SCHOOL DISTRICT

OF

BEVERLY CITY

OF BURLINGTON COUNTY

Beverly City Board of Education

Beverly, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Of the

Beverly City Board of Education
of Burlington County

Beverly, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

Beverly City Board of Education
Finance Department

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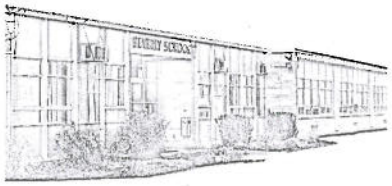
INTRODUCTORY SECTION

BEVERLY CITY SCHOOL
601 BENTLEY AVENUE, BEVERLY, NJ 08010

Telephone: (609) 387-2200
Fax: (609) 387-4447



November 3, 2014

Honorable President and Members
Beverly City Board of Education
County of Burlington, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Beverly City Board of Education for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Beverly City Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's Organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the basic financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Beverly City School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The District provides a full range of educational services appropriate to grade levels Pre-K-8.

Educational services are provided for general and special education programs for handicapped youngsters. The Beverly City School District (Pre-K through Grade 8) completed the 2014 fiscal year with an enrollment of 295 students.

The following details the changes in the Pre-K-8 student enrollment over the last seven years:

Enrollment, Pre-K-8

Fiscal Year	Student Enrollment Change	Percent
2013-14	295	(0.4%)
2012-13	310	1.6%
2011-12	305	2.3%
2010-11	298	25.7%
2009-10	237	8.2%
2008-09	219	(0.4%)
2007-08	220	(1.5%)

2. ECONOMIC CONDITIONS AND OUTLOOK: The Beverly City area is not experiencing much growth or expansion due to the limited space available for development. The general area surrounding the district provides most of the opportunities for employment for residents. Some new small businesses have opened in Beverly through the restoration of vacant properties. There is some speculation about re-development to the downtown area.

3. MAJOR INITIATIVES: The District engaged in the following initiatives during the 2013-2014 school year:

Technology Improvements - Hardware & Software
Curriculum Development
Community Outreach Program
Summer Student Services

4. 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.

4. INTERNAL ACCOUNTING CONTROLS (Continued):

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

6. 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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Readers should refer to the Management's Discussion and Analysis for a summary of the financial statements in relation to the prior year.

8. DEBT ADMINISTRATION: At June 30, 2014, the District's has no outstanding debt (Note 11).

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 6. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to: general liability, comprehensive/collision, student and volunteer accident, hazard and theft insurance on property and contents, earthquake, flood and fidelity bonds. Annual reviews of the entire program are done in order to evaluate potential insurance changes.

11. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry & Company, LLP, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the basic financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Beverly City Board of Education for their continued concern in providing fiscal accountability to the taxpayers and citizens of the District, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,

Ms. Elizabeth Giacobbe
Superintendent of Schools/Principal

Mr. George M Gahles
School Business Administrator

Brian F. Savage, Ed.D.
Staff Accountant/Board Secretary

Beverly City Board of Education
Beverly, New Jersey

Organization Chart
(Unit Control)

Board of Education

Attorney / Auditor / Custodian of School Moneys Committees

Superintendent / Principal

Office Technology Coordinator Staff / Medical Staff / Child Study Team /
Board Secretary / Business Administrator

Custodian Food Service Transportation

Teaching Staff
Physical Education / Art / Music / Spanish / Compensatory Education / Librarian /
Pre K-8 Classroom Teachers

Pupils

Beverly City Board of Education
Beverly, New Jersey

Roster of Officials
June 30, 2014

Members of the Board of Education	Term Expires
Richard Wolbert, President	2014
Stacey Atkinson, Vice President	2014
Mary Ellen Knudson	2015
Dale Thompson	2015
Heather Hennigan*	2014
Ronald Murphy	2015
Jean Wetherill	2016
Doris Jennings	2016

*Transition board member seat

OTHER OFFICIALS

Elizabeth Giacobbe, Superintendent of Schools

George M. Gahles, School Business Administrator

Brian F. Savage, Ed.D., Staff Accountant/Board Secretary

Pablo Canela, Treasurer of School Monies

Beverly City Board of Education
Consultants and Advisors

AUDIT FIRM

Jump, Perry and Company, L.L.P.
Kathryn Perry, CPA
12 Lexington Avenue
Toms River, New Jersey 08753

ATTORNEY

Stephen J. Mushinski
Parker, McCay & Criscuolo
9000 Midlantic Drive
Mount Laurel, New Jersey 08054

BOND COUNSEL

Decotiis,Fitz Patrick & Cole LLP
500 Frank W. Burr Blvd.
Teaneck, NJ 07666

Official Depositories

Beneficial Bank
414 Cooper Street
Beverly, New Jersey 08010

FINANCIAL SECTION

JUMP, PERRY AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
12 LEXINGTON AVENUE · TOMS RIVER, NJ · 08753 · PHONE (732) 240-7377 · FAX (732) 505-8307 · WEBSITE: jumpcpa.com

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
Beverly City Board of Education:
County of Burlington
Beverly, New Jersey

Report of 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 Beverly City Board of Education in the County of Burlington, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with the 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beverly City Board of Education in the County of Burlington, State of New Jersey as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13-17 and 54-59 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 Beverly City Board of Education's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards 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 and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 on our consideration of the Board of Education of the Beverly City Board of Education in the County of Burlington, State of New Jersey'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 Beverly City Board of Education in the County of Burlington, State of New Jersey's internal control over financial reporting and compliance.

