	<u>-</u>	<u>6,684</u>	<u>\$ 25,763</u>	<u>149,848</u>
Gross Receivables	1,401,144	3,648,133	5,575,966	206,571	25,763	10,857,577
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,401,144</u>	<u>\$ 3,648,133</u>	<u>\$ 5,575,966</u>	<u>\$ 206,571</u>	<u>\$ 25,763</u>	<u>\$ 10,857,577</u>

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Economic Development Authority School	
Facilities Grants	\$ 75,059
Special Revenue Fund	
Unencumbered Grant Draw Downs	1,682,902
Grant Draw Downs Reserved for Encumbrances	79
Capital Projects Fund	
Unrealized School Facilities Grant	<u>1,356,168</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 3,114,208</u>

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,688,797			\$ 2,688,797
Construction in Progress	5,655,724	\$ 1,270,348	\$(4,506,835)	2,419,237
Total Capital Assets, Not Being Depreciated	<u>8,344,521</u>	<u>1,270,348</u>	<u>(4,506,835)</u>	<u>5,108,034</u>
Capital Assets, Being Depreciated:				
Buildings	66,537,322	4,612,311		71,149,633
Site Improvements	135,054			135,054
Machinery and Equipment	2,420,826	292,078	(19,702)	2,693,202
Total Capital Assets Being Depreciated	<u>69,093,202</u>	<u>4,904,389</u>	<u>(19,702)</u>	<u>73,977,889</u>
Less Accumulated Depreciation for:				
Buildings	(19,129,382)	(1,837,681)		(20,967,063)
Site Improvements	(47,500)	(5,085)		(52,585)
Machinery and Equipment	(2,132,029)	(158,133)	19,702	(2,270,460)
Total Accumulated Depreciation	<u>(21,308,911)</u>	<u>(2,000,899)</u>	<u>19,702</u>	<u>(23,290,108)</u>
Total Capital Assets, Being Depreciated, net	<u>47,784,291</u>	<u>2,903,490</u>	<u>-</u>	<u>50,687,781</u>
Governmental Activities Capital Assets, net	<u>\$ 56,128,812</u>	<u>\$ 4,173,838</u>	<u>\$(4,506,835)</u>	<u>\$ 55,795,815</u>
	Balance <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2013</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 116,661	-	-	\$ 116,661
Total Capital Assets Being Depreciated	<u>116,661</u>	<u>-</u>	<u>-</u>	<u>116,661</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(93,476)	\$ (1,723)	-	(95,199)
Total Accumulated Depreciation	<u>(93,476)</u>	<u>(1,723)</u>	<u>-</u>	<u>(95,199)</u>
Total Capital Assets, Being Depreciated, net	<u>23,185</u>	<u>(1,723)</u>	<u>-</u>	<u>21,462</u>
Business-Type Activities Capital Assets, net	<u>\$ 23,185</u>	<u>\$ (1,723)</u>	<u>\$ -</u>	<u>\$ 21,462</u>

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental Activities:**

Instruction		
Regular	\$	<u>20,000</u>
Total Instruction		<u>20,000</u>
Support Services		
Support Services-Students and Instruction Related Services		39,953
School Administration		14,713
General Administration		28,549
Operations and Maintenance of Plant		1,896,291
Business Services		<u>1,393</u>
Total Support Services		<u>1,980,899</u>
Total Depreciation Expense - Governmental Activities	\$	<u>2,000,899</u>
<b>Business-Type Activities:</b>		
Food Service Fund	\$	<u>1,723</u>

**Construction Commitments**

The District has the following active construction projects as of June 30, 2013:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Window Replacement and Exterior Doors -		
Horace Mann	\$ 2,264,313	\$ 240,331
Robert Fulton	<u>110,424</u>	<u>2,364,006</u>
	<u>\$ 2,374,737</u>	<u>\$ 2,604,337</u>

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2013, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 1,279,330
General Fund	Capital Projects Fund	1,837,850
General Fund	Debt Service Fund	66,827
General Fund	Payroll Agency Fund	11,789
Debt Service Fund	Capital Projects Fund	50,019
Food Service Enterprise Fund	General Fund	512,072
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>84,379</u>
 Total		 <u>\$ 3,842,266</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**Interfund Transfers**

	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Transfer Out			
General Fund		\$ 1,106,478	\$ 1,106,478
Capital Projects Fund	<u>\$ 1,582,003</u>	<u>-</u>	<u>1,582,003</u>
	<u>\$ 1,582,003</u>	<u>\$ 1,106,478</u>	<u>\$ 2,688,481</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund and cancellation of balances to be restored to another fund.

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Lease Purchase Agreements**

The District has entered into lease purchase agreements and issued certificates of participation (“COPS”) as follows:

<u>Series</u>	<u>Date of Issuance</u>	<u>Certificates Issued</u>	<u>Lessor</u>	<u>Agent</u>
Improvements to Various Schools	8/1/98	\$9,000,000	FFL Savings Corp	Trust Company of NJ
Improvements to Various Schools	1/5/00	\$10,000,000	FFL Savings Corp	Trust Company of NJ

On February 1, 2005 and July 1, 2011 the District refunded a portion of the original certificates issued.

The unexpended proceeds from the sale of the certificates, including interest earned on balances which remain on deposit are held with the respective agents. The following is a summary of balances by account type as of June 30, 2013:

Debt Service Reserve	\$11,808
Cash and Cash Equivalents-Capital Projects Fund	<u>821,041</u>
	<u>\$832,849</u>

The maturity schedule of the remaining lease payments for principal and interest is as follows:

**Governmental Activities:**

Fiscal Year Ended <u>June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 915,000	\$ 478,163	\$ 1,393,163
2015	950,000	450,963	1,400,963
2016	990,000	420,037	1,410,037
2017	1,030,000	387,360	1,417,360
2018	1,075,000	351,241	1,426,241
2019-2023	<u>8,330,000</u>	<u>866,656</u>	<u>9,196,656</u>
	<u>\$ 13,290,000</u>	<u>\$ 2,954,420</u>	<u>\$ 16,244,420</u>

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2013 are comprised of the following issues:

\$4,250,000, Pension Obligation Bond Series 2003, due in annual installments of \$175,000 to \$310,000 through April 1, 2026, interest at 4.95% to 5.60%	\$3,120,000
\$3,125,000, 2009 Refunding Bonds, due in annual installments of \$345,000 to \$365,000 through March, 2018, interest at 3.0% to 4.0%	<u>1,760,000</u>
	<u>\$4,880,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 520,000	\$ 231,533	\$ 751,533
2015	530,000	212,520	742,520
2016	545,000	192,920	737,920
2017	560,000	168,878	728,878
2018	580,000	144,018	724,018
2019-2023	1,255,000	462,023	1,717,023
2024-2027	<u>890,000</u>	<u>99,120</u>	<u>989,120</u>
	<u>\$ 4,880,000</u>	<u>\$ 1,511,012</u>	<u>\$ 6,391,012</u>

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 201,993,550
Less: Net Debt	<u>1,760,000</u>
Remaining Borrowing Power	<u>\$ 200,233,550</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2013</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Obligations Under Lease- Purchase Agreement	\$ 14,175,000		\$ 885,000	\$ 13,290,000	\$ 915,000
Less:					
Unamortized Discount	<u>(113,470)</u>	<u>-</u>	<u>(15,773)</u>	<u>(97,697)</u>	<u>-</u>
	<u>14,061,530</u>	<u>-</u>	<u>869,227</u>	<u>13,192,303</u>	<u>915,000</u>
 Bonds Payable	 5,385,000		 505,000	 4,880,000	 520,000
Add:					
Unamortized Premium	<u>13,058</u>	<u>-</u>	<u>5,184</u>	<u>7,874</u>	<u>-</u>
	<u>5,398,058</u>	<u>-</u>	<u>510,184</u>	<u>4,887,874</u>	<u>520,000</u>
 Compensated Absences	 <u>6,318,519</u>	 <u>938,599</u>	 <u>-</u>	 <u>7,257,118</u>	 <u>700,000</u>
	<u>\$ 25,778,107</u>	<u>\$ 938,599</u>	<u>\$ 1,379,411</u>	<u>\$ 25,337,295</u>	<u>\$ 2,135,000</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board is a member of the New Jersey Educational Insurance Fund (the "Fund") administered by the New Jersey School Boards Association Insurance Group. The Fund provides insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The relationship between the Board and the Fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

The Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended June 30,</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013		\$ 94,640	\$ 53,241	\$ 873,062
2012	\$ 487,700	94,666	240,195	830,852
2011	382,931	87,333	436,414	488,342

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Funding Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**NORTH BERGEN BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 1,042,411	\$ 3,403,239	\$ 1,134
2012	1,019,459	1,630,387	
2011	974,415	151,894	

The State contributed \$3,403,239 and \$1,630,387 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$151,894 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,908,574 during the fiscal year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$3,848,203, \$3,277,502 and \$3,226,234, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**F. Subsequent Events**

The district approved a refunding bond ordinance providing for the refunding of all or a portion of the outstanding callable pension obligation refunding bonds, series 2003, dated May 1, 2003, issued in the original principal amount of \$4,250,000 appropriating not to exceed \$3,250,000 therefore and authorizing the issuance of not to exceed \$3,250,000 refunding bonds to provide for such refunding.

On October 15, 2013, the Board authorized a textbook equipment lease purchase financing in a principal amount not exceeding \$2,535,000. The Board President and/or the School Business Administrator are authorized to award the bid and the lease. The Board anticipates awarding such bid in December, 2013.

**NOTE 5 RESTATEMENT**

On July 1, 2012, the North Bergen Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The North Bergen Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the fiscal year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$347,278 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$44,048,720 as originally reported to \$43,701,442 as adjusted for the effects of the change in accounting principle.

**BUDGETARY COMPARISON SCHEDULES**

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 41,061,340		\$ 41,061,340	\$ 41,061,340	
Tuition	4,087,000		4,087,000	3,385,154	\$ (701,846)
Interest	10,000		10,000	15,591	5,591
Miscellaneous	555,000		555,000	615,273	60,273
State Sources					
Special Education Aid	4,526,236		4,526,236	4,526,236	-
Equalization Aid	50,470,938		50,470,938	50,470,938	-
Security Aid	795,086		795,086	795,086	-
Transportation Aid	162,563		162,563	162,563	-
Extraordinary Aid				393,363	393,363
Non-Public Transportation Aid				48,372	48,372
Other State Aid				967	967
TPAF On Behalf					
NCGI Premium				170,107	170,107
Pension Contribution				3,233,132	3,233,132
Post Retirement				3,848,203	3,848,203
Social Security Contribution				3,908,574	3,908,574
Federal Sources					
Education Jobs Fund			-	4,787	4,787
FEMA Reimbursement				42,182	42,182
Medicaid Reimbursement Program	185,000	-	185,000	234,910	49,910
<b>Total Revenues</b>	<u>101,853,163</u>	<u>-</u>	<u>101,853,163</u>	<u>112,916,778</u>	<u>11,063,615</u>
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Salaries of Teachers					
Preschool/Kindergarten	1,913,539	\$ (124,800)	1,788,739	1,757,934	30,805
Grades 1-5	10,262,074	(185,400)	10,076,674	9,897,922	178,752
Grades 6-8	6,084,524	(218,400)	5,866,124	5,786,929	79,195
Grades 9-12	12,806,920	(483,800)	12,323,120	12,070,151	252,969
Regular Programs - Home Instruction					
Salaries of Teachers	159,547	103,200	262,747	262,663	84
Purchased Professional Educational Services	45,000	16,300	61,300	42,112	19,188
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	647,725	19,750	667,475	658,337	9,138
Purchased Professional Educational Services	180,000	35,600	215,600	208,923	6,677
Other Purchased Services	226,000	22,572	248,572	227,845	20,727
General Supplies	654,000	122,082	776,082	774,285	1,797
Textbooks	386,000	68,650	454,650	451,227	3,423
Other Objects	-	-	-	-	-
<b>Total Regular Programs</b>	<u>33,365,329</u>	<u>(624,246)</u>	<u>32,741,083</u>	<u>32,138,328</u>	<u>602,755</u>
Special Education					
Cognitive - Moderate					
Salaries of Teachers		157,770	157,770	157,429	341
General Supplies	-	-	-	-	-
<b>Total Cognitive - Moderate</b>	<u>-</u>	<u>157,770</u>	<u>157,770</u>	<u>157,429</u>	<u>341</u>
Learning and Learning Disabilities					
Salaries of Teachers	1,603,461	483,814	2,087,275	2,077,749	9,526
Other Salaries for Instruction	562,265	732,730	1,294,995	1,276,586	18,409
Other Purchased Services	4,000	69,740	73,740	72,515	1,225
General Supplies	10,000	(4,000)	6,000	1,510	4,490
Textbooks	10,000	(2,000)	8,000	7,972	28
<b>Total Learning and Learning Disabilities</b>	<u>2,189,726</u>	<u>1,280,284</u>	<u>3,470,010</u>	<u>3,436,332</u>	<u>33,678</u>

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Resource Room / Resource Center					
Salaries of Teachers	\$ 3,483,994	\$ (471,264)	\$ 3,012,730	\$ 2,955,034	\$ 57,696
Total Resource Room / Resource Center	<u>3,483,994</u>	<u>(471,264)</u>	<u>3,012,730</u>	<u>2,955,034</u>	<u>57,696</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	166,197	65,250	231,447	227,494	3,953
Other Salaries for Instruction	329,301	(30,100)	299,201	299,175	26
General Supplies	13,000	(4,900)	8,100	-	8,100
Total Preschool Disabilities - Part-Time	<u>508,498</u>	<u>30,250</u>	<u>538,748</u>	<u>526,669</u>	<u>12,079</u>
Home Instruction					
Salaries of Teachers	148,483	88,600	237,083	237,068	15
Purchased Professional Educational Services	34,000	(2,160)	31,840	14,584	17,256
Total Home Instruction	<u>182,483</u>	<u>86,440</u>	<u>268,923</u>	<u>251,652</u>	<u>17,271</u>
Total Special Education	<u>6,364,701</u>	<u>1,083,480</u>	<u>7,448,181</u>	<u>7,327,116</u>	<u>121,065</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,326,824	735,000	2,061,824	1,931,252	130,572
Other Salaries for Instruction	27,528	700	28,228	28,149	79
Purchased Professional Educational Services	160,000	(140,000)	20,000	-	20,000
Other Purchased Services	26,000	59	26,059	4,555	21,504
General Supplies	164,000	(113,700)	50,300	-	50,300
Other Objects	2,000	-	2,000	-	2,000
Total Basic Skills/Remedial - Instruction	<u>1,706,352</u>	<u>482,059</u>	<u>2,188,411</u>	<u>1,963,956</u>	<u>224,455</u>
Bilingual Education					
Salaries of Teachers	2,901,028	142,190	3,043,218	3,034,832	8,386
Other Salaries for Instruction	145,010	(56,000)	89,010	87,081	1,929
Purchased Professional Educational Services	4,000	10,210	14,210	14,207	3
Other Purchased Services	8,000	(5,600)	2,400	2,347	53
General Supplies	77,000	(40,386)	36,614	33,661	2,953
Textbooks	37,000	(18,300)	18,700	16,261	2,439
Total Bilingual Education	<u>3,172,038</u>	<u>32,114</u>	<u>3,204,152</u>	<u>3,188,389</u>	<u>15,763</u>
School Sponsored Co-Curricular Activities					
Salaries	284,452	(11,400)	273,052	268,167	4,885
Purchased Services	81,000	18,792	99,792	95,441	4,351
Supplies and Materials	1,000	500	1,500	500	1,000
Other Objects	1,000	(800)	200	-	200
Total School Sponsored Co-Curricular Activities	<u>367,452</u>	<u>7,092</u>	<u>374,544</u>	<u>364,108</u>	<u>10,436</u>
School Sponsored Athletics - Instruction					
Salaries	687,559	(37,828)	649,731	645,314	4,417
Purchased Services	349,000	154,919	503,919	500,515	3,404
Supplies and Materials	159,000	11,215	170,215	168,909	1,306
Total School Sponsored Athletics - Instruction	<u>1,195,559</u>	<u>128,306</u>	<u>1,323,865</u>	<u>1,314,738</u>	<u>9,127</u>
Total - Instruction	<u>46,171,431</u>	<u>1,108,805</u>	<u>47,280,236</u>	<u>46,296,635</u>	<u>983,601</u>

NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Special	\$ 536,073	\$ 36,460	\$ 572,533	\$ 510,024	\$ 62,509
Tuition to County Vocational School/Dist.-Reg.	25,000	-	25,000	-	25,000
Tuition to CSSD & Reg. Day Schools	2,952,056	(1,603,860)	1,348,196	920,940	427,256
Tuition to Private Schools Disabled W/ State	601,718	944,703	1,546,421	1,187,666	358,755
Tuition to Private Schools Disabled and Other LEA's - Outside of State	57,700	-	57,700	-	57,700
Tuition - State Facilities	54,542	-	54,542	54,542	-
Tuition - Other	170,205	217,700	387,905	358,403	29,502
<b>Total Undistributed Expenditures - Instruction</b>	<b>4,397,294</b>	<b>(404,997)</b>	<b>3,992,297</b>	<b>3,031,575</b>	<b>960,722</b>
Attendance and Social Work Services					
Salaries	564,459	110,100	674,559	671,531	3,028
Other Purchased Services	1,700	-	1,700	1,245	455
Supplies and Materials	400	-	400	-	400
<b>Total Attendance and Social Work Services</b>	<b>566,559</b>	<b>110,100</b>	<b>676,659</b>	<b>672,776</b>	<b>3,883</b>
Health Services					
Salaries	991,042	(26,300)	964,742	929,943	34,799
Purchased Professional Technical Services	14,600	3,028	17,628	11,602	6,026
Other Purchased Services	10,000	(2,648)	7,352	4,336	3,016
Supplies and Materials	18,800	11,200	30,000	27,692	2,308
<b>Total Health Services</b>	<b>1,034,442</b>	<b>(14,720)</b>	<b>1,019,722</b>	<b>973,573</b>	<b>46,149</b>
Other Support Services-Speech, OT, PT and Related					
Salaries	743,042	(621,000)	122,042	117,400	4,642
Purchased Professional Educational Services	467,000	3,001	470,001	452,442	17,559
Supplies and Materials	6,000	(1,885)	4,115	-	4,115
<b>Total Other Support Services</b>	<b>1,216,042</b>	<b>(619,884)</b>	<b>596,158</b>	<b>569,842</b>	<b>26,316</b>
Other Support Services - Students - Extra Serv.					
Salaries	869,339	(189,000)	680,339	622,167	58,172
Purchased Professional Educational Services	338,000	27,898	365,898	198,417	167,481
<b>Total Other Support Services - Students - Extra Serv. -</b>	<b>1,207,339</b>	<b>(161,102)</b>	<b>1,046,237</b>	<b>820,584</b>	<b>225,653</b>
Guidance					
Salaries of Other Professional Staff	1,378,727	(114,779)	1,263,948	1,256,376	7,572
Salaries of Secretarial and Clerical Assistants	146,357	(1,000)	145,357	143,647	1,710
Other Purchased and Professional Services	10,000	33,004	43,004	43,000	4
Other Purchased Services	25,000	(11,888)	13,112	12,098	1,014
Supplies and Materials	15,000	(6,300)	8,700	8,278	422
<b>Total Guidance</b>	<b>1,575,084</b>	<b>(100,963)</b>	<b>1,474,121</b>	<b>1,463,399</b>	<b>10,722</b>

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Other Support Services - Child Study Team					
Salaries of Other Professional Staff	\$ 1,646,507	\$ 230,000	\$ 1,876,507	\$ 1,876,280	\$ 227
Salaries of Secretarial and Clerical Assistants	233,923	26,300	260,223	257,091	3,132
Other Purchased Professional/Technical Services	105,000	11,400	116,400	110,555	5,845
Residential Costs	11,300	(11,300)			-
Misc. Purchased Services	20,000		36,375	33,550	2,825
Supplies and Materials	7,000	2,696	9,696	9,285	411
<b>Total Other Support Services - Child Study Team</b>	<u>2,023,730</u>	<u>275,471</u>	<u>2,299,201</u>	<u>2,286,761</u>	<u>12,440</u>
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	557,874	(177,500)	380,374	361,205	19,169
Salaries of Other Professional Staff	475,449	272,200	747,649	701,394	46,255
Purchased Prof. Educational Services	600	-	600		600
Other Purchased Professional/Technical Services	900	-	900		900
Other Purchased Services	2,000	-	2,000	676	1,324
Supplies and Materials	1,000	-	1,000	-	1,000
<b>Total Improvement of Instruction Services</b>	<u>1,037,823</u>	<u>94,700</u>	<u>1,132,523</u>	<u>1,063,275</u>	<u>69,248</u>
Educational Media Services/School Library					
Salaries	240,367	-	240,367	205,990	34,377
Other Purchased Services	18,400	-	18,400	17	18,383
Supplies and Materials	54,200	-	54,200	3,758	50,442
<b>Total Educational Media Services/School Library</b>	<u>312,967</u>	<u>-</u>	<u>312,967</u>	<u>209,765</u>	<u>103,202</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	505,000	20,000	525,000	499,343	25,657
Salaries of Secretarial and Clerical Assist.	3,100	1,900	5,000	5,000	-
Purchased Professional-Educational Serv.	85,400	(1,900)	83,500	58,706	24,794
Other Purchased Professional and Tech Svcs	4,000	-	4,000		4,000
Other Purchased Services	19,000	-	19,000		19,000
Supplies and Materials	31,000	(20,000)	11,000	3,495	7,505
Other Objects	10,000	-	10,000	-	10,000
<b>Total Instructional Staff Training Services</b>	<u>657,500</u>	<u>-</u>	<u>657,500</u>	<u>566,544</u>	<u>90,956</u>
Support Services General Administration					
Salaries	994,966	10,000	1,004,966	978,813	26,153
Legal Services	600,000	115,839	715,839	659,719	56,120
Audit Fees	100,000	-	100,000	85,452	14,548
Expenditure and Internal Control Audit Fees	5,000	(4,200)	800		800
Architectural/Engineering	122,000	91,055	213,055	153,987	59,068
Other Purchased Professional Services	233,000	17,316	250,316	245,263	5,053
Communications/Telephone	253,000	(107,513)	145,487	118,549	26,938
BOE Other Purchased Services	12,000	-	12,000	4,407	7,593
Other Purchased Services	100,100	(17,555)	82,545	56,832	25,713
Supplies and Materials	56,000	500	56,500	56,155	345
BOE In-House Training/Meeting Supplies	1,500	(500)	1,000		1,000
Judgments Against The School District	30,300	-	30,300		30,300
Miscellaneous Expenditures	4,500	3,100	7,600	6,254	1,346
BOE Membership Dues and Fees	60,000	-	60,000	32,088	27,912
<b>Total Support Services General Administration</b>	<u>2,572,366</u>	<u>108,042</u>	<u>2,680,408</u>	<u>2,397,519</u>	<u>282,889</u>

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 2,810,569	\$ (8,400)	\$ 2,802,169	\$ 2,761,113	\$ 41,056
Salaries of Other Professional Staff	702,782	290,370	993,152	955,358	37,794
Salaries of Secretarial and Clerical Assistants	1,652,695	(162,000)	1,490,695	1,413,509	77,186
Purchased Prof. and Tech. Services	5,000	58,500	63,500	62,425	1,075
Other Purchased Services	118,100	45,125	163,225	116,622	46,603
Supplies and Materials	71,800	(12,082)	59,718	53,303	6,415
Other Objects	1,000	-	1,000	-	1,000
<b>Total Support Services School Administration</b>	<b>5,361,946</b>	<b>211,513</b>	<b>5,573,459</b>	<b>5,362,330</b>	<b>211,129</b>
Central Services					
Salaries	1,293,286	123,000	1,416,286	1,150,913	265,373
Purchased Professional Services	80,900	5,270	86,170	42,425	43,745
Purchased Technical Services	51,000	(1,750)	49,250	1,800	47,450
Misc. Purchased Services	43,200	1,067	44,267	15,046	29,221
Supplies and Materials	25,000	3,585	28,585	28,223	362
Interest on Current Loans	25,000	(19,300)	5,700	-	5,700
Other Objects	2,000	-	2,000	990	1,010
<b>Total Central Services</b>	<b>1,520,386</b>	<b>111,872</b>	<b>1,632,258</b>	<b>1,239,397</b>	<b>392,861</b>
Admin. Info. Technology					
Salaries	593,372	110,700	704,072	647,611	56,461
Purchased Professional Services	86,500	25,916	112,416	106,318	6,098
Purchased Technical Services	108,000	(36,618)	71,382	52,345	19,037
Other Purchased Services	5,500	-	5,500	2,790	2,710
Supplies and Materials	3,000	1,100	4,100	3,243	857
<b>Total Admin. Info. Technology</b>	<b>796,372</b>	<b>101,098</b>	<b>897,470</b>	<b>812,307</b>	<b>85,163</b>
Required Maintenance for School Facilities					
Salaries	1,316,025	17,900	1,333,925	1,242,212	91,713
Cleaning, Repair and Maintenance Services	851,000	79,421	930,421	851,992	78,429
General Supplies	180,000	13,350	193,350	177,262	16,088
<b>Total Required Maintenance for School Facilities</b>	<b>2,347,025</b>	<b>110,671</b>	<b>2,457,696</b>	<b>2,271,466</b>	<b>186,230</b>
Custodial Services					
Salaries	3,607,472	12,924	3,620,396	3,565,213	55,183
Purchased Professional and Technical Services	213,000	6,542	219,542	181,041	38,501
Cleaning, Repair and Maintenance	170,000	18,291	188,291	186,196	2,095
Rental Land and Buildings	305,000	94,626	399,626	399,625	1
Other Purchased Property Services	87,000	7,740	94,740	92,975	1,765
Insurance	524,000	30,400	554,400	554,377	23
Miscellaneous Purchased Services	51,000	(7,581)	43,419	11,025	32,394
General Supplies	209,000	22,348	231,348	229,172	2,176
Energy (Natural Gas)	622,000	(225,773)	396,227	254,923	141,304
Energy (Electricity)	695,000	210,922	905,922	848,186	57,736
Energy (Gasoline)	25,000	3,348	28,348	27,224	1,124
Other Objects	7,000	-	7,000	634	6,366
<b>Total Other Operational and Maintenance of Plant</b>	<b>6,515,472</b>	<b>173,787</b>	<b>6,689,259</b>	<b>6,350,591</b>	<b>338,668</b>

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 112,379	\$ (36,200)	\$ 76,179	\$ 13,749	\$ 62,430
Purchased Professional and Technical Services	43,000	916	43,916	40,196	3,720
Cleaning, Repair and Maintenance	8,100	(1,894)	6,206	2,458	3,748
General Supplies	-	2,640	2,640	2,636	4
Total Care and Upkeep of Grounds	<u>163,479</u>	<u>(34,538)</u>	<u>128,941</u>	<u>59,039</u>	<u>69,902</u>
Security					
Salaries	909,903	81,510	991,413	944,340	47,073
Purchased Professional and Technical Services	15,700	940	16,640	10,736	5,904
Cleaning, Repair and Maintenance	7,700	(250)	7,450	1,831	5,619
General Supplies	23,300	-	23,300	20,675	2,625
Total Security	<u>956,603</u>	<u>82,200</u>	<u>1,038,803</u>	<u>977,582</u>	<u>61,221</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	83,717	11,000	94,717	80,415	14,302
Salaries for Pupil Transportation (Between Home and School) - Special	47,735	16,000	63,735	62,857	878
Other Purchased Prof. and Tech. Serv.	15,000	(2,000)	13,000	-	13,000
Cleaning, Repair and Maintenance	17,200	6,462	23,662	13,302	10,360
Contracted Services (Between Home and School) - Vendors	1,035,300	54,691	1,089,991	1,030,100	59,891
Contracted Services (Between Home and School) - Joint Agreements	112,000	(11,314)	100,686	93,986	6,700
Contracted Services (Other Than Between Home and School) - Vendors	217,000	(50,672)	166,328	109,130	57,198
Contracted Services (Spec Ed)-Vendors	725,000	115,039	840,039	826,652	13,387
Contracted Services (Spec Ed)-Joint Agreements	1,232,700	(86,800)	1,145,900	1,081,831	64,069
Misc. Purchased Services - Transportation	1,000	132	1,132	581	551
General Supplies	8,000	-	8,000	-	8,000
Transportation Supplies	9,500	31	9,531	6,918	2,613
Aid in Lieu of Payments - Nonpublic School	451,000	-	451,000	340,541	110,459
Aid in Lieu of Payments - Charter Schools	30,000	-	30,000	13,261	16,739
Total Student Transportation Services	<u>3,985,152</u>	<u>52,569</u>	<u>4,037,721</u>	<u>3,659,574</u>	<u>378,147</u>
Unallocated Benefits					
Group Insurance	3,100	-	3,100	2,788	312
Social Security Contributions	1,182,600	107,350	1,289,950	1,289,738	212
Other Retirement Contributions-PERS	1,138,379	(106,700)	1,031,679	1,019,657	12,022
Other Retirement Contributions-ERIP	53,000	-	53,000	40,672	12,328
Unemployment Compensation	325,000	(324,400)	600	-	600
Workmen's Compensation	646,000	(124,000)	522,000	521,632	368
Health Benefits	13,809,000	408,900	14,217,900	14,216,668	1,232
Other Employee Benefits	700,000	(269,493)	430,507	406,915	23,592
Total Unallocated Benefits	<u>17,857,079</u>	<u>(308,343)</u>	<u>17,548,736</u>	<u>17,498,070</u>	<u>50,666</u>
TPAF On Behalf					
NCGI Premium	-	-	-	170,107	(170,107)
Pension Contribution	-	-	-	3,233,132	(3,233,132)
Post Retirement	-	-	-	3,848,203	(3,848,203)
Social Security Contribution	-	-	-	3,908,574	(3,908,574)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,160,016</u>	<u>(11,160,016)</u>
Total Undistributed Expenditures	<u>56,104,660</u>	<u>(212,524)</u>	<u>55,892,136</u>	<u>63,445,985</u>	<u>(7,553,849)</u>
Total Current Expenditures	<u>102,276,091</u>	<u>896,281</u>	<u>103,172,372</u>	<u>109,742,620</u>	<u>(6,570,248)</u>