Respectfully Submitted,

Jump, Perry & Company L.L.P.
Toms River, NJ

Kathy Perry

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 3, 2014
Toms River, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Beverly City Board of Education

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

The discussion and analysis of Beverly City Board of Education's financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

In total, net position totaled $1,437,825, which represents a 10.17 percent increase from 2013.

General revenues accounted for $7,185,497 in revenue or 3.26 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $519,666 or 6.74 percent of total revenues of $7,705,163.

Total assets changed by $(46,946) as cash and cash equivalents changed by $21,574, receivables changed by $ (52,987) and capital assets changed by $(27,784) from 2013.

The District had $7,572,431 in expenses; only $519,666 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $7,185,497 were adequate to provide for these programs.

Among major funds, the General Fund had $6,788,498 in revenues and $6,709,293 in over expenditures and transfers. The General Fund's balance increased $79,205 over 2013. The General Fund's balance is $1,303,744. The Maintenance Reserve Fund balance is $200,000, a difference of $- compared to 2013. The Tuition Reserve Fund balance is $250,000, a difference of $(50,000) compared to 2013. The Capital Reserve Fund balance is $492,739, a difference of $100,000 compared to 2013. The changes were anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

The District as a Whole

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a summary comparison of the School District's net position for 2014 and 2013.

Table 1
Statement of Net Position
June 30, 2014 and 2013

	2014	2013
Assets:		
Cash and Cash Equivalents	$ 1,053,821	$ 1,075,395
Receivables	280,428	227,441
Inventories	3,118	4,156
Other Assets	44,355	-
Capital Assets	133,205	160,989
Total Assets	1,514,927	1,467,981
Liabilities:		
Interfund payable	18,521	-
Deferred Revenue	-	47,683
Noncurrent Liabilities:		
Due Within One Year	11,036	1,036
Due Beyond One Year	47,545	114,169
Total Liabilities	77,102	162,888
Net Position		
Invested in Capital Assets, Net of Related Debt	133,205	160,989
Restricted for:		
Capital Projects	492,739	-
Debt Service	-	-
Other Purposes	878,640	1,130,569
Unrestricted	(66,759)	13,535
Total Net Position	$ 1,437,825	$ 1,305,093

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2014 and 2013.

Table 2

Changes in Net Position

	2014	2013
Revenues		
Program Revenues:		
Charges for Services	$ 23,509	$ 25,618
Operating Grants and Contributions	496,157	1,122,134
Capital Grants and Contributions	-	-
General Revenues:		
Property Taxes	2,719,959	2,744,959
Grants and Entitlements	4,423,712	3,726,256
Other	41,826	109,454
Total Revenues	7,705,163	7,728,421
Program Expenses		
Instruction	2,214,842	2,170,087
Support Services:		
Pupils and Instructional Staff	3,007,366	2,990,455
General Administration, School Administration Business Operations and Maintenance of Facilities	1,766,834	1,816,278
Pupil Transportation	399,825	390,657
Food Service	183,564	146,140
Interest on Long-Term Debt	-	-
Total Expenses	7,572,431	7,513,617
Increase in Net Position	132,732	$ 214,804

The District's Funds

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

As the School Board completed the fiscal year ended June 30, 2014, it reported total net position of $1,437,825 on June 30, 2014. This is a change of 10.17% from the previous year. The balance includes $200,000 of Maintenance Reserve funds, $250,000 of Tuition Reserve funds, and $492,739 in Capital Reserve. The Board of Education approved this transfer of funds at the June 18, 2014 meeting. The Reconciliation of the Statement of Revenue & Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities, Exhibit B-3, on page 23 presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2014, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administration, Superintendent and Board of Education. Transfers were necessitated by:

- Staffing changes based on student needs.
- Building required maintenance and renovation projects.
- Changes in appropriations to prevent budget overruns.

While the District final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a $158,895 free balance.

Actual revenues were $6,868,188.
Actual expenditures and transfers were $6,709,293.

Capital Assets

At the end of the fiscal year 2014, the School District had $133,205 invested in land, buildings, and machinery and equipment.

Table 3
Capital Assets (net of accumulated depreciation)
June 30, 2014 and 2013

	2014	2013
Land, Buildings & Building Improvements	$ 996,975	$ 987,875
Furniture, Vehicles & Equipment	271,448	419,004
Subtotal	1,268,423	1,406,879
Less: Accumulated Depreciation	(1,135,218)	(1,245,890)
Net Capital Assets	$ 133,205	$ 160,989

Overall capital assets change by $(27,784) from fiscal year 2013 to 2014.