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5	\$ 15,000	\$ (1,200)	\$ 13,800	\$ 7,873	\$ 5,927
Grades 6-8	15,000	(6,800)	8,200		8,200
Grades 9-12	20,000	-	20,000		20,000
Basic Skills/Remedial - Instruction		6,800	6,800	6,800	-
Undistributed Expenditures					
General Administration	15,000	-	15,000		15,000
School Administration		-			-
Central Services	10,000	-	10,000		10,000
Admin. Info. Tech.	10,000	-	10,000	4,707	5,293
Required Maintenance	36,500	(9,315)	27,185	8,685	18,500
Custodial	15,000	18,000	33,000		33,000
Care and Upkeep	10,000	(1,500)	8,500		8,500
School Buses	12,600	-	12,600	-	12,600
<b>Total Equipment</b>	<u>159,100</u>	<u>5,985</u>	<u>165,085</u>	<u>28,065</u>	<u>137,020</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering	42,000	47,487	89,487	1,545	87,942
Other Purchased Professional Services		-			
Construction Services	335,000	251,757	586,757	392,405	194,352
Supplies and Materials	30,000	9,435	39,435	35,235	4,200
Other Objects (Debt Service Assessment)	-	60,129	60,129	60,129	-
<b>Total Facilities Acquis. and Const. Services</b>	<u>407,000</u>	<u>368,808</u>	<u>775,808</u>	<u>489,314</u>	<u>286,494</u>
<b>Total Capital Outlay</b>	<u>566,100</u>	<u>374,793</u>	<u>940,893</u>	<u>517,379</u>	<u>423,514</u>
<b>SPECIAL SCHOOLS</b>					
Summer School - Instruction					
Salaries of Teachers	353,101	(13,000)	340,101	336,315	3,786
Other Salaries for Instruction	61,942	-	61,942	40,961	20,981
<b>Total Summer School - Instruction</b>	<u>415,043</u>	<u>(13,000)</u>	<u>402,043</u>	<u>377,276</u>	<u>24,767</u>
Summer School - Support Services					
Salaries of Teachers	15,981	13,000	28,981	28,958	23
<b>Total Summer School - Support Services</b>	<u>15,981</u>	<u>13,000</u>	<u>28,981</u>	<u>28,958</u>	<u>23</u>
<b>Total Special Schools</b>	<u>431,024</u>	<u>-</u>	<u>431,024</u>	<u>406,234</u>	<u>24,790</u>
Transfer of Funds To Charter Schools	167,461	53,190	220,651	220,638	13
<b>Total Expenditures</b>	<u>103,440,676</u>	<u>1,324,264</u>	<u>104,764,940</u>	<u>110,886,871</u>	<u>(6,121,931)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,587,513)</u>	<u>(1,324,264)</u>	<u>(2,911,777)</u>	<u>2,029,907</u>	<u>4,941,684</u>

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Other Financing Sources (Uses)					
Transfer Out - Capital Projects Fund	\$ (2,530,000)	-	\$ (2,530,000)	\$ (1,106,478)	\$ 1,423,522
Transfer In - Capital Projects Fund	-	-	-	1,582,003	1,582,003
Total Other Financing Sources (Uses)	(2,530,000)	-	(2,530,000)	475,525	3,005,525
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(4,117,513)	\$ (1,324,264)	(5,441,777)	2,505,432	7,947,209
Fund Balances, Beginning of Year	14,926,554	-	14,926,554	14,926,554	-
Fund Balances, End of Year	\$ 10,809,041	\$ (1,324,264)	\$ 9,484,777	\$ 17,431,986	\$ 7,947,209
<b>Recapitulation of Fund Balance</b>					
Restricted					
Capital Reserve				\$ 7,105,526	
Maintenance Reserve				1,000,000	
Emergency Reserve				1,000,000	
Excess Surplus Designated for Subsequent Years Budget				846,083	
Excess Surplus				280,118	
Committed					
Encumbrances				88,967	
Assigned					
Designated for Subsequent Year's Budget				2,619,279	
Encumbrances				333,611	
Capital Reserve-Designated for Subsequent Year's Budget				1,400,000	
Maintenance Reserve-Designated for Subsequent Year's Budget				300,000	
Unassigned				<u>2,458,402</u>	
<b>Fund Balance (Budgetary Basis)</b>				17,431,986	
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(5,775,412)</u>	
<b>Fund Balance (GAAP Basis)</b>				<u>\$ 11,656,574</u>	

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND - EDUCATION JOBS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Federal Sources					
Education Jobs Fund	\$ -	\$ 4,787	\$ 4,787	\$ 4,787	-
Total Revenues	-	4,787	4,787	4,787	-
<b>CURRENT EXPENDITURES</b>					
Undistributed Expenditures					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	-	4,787	4,787	4,787	-
Total Expenditures	\$ -	\$ 4,787	\$ 4,787	\$ 4,787	\$ -

NORTH BERGEN BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Intergovernmental					
State	\$ 3,126,664		\$ 3,126,664	\$ 3,073,230	\$ (53,434)
Federal	4,799,495	\$ 1,447,635	6,247,130	5,895,504	(351,626)
Local Sources					
Miscellaneous	-	79,536	79,536	43,536	(36,000)
Total Revenues	<u>7,926,159</u>	<u>1,527,171</u>	<u>9,453,330</u>	<u>9,012,270</u>	<u>(441,060)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	3,352,198	340,951	3,693,149	3,607,805	85,344
Other Salaries for Instruction	185,400	38,500	223,900	222,627	1,273
Purchased Prof. and Tech. Svcs.	76,360	45,249	121,609	106,592	15,017
Other Purchased Services	1,519,860	160,125	1,679,985	1,649,286	30,699
General Supplies	219,657	186,318	405,975	374,056	31,919
Total Instruction	<u>5,353,475</u>	<u>771,143</u>	<u>6,124,618</u>	<u>5,960,366</u>	<u>164,252</u>
Support Services					
Salaries of Supervisors	110,416	-	110,416	110,400	16
Salaries of Program Directors	211,353	(35,183)	176,170	175,512	658
Salaries of Other Professional Staff	84,146	5,475	89,621	89,095	526
Salaries of Secretaries and Clerical Assistants	168,504	(59,796)	108,708	107,627	1,081
Other Salaries	150,065	52,634	202,699	187,127	15,572
Salaries of Master Teachers	87,550	(16,100)	71,450	70,941	509
Personal Services-Employee Benefits	1,145,681	44,899	1,190,580	1,142,075	48,505
Purchased Professional/Educational Serv.	123,000	465,597	588,597	469,805	118,792
Cleaning, Repair and Maintenance Services	20,000	37,350	57,350	48,432	8,918
Rentals	334,469	(112,768)	221,701	221,692	9
Contracted Services - Transportation	65,000	49,400	114,400	113,596	804
Other Purchased Services	14,000	13,270	27,270	23,382	3,888
Travel	2,500	(2,000)	500	500	-
Supplies and Materials	36,000	272,487	308,487	245,235	63,252
Total Support Services	<u>2,552,684</u>	<u>715,265</u>	<u>3,267,949</u>	<u>3,004,919</u>	<u>263,030</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	10,000	2,499	12,499	-	12,499
Non-Instructional Equipment	10,000	38,264	48,264	46,985	1,279
Total Facilities Acquisition and Construction Services	<u>20,000</u>	<u>40,763</u>	<u>60,763</u>	<u>46,985</u>	<u>13,778</u>
Total Expenditures	<u>7,926,159</u>	<u>1,527,171</u>	<u>9,453,330</u>	<u>9,012,270</u>	<u>441,060</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	8,781	-	8,781	8,781	-
Fund Balance, End of Year	<u>\$ 8,781</u>	<u>\$ -</u>	<u>\$ 8,781</u>	<u>\$ 8,781</u>	<u>\$ -</u>

**Preschool Programs Restricted Fund Balance Activity**

Fund Balance June 30, 2012	\$ 8,781
Less: Funds Utilized	-
Fund Balance June 30, 2013	<u>\$ 8,781</u>

**NORTH BERGEN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule (Exhibits C-1,C-2)	\$ 112,916,778	\$ 9,012,270
Difference - budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2012-2013)	(5,775,412)	
State Aid payment recognized for GAAP statements, not recognized for budgetary purposes (2011-2012)	5,623,308	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2013		(88,004)
Encumbrances, June 30, 2012 (net of cancellations)	-	208,576
	<u>                    </u>	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 112,764,674</u>	<u>\$ 9,132,842</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1, C-2)	\$ 110,886,871	\$ 9,012,270
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2013		(88,004)
Encumbrances, June 30, 2012 (net of cancellations)	-	208,576
	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 110,886,871</u>	<u>\$ 9,132,842</u>

**SPECIAL REVENUE FUND**

**NORTH BERGEN BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Preschool Education	Juvenile Comm. Serv.	Greenhouse Grant	Race to the Top	Subtotal Page 2	Subtotal Page 3	Grand Total
<b>REVENUES</b>							
Intergovernmental:							
State	\$ 3,073,230		\$ 8,605	\$ 198,065	\$ 3,801,235	\$ 1,887,599	\$ 5,895,504
Federal							
Other		\$ 43,536					\$ 43,536
<b>Total Revenues</b>	<b>\$ 3,073,230</b>	<b>\$ 43,536</b>	<b>\$ 8,605</b>	<b>\$ 198,065</b>	<b>\$ 3,801,235</b>	<b>\$ 1,887,599</b>	<b>\$ 9,012,270</b>
<b>EXPENDITURES</b>							
Instruction:							
Salaries of Teachers	\$ 1,093,686			\$	\$ 2,513,099	\$ 1,020	\$ 3,607,805
Other Salaries for Instruction	222,627						222,627
Purchased Prof. and Tech. Svcs.	1,339			106,592			106,592
Other Purchased Services	83,126			1,750		1,646,197	1,649,286
General Supplies				110,209		180,721	374,056
<b>Total Instruction</b>	<b>1,400,778</b>			<b>2,731,650</b>		<b>1,827,938</b>	<b>5,960,366</b>
Support Services							
Salaries of Supervisors of Instruction	110,400						110,400
Salaries of Program Directors	121,600			53,912			175,512
Salaries of Other Professional Staff	83,620			5,475			89,095
Salaries of Secretaries and Clerical Assistants	53,136	1,176		53,315			107,627
Other Salaries	174,360	10,050	\$ 2,717				187,127
Salaries of Master Teachers	70,941						70,941
Personal Services-Employee Benefits	405,757			736,240		78	1,142,075
Purchased Professional/Educational Serv.	130,535	15,907	1,427	142,953		20,903	469,805
Cleaning, Repairs and Maintenance	48,432						48,432
Rentals	221,692						221,692
Contracted Services - Transportation	111,550						111,550
Contracted Transportation Services (Field Trips)	2,046						2,046
Other Purchased Services	91,398	10,042	3,850	39,985	9,490		23,382
Supplies and Materials		6,361	611		68,200	38,680	245,235
<b>Total Support Services</b>	<b>1,625,467</b>	<b>43,536</b>	<b>8,605</b>	<b>198,065</b>	<b>1,069,585</b>	<b>59,661</b>	<b>3,004,919</b>
Facilities Acquisition and Construction Services							
Non Instructional Equipment	46,985						46,985
<b>Total Facilities Acquisition and Construction Services</b>	<b>46,985</b>						<b>46,985</b>
<b>Total Expenditures</b>	<b>3,073,230</b>	<b>43,536</b>	<b>8,605</b>	<b>198,065</b>	<b>3,801,235</b>	<b>1,887,599</b>	<b>9,012,270</b>
Excess (Deficiency) of Revenues Over(Under) Expenditures							
<b>Fund Balance, Beginning of Year</b>	<b>8,781</b>						<b>8,781</b>
<b>Fund Balance, End of Year</b>	<b>8,781</b>						<b>8,781</b>

NORTH BERGEN BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

N.C.L.B. Consolidated					
REVENUES	Title I	Title II A	Title III	Title III Immig	Page Total
Intergovernmental Federal	\$ 3,271,323	\$ 306,761	\$ 185,658	\$ 37,493	\$ 3,801,235
<b>Total Revenues</b>	<b>\$ 3,271,323</b>	<b>\$ 306,761</b>	<b>\$ 185,658</b>	<b>\$ 37,493</b>	<b>\$ 3,801,235</b>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	\$ 2,230,519	\$ 199,605	\$ 49,075	\$ 33,900	\$ 2,513,099
Purchased Prof. and Tech. Serv.	103,247		3,345		106,592
Other Purchased Services			750	1,000	1,750
General Supplies	17,021	-	90,595	2,593	110,209
<b>Total Instruction</b>	<b>2,350,787</b>	<b>199,605</b>	<b>143,765</b>	<b>37,493</b>	<b>2,731,650</b>
Support Services					
Salaries of Program Directors	53,912				53,912
Salaries of Other Professional Staff	5,475				5,475
Salaries of Secretaries and Clerical Assistants	38,805		14,510		53,315
Personal Services-Employee Benefits	686,474	44,103	5,663		736,240
Purchased Professional/Educational Serv.	79,900	63,053			142,953
Other Purchased Services	9,490				9,490
Supplies and Materials	46,480	-	21,720	-	68,200
<b>Total Support Services</b>	<b>920,536</b>	<b>107,156</b>	<b>41,893</b>	<b>-</b>	<b>1,069,585</b>
<b>Total Expenditures</b>	<b>3,271,323</b>	<b>306,761</b>	<b>185,658</b>	<b>37,493</b>	<b>3,801,235</b>
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH BERGEN BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	IDEA			Page Total
	Basic	Achievement Award	Preschool	
<b>REVENUES</b>				
Intergovernmental				
Federal	\$ 1,736,630	\$ 99,998	\$ 50,971	\$ 1,887,599
Total Revenues	\$ 1,736,630	\$ 99,998	\$ 50,971	\$ 1,887,599
<b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers		\$ 1,020		\$ 1,020
Other Purchased Services	\$ 1,595,226		\$ 50,971	1,646,197
General Supplies	95,871	84,850	-	180,721
Total Instruction	1,691,097	85,870	50,971	1,827,938
Support Services				
Personal Services-Employee Benefits		78		78
Purchased Professional/Educational Serv.	7,703	13,200		20,903
Supplies and Materials	37,830	850	-	38,680
Total Support Services	45,533	14,128	-	59,583
Total Expenditures	1,736,630	99,998	50,971	1,887,521
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**NORTH BERGEN BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**District-Wide Total**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries of Teachers	\$ 1,098,691	\$ 1,093,686	\$ 5,005
Other Salaries of Instruction	223,900	222,627	1,273
Other Purchased Services	3,305	1,339	1,966
General Supplies	83,200	83,126	74
	<u>1,409,096</u>	<u>1,400,778</u>	<u>8,318</u>
Total Instruction			
Support Services			
Salaries of Supervisors	110,416	110,400	16
Salaries of Program Directors	122,253	121,600	653
Salaries of Other Professional Staff	84,146	83,620	526
Salaries of Secretaries and Clerical Assistants	53,150	53,136	14
Other Salaries	174,365	174,360	5
Salaries of Master Teachers	71,450	70,941	509
Personal Services - Employee Benefits	411,934	405,757	6,177
Other Purchased Professional Educational Services	130,600	130,535	65
Cleaning, Repairs and Maintenance	57,350	48,432	8,918
Rentals	221,701	221,692	9
Contracted Transportation Services	112,000	111,550	450
Contracted Transportation Services (Field Trips)	2,400	2,046	354
Travel	500		500
Supplies and Materials	113,540	91,398	22,142
	<u>1,665,805</u>	<u>1,625,467</u>	<u>40,338</u>
Total Support Services			
Facilities Acquisition and Construction Services			
Instructional Equipment	3,499		3,499
Non Instructional Equipment	48,264	46,985	1,279
	<u>51,763</u>	<u>46,985</u>	<u>4,778</u>
Total Facilities Acquisition and Construction Services			
Transfer of Funds to General Fund			
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures			
	<u>\$ 3,126,664</u>	<u>\$ 3,073,230</u>	<u>\$ 53,434</u>
Total Revised 2012-2013 Preschool Education Aid Allocation			
		\$ 3,126,664	
Actual Preschool Education Aid Carryover (June 30, 2012)		1,703,650	
Add: Prior Year Cancelled Encumbrances		1,584	
Total Preschool Education Aid Funds Available for 2012-2013 Budget		4,831,898	
Less: 2012-2013 Budgeted Preschool Education Aid (including prior year budgeted carryover)		<u>3,126,664</u>	
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013		1,705,234	
Add: 2012-2013 Unexpended Preschool Education Aid		53,434	
2012-2013 Carryover - Preschool Education Aid/Preschool		<u>\$ 1,758,668</u>	
2012-2013 Preschool Education Aid Carryover Budgeted for Preschool Programs 2013-14		<u>\$ -</u>	

**CAPITAL PROJECTS FUND**

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>				<u>Balance, June 30, 2013</u>
	<u>Modified Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cancellations</u>	
Lease Purchase 1998- Various Impvts.	\$ 9,000,000	\$ 8,313,951			\$ 686,049
Lease Purchase 1999- Various Impvts.	10,120,852	9,985,860			134,992
Secure Our Schools Equipment Grant	325,000	301,129		\$ 23,871	-
<b>SDA Projects:</b>					
Franklin Elementary School Rehabilitation - Window Replacement	1,973,766	1,141,399	\$ 43,002	789,181	184
Lincoln Elementary School Rehabilitation - Window Replacement	1,722,617	979,362	53,221	689,851	183
North Bergen High School Rehabilitation - Maintenance Room Conversion	389,309	168,120		221,189	-
North Bergen High School Addition and Rehabilitation - Guidance and Health Suites	1,779,212	1,450,848	22,876	132,655	172,833
North Bergen High School Rehabilitation - Brick Façade Repair and Restoration	1,209,875	654,101	81,893	389,362	84,519
North Bergen High School - Electrical Upgrades	685,143	441,700		243,443	-
Horace Mann Elementary School Rehabilitation - Window Replacement and Exterior Doors	2,591,363	1,305,381	958,932	86,719	240,331
Robert Fulton Elementary School Rehabilitation - Window Replacement and Exterior Doors	2,474,430	-	110,424	-	2,364,006
	<u>\$ 32,271,567</u>	<u>\$ 24,741,851</u>	<u>\$ 1,270,348</u>	<u>\$ 2,576,271</u>	<u>\$ 3,683,097</u>
Project Balances					\$ 3,683,097
Less: Deferred Revenue					<u>1,356,168</u>
Fund Balance (GAAP)					<u>\$ 2,326,929</u>
<b><u>Recapitulation of Fund Balance</u></b>					
Restricted for Capital Projects					
Year-End Encumbrances					\$ 2,862,056
Available for Capital Projects					<u>(535,127)</u>
Total Fund Balance- Restricted for Capital Projects					<u>\$ 2,326,929</u>

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**REVENUES AND OTHER FINANCING SOURCES**

State Sources	
SDA Grants (net of cancellations)	\$ 397,555
Local Sources	
Transfer from Capital Outlay	<u>1,106,478</u>
 Total Revenues	 <u>1,504,033</u>

**EXPENDITURES AND OTHER FINANCING USES**

Architectural/Engineering Services	192,687
Construction Services	1,077,661
Transfer to Capital Reserve (cancelled projects)	<u>1,582,003</u>
 Total Expenditures	 <u>2,852,351</u>

Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources (1,348,318)

Fund Balance, Beginning of Year 5,031,415

Fund Balance, End of Year \$ 3,683,097

**Reconciliation to GAAP Fund Balance, June 30, 2013**

Fund Balance, Budgetary Basis	\$ 3,683,097
Less: School Development Authority (SDA) Deferred Revenue	<u>(1,356,168)</u>
Fund Balance, GAAP Basis	<u>\$ 2,326,929</u>

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
FRANKLIN ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,016,408	\$ (328,947)	\$ 687,461	\$ 1,016,408
Local Sources	<u>957,358</u>	<u>(460,234)</u>	<u>497,124</u>	<u>957,358</u>
 Total Revenues	 <u>1,973,766</u>	 <u>(789,181)</u>	 <u>1,184,585</u>	 <u>1,973,766</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Services	149,118	19,509	168,627	236,852
Construction Services	<u>992,281</u>	<u>23,493</u>	<u>1,015,774</u>	<u>1,736,914</u>
 Total Expenditures and Other Financing Uses	 <u>1,141,399</u>	 <u>43,002</u>	 <u>1,184,401</u>	 <u>1,973,766</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 832,367</u>	 <u>\$ (832,183)</u>	 <u>\$ 184</u>	 <u>\$ -</u>

## Additional Project Information:

Project Number	3610-060-09-1008
Grant Date	May 1, 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	1,751,403
Additional Authorized Cost	222,363
Revised Authorized Cost	1,973,766
 Percentage Increase over Original Authorized Cost	 13%
Percentage Completion	100%
Original Target Completion Date	February 1, 2011
Revised Target Completion Date	February 1, 2013

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
LINCOLN ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 890,041	\$ (290,687)	\$ 599,354	\$ 890,041
Local Sources	<u>832,576</u>	<u>(399,164)</u>	<u>433,412</u>	<u>832,576</u>
 Total Revenues	 <u>1,722,617</u>	 <u>(689,851)</u>	 <u>1,032,766</u>	 <u>1,722,617</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Services	139,098	21,532	160,630	206,714
Construction Services	<u>840,264</u>	<u>31,689</u>	<u>871,953</u>	<u>1,515,903</u>
 Total Expenditures and Other Financing Uses	 <u>979,362</u>	 <u>53,221</u>	 <u>1,032,583</u>	 <u>1,722,617</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 743,255</u>	 <u>\$ (743,072)</u>	 <u>\$ 183</u>	 <u>\$ -</u>

## Additional Project Information:

Project Number	3610-090-09-1009
Grant Date	May 1, 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	1,533,656
Additional Authorized Cost	188,961
Revised Authorized Cost	1,722,617

## Percentage Increase over Original Authorized

Cost	12%
Percentage Completion	100%
Original Target Completion Date	February 1, 2011
Revised Target Completion Date	February 1, 2013

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
NORTH BERGEN HIGH SCHOOL REHABILITATION - MAINTENANCE ROOM CONVERSION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 210,845	\$ (113,278)	\$ 97,567	\$ 210,845
Local Sources	<u>178,464</u>	<u>(107,911)</u>	<u>70,553</u>	<u>178,464</u>
 Total Revenues	 <u>389,309</u>	 <u>(221,189)</u>	 <u>168,120</u>	 <u>389,309</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Services	22,345		22,345	46,717
Construction Services	<u>145,775</u>	<u>-</u>	<u>145,775</u>	<u>342,592</u>
 Total Expenditures and Other Financing Uses	 <u>168,120</u>	 <u>-</u>	 <u>168,120</u>	 <u>389,309</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 221,189</u>	 <u>\$ (221,189)</u>	 <u>\$ -</u>	 <u>\$ -</u>

## Additional Project Information:

Project Number	3610-050-09-1013
Grant Date	July 26, 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	363,314
Additional Authorized Cost	25,995
Revised Authorized Cost	389,309

## Percentage Increase over Original Authorized

Cost	7%
Percentage Completion	100%
Original Target Completion Date	December 15, 2010
Revised Target Completion Date	December 15, 2011

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
NORTH BERGEN HIGH SCHOOL ADDITION AND REHABILITATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 827,591		\$ 827,591	\$ 827,591
Local Sources	<u>951,621</u>	<u>\$ (132,655)</u>	<u>818,966</u>	<u>951,621</u>
 Total Revenues	 <u>1,779,212</u>	 <u>(132,655)</u>	 <u>1,646,557</u>	 <u>1,779,212</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Services	213,944	22,876	236,820	213,505
Construction Services	<u>1,236,904</u>	<u>-</u>	<u>1,236,904</u>	<u>1,565,707</u>
 Total Expenditures and Other Financing Uses	 <u>1,450,848</u>	 <u>22,876</u>	 <u>1,473,724</u>	 <u>1,779,212</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 328,364</u>	 <u>\$ (155,531)</u>	 <u>\$ 172,833</u>	 <u>\$ -</u>
 Additional Project Information:				
Project Number	3610-050-09-1010			
Grant Date	July 29, 2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	1,499,212			
Additional Authorized Cost	280,000			
Revised Authorized Cost	1,779,212			
 Percentage Increase over Original Authorized Cost				
	19%			
Percentage Completion				
	89%			
Original Target Completion Date				
	December 15, 2010			
Revised Target Completion Date				
	December 31, 2013			

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
NORTH BERGEN HIGH SCHOOL REHABILITATION - BRICK FAÇADE REPAIR AND RESTORATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 626,251	\$ (150,075)	\$ 476,176	\$ 626,251
Local Sources	<u>583,624</u>	<u>(239,287)</u>	<u>344,337</u>	<u>583,624</u>
 Total Revenues	 <u>1,209,875</u>	 <u>(389,362)</u>	 <u>820,513</u>	 <u>1,209,875</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Services	129,681	20,245	149,926	145,185
Construction Services	<u>524,420</u>	<u>61,648</u>	<u>586,068</u>	<u>1,064,690</u>
 Total Expenditures and Other Financing Uses	 <u>654,101</u>	 <u>81,893</u>	 <u>735,994</u>	 <u>1,209,875</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 555,774</u>	 <u>\$ (471,255)</u>	 <u>\$ 84,519</u>	 <u>\$ -</u>

## Additional Project Information:

Project Number	3610-050-09-1007
Grant Date	May 1, 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	1,079,111
Additional Authorized Cost	130,764
Revised Authorized Cost	1,209,875
 Percentage Increase over Original Authorized Cost	 12%
Percentage Completion	90%
Original Target Completion Date	December 15, 2010
Revised Target Completion Date	February 1, 2013

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
NORTH BERGEN HIGH SCHOOL ELECTRICAL UPGRADES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 343,746	\$ (87,410)	\$ 256,336	\$ 343,746
Local Sources	<u>341,397</u>	<u>(156,033)</u>	<u>185,364</u>	<u>341,397</u>
 Total Revenues	 <u>685,143</u>	 <u>(243,443)</u>	 <u>441,700</u>	 <u>685,143</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Services	27,308		27,308	82,217
Construction Services	<u>414,392</u>	<u>-</u>	<u>414,392</u>	<u>602,926</u>
 Total Expenditures and Other Financing Uses	 <u>441,700</u>	 <u>-</u>	 <u>441,700</u>	 <u>685,143</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 243,443</u>	 <u>\$ (243,443)</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Additional Project Information:				
Project Number	3610-050-09-1001			
Grant Date	February 26, 2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	592,319			
Additional Authorized Cost	92,824			
Revised Authorized Cost	685,143			
 Percentage Increase over Original Authorized				
Cost	16%			
Percentage Completion	100%			
Original Target Completion Date	October 31, 2010			
Revised Target Completion Date	October 31, 2010			

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
HORACE MANN ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT AND EXTERIOR DOORS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,254,556		\$ 1,254,556	\$ 1,254,556
Local Sources	<u>1,336,807</u>	<u>\$ (86,719)</u>	<u>1,250,088</u>	<u>1,336,807</u>
 Total Revenues	 <u>2,591,363</u>	 <u>(86,719)</u>	 <u>2,504,644</u>	 <u>2,591,363</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Services	202,440	71,858	274,298	310,964
Construction Services	<u>1,102,941</u>	<u>887,074</u>	<u>1,990,015</u>	<u>2,280,399</u>
 Total Expenditures and Other Financing Uses	 <u>1,305,381</u>	 <u>958,932</u>	 <u>2,264,313</u>	 <u>2,591,363</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 1,285,982</u>	 <u>\$ (1,045,651)</u>	 <u>\$ 240,331</u>	 <u>\$ -</u>
 Additional Project Information:				
Project Number	3610-070-10-1003			
Grant Date	August 31, 2010			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	2,269,313			
Additional Authorized Cost	322,050			
Revised Authorized Cost	2,591,363			
 Percentage Increase over Original Authorized Cost				
	14%			
Percentage Completion				
	90%			
Original Target Completion Date				
	June 30, 2012			
Revised Target Completion Date				
	June 30, 2013			

**NORTH BERGEN BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
ROBERT FULTON ELEMENTARY SCHOOL REHABILITATION - WINDOW REPLACEMENT AND EXTERIOR DOORS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ -	\$ 1,367,952	\$ 1,367,952	\$ 1,387,825
Local Sources	-	1,106,478	1,106,478	1,106,478
<b>Total Revenues</b>	<b>-</b>	<b>2,474,430</b>	<b>2,474,430</b>	<b>2,494,303</b>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Services		36,667	36,667	299,316
Construction Services	-	73,757	73,757	2,194,987
<b>Total Expenditures and Other Financing Uses</b>	<b>-</b>	<b>110,424</b>	<b>110,424</b>	<b>2,494,303</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ 2,364,006</b>	<b>\$ 2,364,006</b>	<b>\$ -</b>

## Additional Project Information:

Project Number	3610-110-10-1006
Grant Date	August 30, 2010
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	2,510,379
Reduced Authorized Cost	(16,076)
Revised Authorized Cost	2,494,303

## Percentage Increase over Original Authorized

Cost	-1%
Percentage Completion	4%
Original Target Completion Date	June 30, 2014
Revised Target Completion Date	June 30, 2014

**PROPRIETARY FUNDS**

**EXHIBIT G-1**

**NORTH BERGEN BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NORTH BERGEN BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY NET POSITION  
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 186,656	\$ 3,682,103	\$ 3,868,759
Investments	<u>90,277</u>	<u>-</u>	<u>90,277</u>
Total Assets	<u>\$ 276,933</u>	<u>\$ 3,682,103</u>	<u>\$ 3,959,036</u>
<b>LIABILITIES</b>			
Payroll and Payroll Deductions and Withholdings		\$ 564,641	\$ 564,641
Accrued Salaries and Wages		3,021,294	3,021,294
Due to Other Funds		96,168	96,168
Due to Student Groups	<u>\$ 276,933</u>	<u>-</u>	<u>276,933</u>
Total Liabilities	<u>\$ 276,933</u>	<u>\$ 3,682,103</u>	<u>\$ 3,959,036</u>

**NORTH BERGEN BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

**STUDENT ACTIVITY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Balance, July 1, 2012</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance, June 30, 2013</b>
<b>ELEMENTARY SCHOOLS</b>	\$ 87,149	\$ 209,693	\$ 204,198	\$ 92,644
<b>HIGH SCHOOL</b>				
Athletic	2,627	65,883	62,882	5,628
General	<u>165,884</u>	<u>294,999</u>	<u>282,222</u>	<u>178,661</u>
Total	<u>\$ 255,660</u>	<u>\$ 570,575</u>	<u>\$ 549,302</u>	<u>\$ 276,933</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Balance, July 1, 2012</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance, June 30, 2013</b>
<b>ASSETS</b>				
Cash	\$ 2,854,391	\$ 88,157,817	\$ 87,330,105	\$ 3,682,103
Due from Other Funds	<u>9,033</u>	<u>-</u>	<u>9,033</u>	<u>-</u>
Total Assets	<u>\$ 2,863,424</u>	<u>\$ 88,157,817</u>	<u>\$ 87,339,138</u>	<u>\$ 3,682,103</u>
<b>LIABILITIES</b>				
Payroll and Payroll Deductions and Withholdings	\$ 17,914	\$ 85,049,226	\$ 84,502,499	\$ 564,641
Accrued Salaries and Wages	2,833,721	3,015,179	2,827,606	3,021,294
Due to Other Funds	<u>11,789</u>	<u>84,379</u>	<u>-</u>	<u>96,168</u>
Total Liabilities	<u>\$ 2,863,424</u>	<u>\$ 88,148,784</u>	<u>\$ 87,330,105</u>	<u>\$ 3,682,103</u>

**LONG-TERM DEBT**

**NORTH BERGEN BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2013</u>
Pension Obligation Refunding Bonds	5/15/2003	\$ 4,250,000	4/1/2014	\$ 175,000	4.95				
			4/1/2015	185,000	5.00				
			4/1/2016	195,000	5.10				
			4/1/2017	205,000	5.20				
			4/1/2018	215,000	5.20				
			4/1/2019	225,000	5.45				
			4/1/2020	235,000	5.45				
			4/1/2021	250,000	5.45				
			4/1/2022	265,000	5.45				
			4/1/2023	280,000	5.45				
			4/1/2024	295,000	5.60				
		4/1/2025	310,000	5.60					
		4/1/2026	285,000	5.60	\$ 3,285,000	\$ 165,000		\$ 3,120,000	
Refunding Bonds	5/21/2009	3,125,000	3/1/2014	345,000	3.00				
			3/1/2015	345,000	3.00				
			3/1/2016	350,000	4.00				
			3/1/2017	355,000	4.00				
			3/1/2018	365,000	4.00	2,100,000	-	340,000	1,760,000
					\$ 5,385,000	\$ -	\$ 505,000	\$ 4,880,000	

NORTH BERGEN BOARD OF EDUCATION  
LONG-TERM DEBT  
OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2013</u>
Refunding Certificates of Participation	7/1/2010	\$ 5,590,000	12/15/2013	\$ 540,000	2.000%				
			12/15/2014	555,000	3.000%				
			12/15/2015	575,000	2.750%				
			12/15/2016	590,000	3.000%				
			12/15/2017	610,000	3.375%				
			12/15/2018	1,155,000	3.750%	\$ 4,560,000		\$ 535,000	\$ 4,025,000
Certificates of Participation	2/1/2005	10,285,000	12/15/2013	\$ 375,000	3.500%				
			12/15/2014	395,000	3.500%				
			12/15/2015	415,000	3.750%				
			12/15/2016	440,000	3.700%				
			12/15/2017	465,000	3.800%				
			12/15/2018	365,000	4.000%				
			12-15/2019	1,615,000	4.000%				
			12/15/2020	1,665,000	4.000%	9,615,000		350,000	9,265,000
		15/15/2021	1,730,000	4.000%					
		12/15/2022	1,800,000	4.100%					
						\$ 14,175,000	\$ -	\$ 885,000	\$ 13,290,000

**NORTH BERGEN BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF CAPITAL LEASES PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

NORTH BERGEN BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 1,482,582	-	\$ 1,482,582	\$ 1,482,582	
State Sources					
Debt Service Aid	<u>551,162</u>	<u>-</u>	<u>551,162</u>	<u>551,162</u>	<u>-</u>
Total Revenues	<u>2,033,744</u>	<u>-</u>	<u>2,033,744</u>	<u>2,033,744</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service:					
Lease Purchase					
Principal	885,000		885,000	885,000	
Interest	504,056		504,056	504,056	
Pension Obligation Bonds					
Principal	160,000		160,000	165,000	\$ (5,000)
Interest	176,283		176,283	176,283	
Bonds and Loans					
Principal	340,000		340,000	340,000	
Interest	<u>73,700</u>	<u>-</u>	<u>73,700</u>	<u>73,700</u>	<u>-</u>
Total Expenditures	<u>2,139,039</u>	<u>-</u>	<u>2,139,039</u>	<u>2,144,039</u>	<u>(5,000)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(105,295)	-	(105,295)	(110,295)	(5,000)
Fund Balance, Beginning of Year	<u>105,295</u>	<u>-</u>	<u>105,295</u>	<u>105,295</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>
<b>Recapitulation of Fund Balance:</b>					
Unassigned (Deficit)				<u>\$ (5,000)</u>	

## STATISTICAL SECTION

This part of the North Bergen Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government'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 government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government 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 for the relevant year.

**NORTH BERGEN BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 20,798,863	\$ 24,359,604	\$ 28,299,362	\$ 29,212,551	\$ 30,824,293	\$ 33,055,459	\$ 36,835,059	\$ 40,233,862	\$ 41,423,409	\$ 42,221,991
Restricted	5,835,652	3,139,443	476,746	620,269	66,386	1,058,327	2,108,738	6,114,077	8,314,077	10,814,307
Unrestricted	(9,170,207)	(9,332,831)	(10,557,630)	(10,180,017)	(11,478,408)	(8,473,251)	(6,979,201)	(7,932,633)	(6,036,044)	(8,108,779)
Total Governmental Activities Net Position	\$ 17,464,308	\$ 18,166,216	\$ 18,218,478	\$ 19,652,803	\$ 19,412,271	\$ 25,638,535	\$ 31,964,596	\$ 38,415,286	\$ 43,701,442	\$ 44,927,519
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 8,532	\$ 6,529	\$ 4,526	\$ 2,523	\$ 520	\$ (52,945)	\$ 12,800	\$ 24,908	\$ 23,185	\$ 21,462
Unrestricted	109,598	32,154	3,612	(3,941)	(40,270)	(52,945)	129,864	204,372	387,268	549,791
Total Business-Type Activities Net Position	\$ 118,130	\$ 38,683	\$ 8,138	\$ (1,418)	\$ (39,750)	\$ (52,945)	\$ 142,664	\$ 229,280	\$ 410,453	\$ 571,253
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 20,807,395	\$ 24,366,133	\$ 28,303,888	\$ 29,215,074	\$ 30,824,813	\$ 33,055,459	\$ 36,847,859	\$ 40,238,770	\$ 41,446,594	\$ 42,243,453
Restricted	5,835,652	3,139,443	476,746	620,269	66,386	1,058,327	2,108,738	6,114,077	8,314,077	10,814,307
Unrestricted	(9,060,609)	(9,300,677)	(10,554,018)	(10,183,958)	(11,518,678)	(8,528,196)	(6,849,337)	(7,728,281)	(5,648,776)	(7,558,988)
Total District Net Position	\$ 17,582,438	\$ 18,204,899	\$ 18,226,616	\$ 19,651,385	\$ 19,372,521	\$ 25,585,590	\$ 32,107,260	\$ 38,644,566	\$ 44,111,895	\$ 45,498,772

(1) Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65 "Items Previously Reported in Assets and Liabilities".

**NORTH BERGEN BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 38,182,246	\$ 39,164,130	\$ 41,032,520	\$ 44,464,574	\$ 46,582,265	\$ 42,407,760	\$ 45,774,580	\$ 44,937,810	\$ 46,698,490	\$ 49,890,427
Special Education	9,294,372	10,412,111	10,572,640	11,154,966	12,315,857	13,557,808	14,858,496	13,750,989	14,935,338	15,393,829
Other Instruction	3,389,994	3,791,202	3,629,162	3,998,005	4,518,641	8,549,947	8,330,203	8,184,243	9,141,683	10,598,844
School Sponsored Activities And Athletics	1,193,890	1,244,426	1,331,252	1,446,145	1,617,356	1,616,241	1,711,124	1,688,966	1,899,603	2,101,085
Community Services Programs						125,000				
<b>Support Services:</b>										
Student & Instruction Related Services	9,191,742	9,078,249	11,973,523	13,042,658	12,767,171	11,797,283	13,785,679	13,829,858	14,025,679	13,655,646
General Administration	2,261,735	2,278,151	2,182,817	2,301,630	2,783,970	2,685,869	2,637,217	2,712,890	2,489,391	2,849,487
School Administrative Services	5,298,021	5,826,069	5,884,545	6,024,017	6,037,513	6,375,518	6,378,395	7,012,372	6,818,014	7,659,657
Plant Operations And Maintenance	8,303,411	9,400,957	10,562,205	10,707,442	10,867,507	11,834,784	12,375,652	12,543,652	12,807,210	13,724,829
Pupil Transportation	2,674,459	2,983,988	3,021,985	3,004,714	3,167,082	3,624,295	3,528,580	3,727,566	4,059,359	3,825,607
Business and Other Support Services	1,285,865	1,467,930	1,645,514	1,997,109	2,244,450	2,330,808	2,422,790	2,605,588	2,650,591	2,802,117
Interest On Long-Term Debt	1,374,935	1,281,600	1,361,778	1,348,705	1,261,737	1,155,510	1,081,169	964,942	925,499	900,966
<b>Total Governmental Activities Expenses</b>	<u>82,448,670</u>	<u>86,928,813</u>	<u>93,197,941</u>	<u>99,489,965</u>	<u>104,363,149</u>	<u>106,062,823</u>	<u>112,883,758</u>	<u>111,958,876</u>	<u>116,450,857</u>	<u>123,402,494</u>
<b>Business-Type Activities:</b>										
Food Service	1,671,455	2,038,123	2,212,708	2,284,558	2,552,147	2,642,969	2,667,679	2,778,034	2,911,970	2,947,175
<b>Total Business-Type Activities Expense</b>	<u>1,671,455</u>	<u>2,038,123</u>	<u>2,212,708</u>	<u>2,284,558</u>	<u>2,552,147</u>	<u>2,642,969</u>	<u>2,667,679</u>	<u>2,778,034</u>	<u>2,911,970</u>	<u>2,947,175</u>
<b>Total District Expenses</b>	<u>\$ 84,120,125</u>	<u>\$ 88,966,936</u>	<u>\$ 95,410,649</u>	<u>\$ 101,774,523</u>	<u>\$ 106,915,296</u>	<u>\$ 108,705,792</u>	<u>\$ 115,551,437</u>	<u>\$ 114,736,910</u>	<u>\$ 119,362,827</u>	<u>\$ 126,349,669</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Regular Instruction	\$ 2,621,150	\$ 2,990,401	\$ 2,834,398	\$ 2,757,906	\$ 2,638,545	\$ 2,793,292	\$ 3,955,375	\$ 4,509,007	\$ 4,022,183	\$ 3,385,154
Operating Grants And Contributions	23,826,763	23,364,258	23,572,333	28,644,682	29,697,505	19,893,303	33,902,773	23,564,868	25,015,529	26,589,456
Capital Grants And Contributions	423,316	3,471,910	310,013	65,501	31,181	-	1,415,573	1,201,613	896,328	697,311
<b>Total Governmental Activities Program Revenues</b>	<u>26,871,229</u>	<u>29,826,569</u>	<u>26,716,744</u>	<u>31,468,089</u>	<u>32,367,231</u>	<u>22,686,595</u>	<u>39,273,721</u>	<u>29,275,488</u>	<u>29,934,040</u>	<u>30,671,921</u>
<b>Business-Type Activities:</b>										
Charges For Services:										
Food Service	\$ 532,333	\$ 601,335	\$ 655,914	\$ 676,731	\$ 768,623	\$ 750,148	\$ 741,010	\$ 734,672	\$ 723,677	\$ 637,575
Operating Grants And Contributions	1,076,020	1,357,341	1,526,249	1,598,271	1,745,192	1,879,626	2,109,478	2,116,924	2,369,269	2,470,315
<b>Total Business Type Activities Program Revenues</b>	<u>1,608,353</u>	<u>1,958,676</u>	<u>2,182,163</u>	<u>2,275,002</u>	<u>2,513,815</u>	<u>2,629,774</u>	<u>2,850,488</u>	<u>2,851,596</u>	<u>3,092,946</u>	<u>3,107,890</u>
<b>Total District Program Revenues</b>	<u>\$ 28,479,582</u>	<u>\$ 31,785,245</u>	<u>\$ 28,898,907</u>	<u>\$ 33,743,091</u>	<u>\$ 34,881,046</u>	<u>\$ 25,316,369</u>	<u>\$ 42,124,209</u>	<u>\$ 32,127,084</u>	<u>\$ 33,026,986</u>	<u>\$ 33,779,811</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (55,577,441)	\$ (57,102,244)	\$ (66,481,197)	\$ (68,021,876)	\$ (71,995,918)	\$ (83,376,228)	\$ (73,610,037)	\$ (82,683,388)	\$ (86,516,817)	\$ (92,730,573)
Business-Type Activities	(63,102)	(79,447)	(30,545)	(9,556)	(38,332)	(13,195)	182,809	73,562	180,976	160,715
<b>Total District-Wide Net Expense</b>	<u>\$ (55,640,543)</u>	<u>\$ (57,181,691)</u>	<u>\$ (66,511,742)</u>	<u>\$ (68,031,432)</u>	<u>\$ (72,034,250)</u>	<u>\$ (83,389,423)</u>	<u>\$ (73,427,228)</u>	<u>\$ (82,609,826)</u>	<u>\$ (86,335,841)</u>	<u>\$ (92,569,858)</u>

**NORTH BERGEN BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**  
(Unaudited)  
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
General Revenues										
Property Taxes - General Purposes	\$ 31,507,088	\$ 33,549,318	\$ 35,459,285	\$ 36,770,533	\$ 37,591,021	\$ 37,591,021	\$ 38,342,841	\$ 39,301,311	\$ 40,037,337	\$ 41,061,340
Property Taxes - Debt Service	1,354,794	1,432,672	1,344,959	1,587,116	1,495,965	1,548,488	1,551,343	1,676,751	1,673,267	1,482,582
State Aid - Unrestricted	19,897,298	21,579,509	28,541,273	29,016,534	31,845,214	48,375,682	38,755,559	47,233,353	48,377,423	50,230,702
State Aid - Restricted for Debt Service	233,763	664,526	663,476	532,391	619,497	646,355	666,069	550,958	544,966	551,162
Investment Earnings	89,505	154,301	375,155	545,217	263,800	46,337	23,024	15,034	12,744	15,591
Miscellaneous Income	300,514	423,826	166,410	541,466	439,563	1,394,609	610,062	717,003	1,157,236	615,273
Loss on Disposal of Assets	-	-	(17,099)	(525)	(36,205)	-	(12,800)	(13,054)	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 53,382,962</b>	<b>\$ 57,804,152</b>	<b>\$ 66,533,459</b>	<b>\$ 68,992,732</b>	<b>\$ 72,218,855</b>	<b>\$ 89,602,492</b>	<b>\$ 79,936,098</b>	<b>\$ 89,481,356</b>	<b>\$ 91,802,973</b>	<b>\$ 93,956,650</b>
<b>Business-Type Activities:</b>										
General Revenues	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	12,800	13,054	197	85
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,800</b>	<b>13,054</b>	<b>197</b>	<b>85</b>
<b>Total District-Wide</b>	<b>\$ 53,382,962</b>	<b>\$ 57,804,152</b>	<b>\$ 66,533,459</b>	<b>\$ 68,992,732</b>	<b>\$ 72,218,855</b>	<b>\$ 89,602,492</b>	<b>\$ 79,948,898</b>	<b>\$ 89,494,410</b>	<b>\$ 91,803,170</b>	<b>\$ 93,956,735</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (2,194,479)	\$ 701,908	\$ 52,262	\$ 970,856	\$ 222,937	\$ 6,226,264	\$ 6,326,061	\$ 6,797,968	\$ 5,286,156	\$ 1,226,077
Business-Type Activities	(63,102)	(79,447)	(30,545)	(9,556)	(38,332)	(13,195)	195,609	86,616	181,173	160,800
<b>Total District</b>	<b>\$ (2,257,581)</b>	<b>\$ 622,461</b>	<b>\$ 21,717</b>	<b>\$ 961,300</b>	<b>\$ 184,605</b>	<b>\$ 6,213,069</b>	<b>\$ 6,521,670</b>	<b>\$ 6,884,584</b>	<b>\$ 5,467,329</b>	<b>\$ 1,386,877</b>

NORTH BERGEN BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

(Unaudited)  
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 193,364	\$ 128,211	\$ 427,161	\$ 1,598,446	\$ 275,554	\$ 6,127,537	\$ 5,766,175	\$ 7,194,281	\$ 7,605,189	\$ 10,231,727
Unreserved	2,018,804	1,026,227	2,930,849	411,402	(199,833)	(2,354,090)	(2,716,512)	104,291	422,972	88,967
Restricted	-	-	-	-	-	-	-	1,219,248	4,259,700	4,652,890
Committed	-	-	-	-	-	-	-	(2,813,482)	(2,984,615)	(3,317,010)
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 2,212,168</b>	<b>\$ 1,154,438</b>	<b>\$ 3,358,010</b>	<b>\$ 2,009,848</b>	<b>\$ 75,721</b>	<b>\$ 3,773,447</b>	<b>\$ 3,049,663</b>	<b>\$ 5,704,338</b>	<b>\$ 9,303,246</b>	<b>\$ 11,656,574</b>
All Other Governmental Funds										
Reserved	\$ 6,468,126	\$ 3,617,301	\$ 782,966	\$ 911,162	\$ 31,037	\$ 31,037	\$ 2,246,942	\$ 4,388,642	\$ 3,489,567	\$ 2,335,710
Unreserved	237,917	15,588	(288,783)	187,138	(272,039)	1,160,124	1,659,195	-	-	(5,000)
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 6,706,043</b>	<b>\$ 3,632,889</b>	<b>\$ 494,183</b>	<b>\$ 1,098,300</b>	<b>\$ (241,002)</b>	<b>\$ 1,191,161</b>	<b>\$ 3,906,137</b>	<b>\$ 4,388,642</b>	<b>\$ 3,489,567</b>	<b>\$ 2,330,710</b>

Beginning with 2010/2011 Fiscal Year, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**NORTH BERGEN BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**  
(Unaudited)  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Property Taxes	\$ 32,861,882	\$ 34,981,990	\$ 36,804,244	\$ 38,357,649	\$ 39,086,986	\$ 39,139,509	\$ 39,894,184	\$ 40,978,062	\$ 41,710,604	\$ 42,343,922
Tuition Charges	2,621,150	2,990,401	2,834,398	2,757,906	2,638,545	2,793,292	3,955,375	4,509,007	4,022,183	3,383,154
Interest Earnings	89,505	154,301	375,155	545,217	263,800	46,337	23,024	15,034	12,744	15,591
Miscellaneous	360,866	502,346	221,717	601,835	509,106	1,459,365	669,843	773,567	1,206,933	665,266
State Sources	41,070,684	44,794,731	49,031,713	54,116,380	58,201,385	63,742,787	57,817,037	65,041,850	66,726,453	71,745,246
Federal Sources	3,259,104	4,206,953	4,000,075	4,082,359	3,922,469	5,107,797	16,863,156	7,452,378	8,058,096	6,273,392
<b>Total Revenue</b>	<b>80,254,191</b>	<b>87,630,722</b>	<b>93,267,302</b>	<b>100,461,346</b>	<b>104,622,291</b>	<b>112,289,087</b>	<b>119,222,619</b>	<b>118,769,898</b>	<b>121,737,013</b>	<b>124,628,571</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	38,109,529	38,656,838	41,429,197	44,612,254	46,539,669	42,113,169	45,887,189	44,714,151	47,479,499	49,203,631
Special Education Instruction	9,294,372	10,412,111	10,572,640	11,154,966	12,315,857	13,557,808	14,858,496	13,750,989	14,933,338	15,393,829
Other Instruction	3,389,994	3,791,202	3,629,162	3,998,005	4,518,641	8,549,947	8,330,203	8,184,243	9,141,683	10,598,844
School Sponsored Activities and Athletics	1,193,890	1,244,426	1,331,232	1,446,145	1,617,356	1,616,241	1,711,124	1,688,966	1,899,603	2,101,085
Community Service Programs						125,000				
Support Services:										
Student and Inst. Related Services	9,175,428	9,067,452	11,963,778	13,031,554	12,762,958	11,793,070	13,754,588	13,795,578	13,985,726	13,615,693
General Administration	2,261,490	2,230,477	2,219,397	2,306,920	2,744,069	2,607,365	2,383,442	2,577,112	2,464,796	2,779,257
School Administrative Services	5,205,940	5,629,911	5,629,911	6,011,522	5,976,087	6,242,289	6,376,634	6,924,399	6,935,770	7,505,592
Plant Operations And Maintenance	8,038,051	9,122,406	9,407,978	9,470,372	9,498,010	10,340,302	10,898,201	10,982,784	11,142,404	11,828,538
Pupil Transportation	2,674,459	2,983,988	3,021,985	2,981,954	3,344,322	3,603,535	3,503,202	3,704,806	4,059,359	3,825,607
Business and Other Support Services	1,560,109	1,421,999	1,683,969	2,007,503	2,240,646	2,309,149	2,431,902	2,493,716	2,737,382	2,709,954
Capital Outlay	2,713,678	5,217,966	2,807,802	2,094,181	3,373,635	1,490,325	4,041,211	4,267,596	2,001,746	1,667,902
Debt Service:										
Principal	745,850	775,850	1,147,863	1,434,226	1,559,945	1,687,723	1,864,761	1,654,541	1,420,850	1,390,000
Interest and Other Charges	1,375,837	1,249,378	1,245,882	1,233,058	1,179,106	1,122,875	975,056	892,591	833,024	814,168
Debt Insurance Cost		286,122				84,911		189,516		
Advance Refunding Escrow		1,165,469				45,822		45,983		
<b>Total Expenditures</b>	<b>85,538,627</b>	<b>93,255,595</b>	<b>96,423,196</b>	<b>101,782,660</b>	<b>107,670,301</b>	<b>107,289,932</b>	<b>117,218,627</b>	<b>115,866,971</b>	<b>119,037,180</b>	<b>123,434,100</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(5,284,436)</b>	<b>(5,624,873)</b>	<b>(3,155,894)</b>	<b>(1,321,314)</b>	<b>(3,048,010)</b>	<b>4,999,155</b>	<b>2,003,992</b>	<b>2,902,927</b>	<b>2,699,833</b>	<b>1,194,471</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds From Borrowing										
Capital Leases (Non-Budgeted)										
Payment of Unfunded Pension Liability										
Premium on Issuance of Bonds										
Payments to Refunding Escrow Agent										
Original Issue Discount										
Debt Insurance Costs										
Transfers In	371,918	1,198,592	312,448	62,329	46,917	5,941	4,251,497	1,767,818		
Transfers Out	(371,918)	(1,198,592)	(312,448)	(62,329)	(46,917)	(5,941)	(4,254,297)	(1,780,872)		
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,493,989</b>	<b>2,220,760</b>	<b>113,800</b>	<b>238,050</b>	<b>130,734</b>	<b>(12,800)</b>	<b>234,253</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(5,284,436)</b>	<b>(4,130,884)</b>	<b>(935,134)</b>	<b>(1,207,514)</b>	<b>(2,809,960)</b>	<b>\$ 5,129,889</b>	<b>\$ 1,991,192</b>	<b>\$ 3,137,180</b>	<b>\$ 2,699,833</b>	<b>\$ 1,194,471</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>2.56%</b>	<b>2.30%</b>	<b>2.56%</b>	<b>2.68%</b>	<b>2.63%</b>	<b>2.66%</b>	<b>2.51%</b>	<b>2.28%</b>	<b>1.93%</b>	<b>1.81%</b>

\* Noncapital expenditures are total expenditures less capital outlay.

**NORTH BERGEN BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b><u>Tuition</u></b>	<b><u>Interest on Investments</u></b>	<b><u>Refunds</u></b>	<b><u>E-Rate</u></b>	<b><u>Solar Energy</u></b>	<b><u>Gate Receipts</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2004	\$ 2,621,150	\$ 84,076	\$ 43,637	\$ 165,815		\$ 12,580	\$ 78,482	\$ 3,005,740
2005	2,990,401	143,058	20,116	171,443		19,148	213,119	3,557,285
2006	2,834,398	352,718	88,774			15,252	62,384	3,353,526
2007	2,757,906	531,767	74,103	322,630		18,407	126,326	3,831,139
2008	2,638,545	245,982	4,678	165,697		9,663	259,525	3,324,090
2009	2,793,292	40,396	20,351	205,965		12,928	175,372	3,248,304
2010	3,955,375	22,998	104,983	102,000	\$ 179,475	6,302	145,019	4,516,152
2011	4,509,007	15,023	22,706	224,648	220,467	11,179	237,450	5,240,480
2012	4,022,183	12,744	98,551	239,348	360,500	2,684	456,153	5,192,163
2013	3,385,154	15,591	121,308	251,647	61,617	4,440	176,261	4,016,018

Source: District records

**NORTH BERGEN BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Total Assessed Value							Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
	Vacant Land	Residential	Commercial	Industrial	Apartment	Value	Value				
2004	\$ 63,317,700	\$ 1,268,049,700	\$ 552,827,700	\$ 310,331,100	\$ 176,671,700	\$ 2,371,197,900	\$ 8,155,805	\$ 2,379,353,705	\$ 3,408,433,577	\$ 1.426	
2005	54,858,600	1,280,782,800	626,467,600	308,396,300	182,655,900	2,453,161,200	5,888,575	2,459,049,775	4,008,193,910	1.460	
2006	67,293,200	1,304,485,000	620,419,500	317,322,700	177,936,700	2,487,457,100	4,263,763	2,491,720,863	4,849,789,628	1.509	
2007	92,345,000	1,346,687,400	583,305,400	278,985,500	173,882,800	2,475,206,100	4,173,014	2,479,379,114	5,487,571,552	1.562	
2008	95,489,400	1,369,305,100	572,756,800	276,837,100	171,743,600	2,486,132,000	3,831,745	2,489,963,745	5,567,540,959	1.571	
2009	78,959,500	1,442,221,300	534,670,400	294,346,900	169,662,300	2,519,860,400	3,688,259	2,523,548,659	5,782,914,219	1.564	
2010	73,579,800	1,474,196,700	545,996,000	274,952,200	153,855,300	2,522,580,000	3,955,900	2,526,535,900	5,863,106,762	1.602	
2011	69,433,900	1,486,450,500	539,785,000	274,017,700	158,468,600	2,528,155,700	3,938,089	2,532,093,789	5,537,379,395	1.633	
2012	58,051,700	1,482,388,500	519,215,300	295,515,200	161,338,100	2,516,508,800	4,574,415	2,521,083,215	4,993,454,517	1.671	
2013	52,378,200	1,479,713,100	428,606,000	366,192,700	158,416,800	2,485,306,800	3,915,047	2,489,221,847	4,718,625,502	1.734	

Source: County Abstract of Ratables

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

**NORTH BERGEN BOARD OF EDUCATION  
PROPERTY TAX RATES  
LAST TEN YEARS  
(Unaudited)**

<b>Year Ended <u>June 30,</u></b>	<b><u>Total</u></b>	<b><u>Local School District</u></b>	<b><u>Municipality</u></b>	<b><u>County</u></b>
2004	\$ 3.959	\$ 1.426	\$ 1.671	\$ 0.862
2005	4.071	1.460	1.732	0.879
2006	4.159	1.509	1.748	0.902
2007	4.230	1.562	1.843	0.825
2008	4.362	1.571	1.950	0.841
2009	4.511	1.564	2.020	0.927
2010	4.686	1.602	2.135	0.949
2011	4.843	1.633	2.203	1.007
2012	4.953	1.671	2.260	1.022
2013	5.147	1.734	2.399	1.014

Source: Abstract of Ratables, County Board of Taxation

**NORTH BERGEN BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

<u>Taxpayer</u>	<u>2013</u>		<u>2004</u>	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hartz Mountain Development	\$ 71,458,300	2.83%		
M-Industries LLC	22,714,700	0.90%		
FC/Trecco Col. Pk. LLC	24,962,200	0.99%	\$ 58,000,000	2.44%
7912 River Road Apts., LLC	18,000,000	0.71%	23,290,000	0.98%
Woodcliff Gardens	23,956,000	0.95%	23,956,000	1.01%
5851 West Side Associates, LLC	22,230,400	0.88%		
Westview Tower Realty Co.	18,000,000	0.71%	18,000,000	0.76%
Stone Henge Apartments LLC	15,281,000	0.61%		
Target	14,763,000	0.59%	18,212,000	0.77%
2101 91st St LLC	14,400,000	0.57%		
Hartz Mountain Associates			127,663,300	5.37%
LCI Holding, Inc.			60,652,600	2.55%
Mack Associates			44,648,500	1.88%
APA Transport Corporation			30,861,900	1.30%
N.B. Plaza - Lowe's Prop Mgt			19,959,000	0.84%
	<u>\$ 245,765,600</u>	<u>9.75%</u>	<u>\$ 367,243,300</u>	<u>15.43%</u>

Source: Municipal Tax Assessor

**NORTH BERGEN BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(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	
2004	\$ 32,861,882	\$ 32,861,882	100.00%	N/A
2005	34,981,990	34,981,990	100.00%	N/A
2006	36,804,244	36,804,244	100.00%	N/A
2007	38,357,649	38,357,649	100.00%	N/A
2008	39,086,986	39,086,986	100.00%	N/A
2009	39,139,509	39,139,509	100.00%	N/A
2010	39,894,184	39,894,184	100.00%	N/A
2011	40,978,062	40,978,062	100.00%	N/A
2012	41,710,604	41,710,604	100.00%	N/A
2013	42,543,922	42,543,922	100.00%	N/A

**NORTH BERGEN BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities						Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Inter-governmental Loan	Sales Leaseback				
2004	\$ 8,610,000	\$ 17,310,000	\$ 12,359	\$ 566,800		\$ 26,499,159	57,383	\$ 462	
2005	8,370,000	18,475,000	27,111	495,950		27,368,061	57,000	480	
2006	8,000,000	17,990,000	14,102	425,100	\$ 2,055,996	28,485,198	56,365	505	
2007	7,615,000	17,480,000	88,720	354,250	1,626,802	27,164,772	55,326	491	
2008	7,215,000	16,940,000	222,230	283,400	1,182,247	25,842,877	54,986	470	
2009	6,865,000	16,295,000	125,823	212,550	721,781	24,220,154	54,912	441	
2010	6,365,000	15,580,000	23,855	141,700	244,836	22,355,391	60,843	367	
2011	5,880,000	15,030,000		70,850		20,980,850	61,444	341	
2012	5,385,000	14,175,000				19,560,000	61,960	316	
2013	4,880,000	13,290,000				18,170,000	61,960	293	

Source: District records

**NORTH BERGEN BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2004	\$ 8,610,000		\$ 8,610,000	0.36%	150
2005	8,370,000		8,370,000	0.34%	147
2006	8,000,000		8,000,000	0.32%	142
2007	7,615,000		7,615,000	0.31%	138
2008	7,215,000		7,215,000	0.29%	131
2009	6,865,000		6,865,000	0.27%	125
2010	6,365,000		6,365,000	0.25%	105
2011	5,880,000		5,880,000	0.23%	96
2012	5,385,000		5,385,000	0.21%	87
2013	4,880,000		4,880,000	0.20%	79

Source: District records

**NORTH BERGEN BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF DECEMBER 31, 2012  
(Unaudited)**

Direct Debt:	
North Bergen Board of Education (as of June 30, 2013)	\$ 18,170,000
Township of North Bergen (1)	<u>56,290,487</u>
Total Direct Debt	<u>74,460,487</u>
Overlapping Debt Apportioned to the Municipality:	
Hudson County:	
County of Hudson (A)	43,111,021
North Bergen Municipal Utilities Authority	<u>64,580,578</u>
Total Overlapping Debt	<u>107,691,599</u>
Total Direct and Overlapping Debt	<u>\$ 182,152,086</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2012 equalized value by the total 2012 equalized value for Hudson County.

Sources:

(1) Township of North Bergen Annual Debt Statement

NORTH BERGEN BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year Ended June 30.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 118,860,302	\$ 136,401,493	\$ 160,325,086	\$ 183,006,899	\$ 203,791,882	\$ 219,818,388	\$ 230,112,398	\$ 229,849,454	\$ 216,172,145	\$ 201,993,550
Total Net Debt Applicable to Limit	4,926,800	4,615,950	4,295,100	3,964,250	3,623,400	3,337,550	2,911,700	2,505,850	2,100,000	1,760,000
Legal Debt Margin	\$ 113,933,502	\$ 131,785,543	\$ 156,029,986	\$ 179,042,649	\$ 200,168,482	\$ 216,480,838	\$ 227,200,698	\$ 227,343,604	\$ 214,072,145	\$ 200,233,550
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.15%	3.38%	2.68%	2.17%	1.78%	1.52%	1.27%	1.09%	0.97%	0.87%

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized Valuation Basis	
2010	5,463,677,713
2011	4,959,112,789
2012	4,726,725,770
	<u>\$ 15,149,516,272</u>
Average Equalized Valuation of Taxable Property	<u>\$ 5,049,838,757</u>
Debt Limit (4 % of Average Equalization Value)	\$ 201,993,550
Total Net Debt Applicable to Limit	<u>1,760,000</u>
Legal Debt Margin	<u>\$ 200,233,550</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**NORTH BERGEN BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income *</u>	<u>Population</u>
2003	7.00%	\$ 31,301	58,038
2004	5.10%	32,527	57,383
2005	5.40%	34,412	57,000
2006	5.50%	36,976	56,365
2007	5.00%	39,447	55,326
2008	6.70%	42,884	54,986
2009	11.60%	42,824	54,912
2010	11.50%	44,926	60,843
2011	10.70%	47,377	61,444
2012	10.70%	N/A	61,960

Source: Data provided by State Department of Education

N/A = Not Available

\* = Hudson County

**NORTH BERGEN BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

**INFORMATION NOT AVAILABLE**

NORTH BERGEN BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST EIGHT FISCAL YEARS  
 (Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction	408	408	408	444	432	440	480	480
Regular	45	60	62	75	75	75	75	75
Special Education	82	106	108	112	85	85	85	85
Other Instruction								
Support Services:								
Student and Instruction Related Services	17	17	17	19	19	19	18	18
General Administration	7	7	7	7	7	7	5	6
School Administrative Services	59	59	59	59	59	59	55	56
Other Administrative Services	22	22	22	30	30	30	30	30
Central Services	13	13	13	13	13	13	13	13
Plant Operations And Maintenance	6	6	6	6	6	6	6	6
Pupil Transportation	125	97	99	118	118	118	112	109
Other Support Services	45	45	45	72	72	72	72	72
<b>Total</b>	<b>829</b>	<b>840</b>	<b>846</b>	<b>955</b>	<b>916</b>	<b>924</b>	<b>951</b>	<b>950</b>

Source: District Personnel Records

NORTH BERGEN BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	High School				
2004	7,474	\$ 82,172,955	\$ 10,995	2.00%	588	1:16	1:11	7,474	7,054	1.03%	94.38%
2005	7,562	88,629,903	11,720	6.60%	588	1:14	1:12	7,562	7,140	1.18%	94.42%
2006	7,518	91,221,649	12,134	3.53%	588	1:13	1:14	7,518	7,368	-0.58%	98.00%
2007	7,448	101,557,615	13,636	12.38%	588	1:14	1:14	7,448	6,998	-0.93%	93.96%
2008	7,424	101,557,615	13,680	0.32%	588	1:13	1:14	7,424	6,984	-0.32%	94.07%
2009	7,508	102,858,075	13,700	0.15%	588	1:12	1:14	7,508	7,060	1.13%	94.03%
2010	7,837	110,337,599	14,079	2.77%	592	1:12	1:14	7,837	7,360	4.38%	93.91%
2011	8,061	108,816,744	13,499	-4.12%	600	1:12	1:14	8,061	7,592	2.86%	94.18%
2012	8,201	114,781,560	13,996	3.68%	640	1:12	1:14	8,080	7,836	0.24%	96.98%
2013	8,068	119,562,030	14,819	5.88%	640	1:12	1:14	8,068	7,808	-0.15%	96.78%

Sources: District records

Note: a Operating expenditures equal total expenditures less debt service and capital outlay.

b Cost per pupil represents operating expenditures divided by enrollment.

NORTH BERGEN BOARD OF EDUCATION  
 SCHOOL BUILDING INFORMATION  
 LAST EIGHT FISCAL YEARS  
 (Unaudited)

District Building	2006	2007	2008	2009	2010	2011	2012	2013
<u>Elementary</u>								
Robert Fulton/No. 2 (1926)	97,409	97,409	97,409	97,409	97,409	97,409	97,409	97,409
Square Feet	784	784	784	784	784	784	784	784
Capacity (students)	995	955	955	995	995	995	995	995
Enrollment								
Fulton Annex								
Square Feet	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800
Capacity (students)	155	155	155	155	155	155	155	155
Enrollment	144	175	175	144	144	144	144	144
Franklin School/No. 3 (1919)								
Square Feet	57,434	57,434	57,434	57,434	57,434	57,434	57,434	57,434
Capacity (students)	475	475	475	475	475	475	475	475
Enrollment	575	659	659	575	575	575	575	575
Franklin Annex (1999)								
Square Feet	6,225	6,225	6,225	6,225	6,225	6,225	6,225	6,225
Capacity (students)	80	80	80	80	80	80	80	80
Enrollment	85	N/A	N/A	85	85	85	85	85
Lincoln School/No. 5 (1915)								
Square Feet	58,246	58,246	58,246	58,246	58,246	58,246	58,246	58,246
Capacity (students)	550	550	550	550	550	550	550	550
Enrollment	659	682	682	659	659	659	659	659
Lincoln School/No. 5 Annex (2004)								
Square Feet	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300
Capacity (students)	352	352	352	352	352	352	352	352
Enrollment	436	401	401	436	436	436	436	436
J.F. Kennedy School/No. 7 (including Annex)								
Square Feet	94,125	94,125	94,125	94,125	94,125	94,125	94,125	94,125
Capacity (students)	662	662	662	662	662	662	662	662
Enrollment	538	540	540	538	538	538	538	538
Horace Mann School/No. 9 (1928)								
Square Feet	98,068	98,068	98,068	98,068	98,068	98,068	98,068	98,068
Capacity (students)	836	836	836	836	836	836	836	836
Enrollment	1,023	1,026	1,026	1,023	1,023	1,023	1,023	1,023
McKimmely School/No. 10 (1919)								
Square Feet	46,050	46,050	46,050	46,050	46,050	46,050	46,050	46,050
Capacity (students)	426	426	426	426	426	426	426	426
Enrollment	419	418	418	419	419	419	419	419
<u>High School</u>								
North Bergen High School (1961)								
Square Feet	197,973	197,973	197,973	197,973	197,973	197,973	197,973	197,973
Capacity (students)	1,377	1,377	1,377	1,377	1,377	1,377	1,377	1,377
Enrollment	2,416	2,421	2,421	2,416	2,416	2,416	2,416	2,416
<u>Other</u>								
Central Administration (1961)								
Square Feet	9,267	9,267	9,267	9,267	9,267	9,267	9,267	9,267
Number of Schools at June 30, 2013								
Elementary = 7								
Senior High School = 1								
Other = 1								

Source: District Records

NORTH BERGEN BOARD OF EDUCATION  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
 (Unaudited)

<u>School Facilities</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
North Bergen High School	\$ 703,215	\$ 557,009	\$ 700,837	\$ 544,339	\$ 638,136	\$ 595,942	\$ 464,805	\$ 663,015	\$ 676,438	\$ 658,851
Franklin School	150,803	161,508	173,631	207,128	216,426	182,854	354,624	202,033	195,036	198,994
Horace Mann	236,187	233,072	362,657	374,259	281,046	290,332	283,323	270,101	249,303	306,554
John F. Kennedy	207,526	377,503	251,523	259,681	237,094	307,894	298,033	319,207	296,193	295,791
Lincoln School	271,840	272,871	310,059	320,863	300,952	321,977	313,534	370,947	328,705	313,341
Mc Kinley	138,313	123,283	135,939	223,037	149,403	199,474	355,870	184,365	197,378	193,450
Robert Fulton	254,225	262,007	283,741	343,730	273,421	354,955	353,645	367,238	316,534	304,485
<b>Total School Facilities</b>	<b>\$ 1,962,109</b>	<b>\$ 1,987,253</b>	<b>\$ 2,218,387</b>	<b>\$ 2,273,037</b>	<b>\$ 2,096,478</b>	<b>\$ 2,253,428</b>	<b>\$ 2,423,834</b>	<b>\$ 2,376,906</b>	<b>\$ 2,259,587</b>	<b>\$ 2,271,466</b>

Source: School District Records

**NORTH BERGEN BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2013  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property	\$ 177,849,958	\$ 5,000
Environmental	1,000,000	10,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
EDP	2,500,000	1,000
Equipment Breakdown	100,000,000	5,000
Crime and Bonds		
Faithful Performance	100,000	500
Forgery and Alteration	100,000	500
Money and Securities	100,000	1,000
Money Orders/Counterfeit	100,000	500
Computer Fraud	100,000	500
Board Administrator	150,000	500
Board Secretary	650,000	1,000
General Liability	16,000,000	
Student Accident		
Basic/Sports/Football	5,000,000	25,000
Catastrophic	1,000,000	NA
Automobile Liability	16,000,000	-
Auto Physical Damage	ACV Basis	1,000
Computers and Scheduled Equipment - Selective		
Data Processing Equipment	2,500,000	1,000
Public Employees' Faithful Performance Bonds (Western Surety)		
Treasurer of School Monies	465,000	

Note: Unless otherwise noted all Insurance Policies are with the New Jersey School Boards Assoc. Ins. Group

Source: School District's records

Source: School District's records

**SINGLE AUDIT**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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MARK SACO, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
North Bergen Board of Education  
North Bergen, New Jersey

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 and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Bergen Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the North Bergen Board of Education's basic financial statements and have issued our report thereon dated November 18, 2013.

#### Internal Control Over Financial Reporting

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

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

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

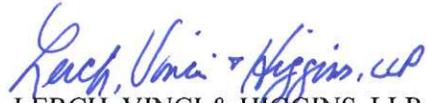
### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the North Bergen Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 18, 2013.

### **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 North Bergen Board of Education'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 North Bergen Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 18, 2013



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY  
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
North Bergen Board of Education  
North Bergen, New Jersey

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

We have audited the North Bergen Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the North Bergen Board of Education's major federal and state programs for the fiscal year ended June 30, 2013. The North Bergen Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the North Bergen Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the North Bergen Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the North Bergen Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of the North Bergen Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the North Bergen Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 North Bergen Board of Education's internal control over compliance.

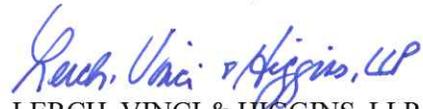
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Bergen Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 18, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 18, 2013

NORTH BERGEN BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Cancelled Encumbrances	(Accounts Receivable)	Balance, June 30, 2013 (Unearned Revenue)	Due to Grantor	Memo Cumulative Expenditures
<b>U.S. Department of Agriculture</b>															
<b>Passed-Through State Department of Education</b>															
<b>Enterprise Fund</b>															
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	\$ 461,005	\$ (96,436)		\$ 96,436								
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	486,703			443,184	\$ 486,703				\$ (43,519)			\$ 486,703
NSLP-Cash Assistance	10.555	N/A	7/1/11-6/30/12	1,700,061	(118,665)		1,642,367					(149,711)			1,792,078
NSLP-Cash Assistance	10.555	N/A	7/1/12-6/30/13	1,792,078			1,298					(997)			12,295
After-School Snack Program	10.558	N/A	7/1/11-6/30/12	12,098	(828)		828								
After-School Snack Program	10.558	N/A	7/1/12-6/30/13	4,679	(277)		5,673					(488)			6,161
Special Milk Program for Children	10.556	N/A	7/1/11-6/30/12	184,228	5,477		5,477								5,477
Special Milk Program for Children	10.555	N/A	7/1/12-6/30/13	135,750			135,750						\$ 5,729		130,021
NSLP-Non-Cash Assistance	10.555	N/A	7/1/12-6/30/13					130,021							
Total U.S. Dept. of Agriculture				(210,729)			2,454,478	2,432,725				(194,715)	5,729		2,432,725
<b>U.S. Dept. of Education Passed-Through</b>															
<b>State Dept. of Education</b>															
<b>Special Revenue Fund</b>															
<b>N.C.L.B. Consolidated Grant</b>															
Title I, Part A	84.010A	NCLB361013	9/1/12-6/30/13	2,917,154		200,728	1,274,740	3,002,953	(200,728)			(1,843,142)	114,929		3,002,953
Title I, Part A	84.010A	NCLB361012	9/1/11-6/30/12	3,267,925	(1,514,207)	(200,728)	1,782,577	268,370	200,728		\$ 2,193		2,193		268,370
Title I, Part A	84.010A	NCLB361010	9/1/09-8/31/10	3,161,850	(94,785)			94,785							
Title I, SIA	84.010A	NCLB361008	9/1/07-8/31/08	55,284	1,174										
Title I, Part A	84.367A	NCLB361013	9/1/12-6/30/13	286,028		44,486	109,158	306,761	(44,486)			(221,356)	1,174		306,761
Title II, Part A	84.367A	NCLB361012	9/1/11-6/30/12	334,266	(201,548)	(44,486)	183,633		175,097		1,162		23,753		
Title II, Part A	84.367A	NCLB361010	9/1/09-8/31/10	415,551	24,774								113,858		
Title II, Part D	84.318X	NCLB361012	9/1/11-6/30/12	31,921	(320)		7,445						24,774		
Title II, Part D	84.318X	NCLB361010	9/1/09-8/31/10	28,493	(15,478)								7,125		
Title II, Part D	84.318X	NCLB361009	9/1/08-8/31/09	138,139	(359)								181,171		
Title III	84.365	NCLB361013	9/1/12-6/30/13	141,896	(68,841)	80,275	1,719	37,243	(80,275)			(216,693)	6,692		37,243
Title III	84.365	NCLB361012	9/1/11-6/30/12	289,597	(5,288)	(80,275)	215,789	148,415	81,742		6,692		6,692		148,415
Title III	84.365	NCLB361011	9/1/10-8/31/11	133,915	(125,690)				125,690						
Title III	84.365	NCLB361010	9/1/09-8/31/10	87,073	(47,474)	2,106			(2,106)			(2,106)	2,106		
Title III, Immigrant	84.365	NCLB361013	9/1/12-6/30/13	91,929	56,976	(2,106)	84,967	37,493							37,493
Title III, Immigrant	84.365	NCLB361007	9/1/06-8/31/07	169,925	84,316				(56,976)						
Title III, Immigrant, Carryover	84.365	NCLB361006	9/1/05-8/31/06	30,747	8,682				(84,316)				3,159		
Title IV	84.186A	NCLB361011	9/1/10-8/31/11	22,762	4				(5,323)				4		
Title V, Carryover	84.186A	NCLB361007	9/1/06-8/31/07	1,695,820		14,490	1,562,561		(14,490)			(1,710,310)	147,749		1,562,561
I.D.E.I.A. Part B	84.027A	FT361015	9/1/12-6/30/13	1,763,388	(1,675,414)	(14,490)	1,841,374	174,069	14,490		8,302		193		174,069
Basic, Regular	84.027A	FT361012	9/1/11-6/30/12	1,657,789	15,705								15,705		
Basic, Regular	84.391	FT361010	9/1/09-8/31/10	50,971	(51,917)		51,917	50,971			2,823		2,823		50,971
Basic, Regular	84.391	FT361013	9/1/12-6/30/13	51,917	3,805								3,805		
Preschool	84.173A	PS361012	9/1/11-6/30/12	48,272	100								612		
Preschool	84.173A	PS361011	9/1/10-8/31/09	70,189							512				
Preschool ARRA	84.392	PS361010	9/1/09-8/31/10	100,000			71,053	99,998					2		99,998
Achievement Award	84.413A		9/1/12-8/31/11	260,257	(17,780)		151,615	198,065			1,065		62,192		198,065
Race To Top	26.359		9/1/10-8/31/11										(25,320)		8,605
Greenhouse Grant					(3,623,565)		5,775,987	5,895,504	276,863		22,749		714,019		5,895,504
Total U.S. Dept. of Education				325,000	(8,974)		10,476,571	8,610,118	226,863		\$ 22,749		719,748		\$ 8,610,118
<b>General Fund</b>															
Education Jobs Fund	84.410A	NA	7/1/11-9/30/12	1,922,594	(1,917,807)		1,917,807	4,787				(4,787)			4,787
FEMA - Emergency Assistance	97.096	NA	NA	42,182			42,182	42,182							42,182
Spec.Ed. Medicaid Reimbursement	93.778	NA	7/1/12-6/30/13	234,910			234,910	234,910							234,910
Spec.Ed. Medicaid Reimbursement	93.778	NA	7/1/11-6/30/12	234,300	(51,207)		51,207								
Total U.S. Dept. of Education				325,000	(1,969,014)		2,246,106	281,879				(4,787)			281,879
<b>Community Oriented Policing Services</b>															
<b>U.S. Department of Justice</b>															
<b>Community Oriented Policing Services</b>															
2002CKW02065 7/1/04-6/30/05				325,000	(8,974)										
Total Federal Awards				\$ (5,812,282)			\$ 10,476,571	\$ 8,610,118	\$ 226,863		\$ 22,749		\$ (4,415,965)		\$ 8,610,118

NORTH BERGEN BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	(Accounts Receivable)	Balance, June 30, 2013	Due to Grantor	Memo	
				Unearned Revenue/ (Accts Rec)	Due to Grantor									GAAP Receivable	Cumulative Total Expenditures
<b>General Fund</b>															
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	\$ 50,470,938				\$ 45,616,360	\$ 50,470,938			\$ (4,854,578)			\$ 50,470,938	
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	48,363,451	\$ (4,614,342)		4,614,342									
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	162,563			146,927		162,563			(15,636)			162,563	
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	4,526,236			4,090,877		4,526,236			(435,359)			4,526,236	
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	4,194,147	(398,514)		398,514									
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	795,086			718,610		795,086			(76,476)			795,086	
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	332,785	(33,521)		33,521									
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	393,363			576,891		393,363			(393,363)			393,363	
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	48,372	(576,891)							(48,372)			48,372	
Nonpublic Transportation Aid	N/A	7/1/12-6/30/13	113,622			113,622		113,622							
Nonpublic Transportation Aid	N/A	7/1/11-6/30/12	967	(113,622)										967	
Other State Aid	N/A	7/1/12-6/30/13	3,908,574			3,515,727		3,908,574			(392,847)			3,908,574	
Reimbursed TPAF Soc. Security Contr.	13-495-034-5095-002	7/1/12-6/30/13	3,792,399	(192,533)		192,533									
Reimbursed TPAF Soc. Security Contr.	12-495-034-5095-002	7/1/11-6/30/12	170,107			170,107		170,107						170,107	
Reimbursed TPAF Pension	13-495-034-5095-006	7/1/12-6/30/13	3,233,132			3,233,132		3,233,132						3,233,132	
Non-Contributory Insurance	13-495-034-5095-006	7/1/12-6/30/13	3,848,203			3,848,203		3,848,203						3,848,203	
Pension Contribution															
Post Retirement Contribution															
<b>Total General Fund</b>				<b>(5,929,463)</b>		<b>67,270,373</b>		<b>67,557,541</b>			<b>(6,216,631)</b>			<b>(441,219)</b>	<b>67,557,541</b>
<b>Special Revenue Fund</b>															
Preschool Education Aid	13-495-034-5120-086	7/1/12-6/30/13	3,126,664			\$ 1,703,650	2,813,998	3,073,230	\$ 1,584		(312,666)	\$ 1,758,668		3,073,230	
Preschool Education Aid	12-495-034-5120-086	7/1/11-6/30/12	3,095,118	1,394,138		(1,703,650)	309,512								
Character Education Program - Carryover	02-495-034-5120-053	7/1/01-6/30/02	20,020						\$ 15						
Character Education Program	04-495-034-5120-053	7/1/03-6/30/04	19,375						3						
Character Education Program	05-495-034-5120-053	7/1/04-6/30/05	19,752						52						
Tobacco	N/A	7/1/04-6/30/05	1,000												
Positive Discipline	N/A	7/1/04-6/30/05	5,000	(1,060)										223	
Positive Discipline	N/A	7/1/05-6/30/06	5,000	(4,926)											
Positive Discipline	N/A	7/1/06-6/30/07	5,000	(4,704)											
Positive Discipline	N/A	7/1/07-6/30/08	5,000	3,842										3,842	
NJ Clean Energy Program	N/A	5/1/06-5/1/08	1,327,450	1,714										1,714	
NJ Clean Energy Program	N/A	10/23/08-10/23/09	1,331,913	27,051										27,051	
Individualized Education Plan	N/A	7/1/10-6/30/11	7,500	769										769	
Individualized Education Plan	N/A	7/1/11-6/30/12	15,000	(5,863)		1,000					(4,863)				
Textbook Aid	05-100-034-5120-064	7/1/04-6/30/05		(5,106)											
Auxiliary Services:															
Compensatory Education	04-100-034-5120-067	7/1/03-6/30/04		(4,894)											
Compensatory Education	05-100-034-5120-067	7/1/04-6/30/05		(56,513)											
ESL	05-100-034-5120-067	7/1/04-6/30/05		(12,740)											
ESL	05-100-034-5120-068	7/1/04-6/30/05		(5,596)											
Transportation:															
Handicapped Services:															
Supplemental Instruction	05-100-034-5120-066	7/1/04-6/30/05		(2,478)											
Examination and Classification	05-100-034-5120-066	7/1/04-6/30/05		(6,505)											
Corrective Speech	05-100-034-5120-066	7/1/04-6/30/05		(930)											
<b>Total Special Revenue Fund</b>				<b>1,316,422</b>		<b>3,124,510</b>		<b>3,073,230</b>		<b>70</b>	<b>(317,529)</b>	<b>1,792,267</b>		<b>(4,863)</b>	<b>3,073,230</b>
<b>Debt Service Fund</b>															
Debt Service Aid	13-495-034-5120-075	7/1/12-6/30/13	551,162			551,162		551,162						551,162	
<b>Total State Department of Education</b>				<b>(4,613,041)</b>		<b>70,946,045</b>		<b>71,181,933</b>		<b>70</b>	<b>(6,534,160)</b>	<b>1,792,267</b>		<b>(446,082)</b>	<b>71,181,933</b>

NORTH BERGEN BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012		Cash Received	Budgetary Expenditures	Refund of Prior Year Balances	Balance, June 30, 2013		Memo	
				Unearned Revenue/ (Accts Rec)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture												
Food Service Enterprise Fund												
National School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	35,437	(2,450)		2,450						
National School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	37,580			32,408	37,580			(5,172)		(5,172)
Total State Department of Agriculture				(2,450)		34,858	37,580			(5,172)		(5,172)
Economic Development Authority												
Capital Projects Fund												
Franklin School - Windows	3610-050-09-1008	N/A	1,016,408	(662,398)			24,956			(687,461)		(687,461)
Lincoln School - Windows	3610-090-09-1009	N/A	890,041	(568,362)			30,886			(599,354)		(599,354)
North Bergen High School - Maintenance	3610-050-09-1013	N/A	210,845	(97,567)						(97,567)		(97,567)
North Bergen High School - Guidance and Health Suites	3610-030-09-1010	N/A	827,591	(827,591)						(827,591)		(827,591)
North Bergen High School - Brick Facade Repair and Restoration	3610-050-09-1007	N/A	626,251	(379,600)			47,526			(476,176)		(476,176)
North Bergen High School - Electrical	3610-050-09-1001	N/A	343,746	(256,336)						(256,336)		(256,336)
Horace Mann- Windows and Doors	3610-070-10-1003	N/A	1,254,556	(721,660)			532,896			(1,254,556)		(1,254,556)
Robert Fulton - Windows and Doors	3610-110-10-1006	N/A	1,387,825				61,046			(1,367,951)		(1,367,951)
Total Economic Development Authority				(3,513,514)			697,310			(5,566,992)		(5,566,992)
				\$ (8,129,005)	\$ 70	\$ 70,980,903	\$ 71,916,823	\$ 107,036	\$ 70	\$ (12,106,324)	\$ 3,148,435	\$ (6,018,246)
Less: State Aid Not Subject to Single Audit and Major Program Determination												
Reimbursed TPAE Pension												
Non-Contributory Insurance	13-495-034-5095-007	7/1/12-6/30/13				(170,107)	(170,107)					
Pension Contribution	13-495-034-5095-006	7/1/12-6/30/13				(3,233,132)	(3,233,132)					
Post Retirement Contribution	13-495-034-5095-001	7/1/12-6/30/13				(3,848,203)	(3,848,203)					
				\$ (8,129,005)	\$ 70	\$ 63,729,461	\$ 64,665,381	\$ 107,036	\$ 70	\$ (12,106,324)	\$ 3,148,435	\$ (6,018,246)
												\$ 75,430,337

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the North Bergen Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal 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 are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$152,104 for the general fund and an increase of \$120,572 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 281,879	\$ 67,405,437	\$ 67,687,316
Special Revenue Fund	5,991,513	3,091,336	9,082,849
Capital Projects Fund		697,311	697,311
Debt Service Fund		551,162	551,162
Food Service Fund	<u>2,432,735</u>	<u>37,580</u>	<u>2,470,315</u>
 Total Financial Assistance	 <u>\$ 8,706,127</u>	 <u>\$ 71,782,826</u>	 <u>\$ 80,488,953</u>

**NORTH BERGEN BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$3,908,574 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$3,403,239 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,848,203 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.





**NORTH BERGEN BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*Part 2 - Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE.

**NORTH BERGEN BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*Part 3 Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

THERE ARE NONE.

**CURRENT YEAR STATE AWARDS**

THERE ARE NONE.

**NORTH BERGEN BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

THERE WERE NONE.