For the Future

The Beverly area is not experiencing much growth or expansion due to the limited space available for development. The general area surrounding the District provides most of the opportunities for employment for residents. Some new businesses have opened in Beverly through the restoration of vacant properties. There is some speculation about re-development to the downtown area.

The use of Capital Reserve and State Facility Grants provides funding for capital improvements. The District has been diligent in its efforts to fund a maintenance reserve to maintain its investment in its buildings and grounds.

The District Board of Education practices long-term financial planning. The District is proud of its system for financial planning, budgeting, and internal financial controls.

The District anticipates the approved 2014-2015 budget will be adequate to satisfy all financial needs for the fiscal year, barring any significant unexpected situation or conditions unforeseen at this time.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Beverly City Board of Education, 601 Bentley Avenue, Beverly, NJ 08010.

BASIC FINANCIAL STATEMENTS

Exhibit A-1

BEVERLY CITY SCHOOL DISTRICT
Statement of Net Positions
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,039,852	$ 13,969	$ 1,053,821
Receivables - state	35,981	303	36,284
Receivables - federal	-	23,546	23,546
Receivables - other	220,598	-	220,598
Interfund receivable	25,834	18,521	44,355
Inventories	-	3,118	3,118
Capital assets, net:	117,053	16,152	133,205
Total assets	1,439,318	75,609	1,514,927
LIABILITIES			
Accounts payable	-	-	-
Interfund payable	18,521	-	18,521
Noncurrent liabilities:			
Due within one year	11,036	-	11,036
Due beyond one year	47,545	-	47,545
Total liabilities	77,102	-	77,102
NET POSITION			
Invested in capital assets, net of related debt	117,053	16,152	133,205
Restricted for:			
Capital projects	492,739	-	492,739
Debt service	-	-	-
Other purposes	878,640	-	878,640
Unrestricted	(126,216)	59,457	(66,759)
Total net position	$ 1,362,216	$ 75,609	$ 1,437,825

Exhibit A-2

BEVERLY CITY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Positions: Governmental Activities	Net (Expense) Revenue and Changes in Net Positions: Business-type Activities	Net (Expense) Revenue and Changes in Net Positions: Total
Governmental activities:							
Current:							
Regular instruction	$ 1,681,078	$ -	$ -	$ -	$ (1,681,078)	$ -	$ (1,681,078)
Special education instruction	416,758	-	-	-	(416,758)	-	(416,758)
Other special instruction	117,006	-	-	-	(117,006)	-	(117,006)
Support services and undistributed costs:							
Instruction	2,189,196	-	-	-	(2,189,196)	-	(2,189,196)
Attendance and social work	27,360	-	-	-	(27,360)	-	(27,360)
Health services	60,070	-	-	-	(60,070)	-	(60,070)
Other support services	718,776	-	-	-	(718,776)	-	(718,776)
Improvement of instr. services	-	-	-	-	-	-	-
Educational media services	1,369	-	-	-	(1,369)	-	(1,369)
Instruction staff training	10,595	-	-	-	(10,595)	-	(10,595)
General administrative services	217,921	-	-	-	(217,921)	-	(217,921)
School administrative services	20,460	-	-	-	(20,460)	-	(20,460)
Central services	140,943	-	-	-	(140,943)	-	(140,943)
Admin. information technology	13,292	-	-	-	(13,292)	-	(13,292)
Allowed maintenance for school facilities	81,756	-	-	-	(81,756)	-	(81,756)
Other operation & maintenance of plant	387,560	-	-	-	(387,560)	-	(387,560)
Student transportation services	399,825	-	-	-	(399,825)	-	(399,825)
Other support services	-	-	-	-	-	-	-
Unallocated employee benefits	552,123	-	-	-	(552,123)	-	(552,123)
Non-budgeted expenditures	352,779	-	352,779	-	-	-	-
Special schools	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Total governmental activities	7,388,867	-	352,779	-	(7,036,088)	-	(7,036,088)
Business-type activities:							
Enterprise fund	183,564	23,509	143,378	-	-	(16,677)	(16,677)
Total business-type activities	183,564	23,509	143,378	-	-	(16,677)	(16,677)
Total primary government	$ 7,572,431	$ 23,509	$ 496,157	$ -	(7,036,088)	(16,677)	(7,052,765)
General revenues:							
Taxes:							
Property taxes levied for general purpose					2,719,959	-	2,719,959
Taxes levied for debt service					-	-	-
Federal and state aid not restricted					3,667,492	-	3,667,492
Federal aid restricted					756,220	-	756,220
Miscellaneous income					39,937	-	39,937
Investment earnings					1,889	-	1,889
Total general revenues, special items, extraordinary items and transfers					7,185,497	-	7,185,497
Change in net positions					149,409	(16,677)	132,732
Net position—beginning					1,212,807	92,286	1,305,093
Net position—ending					$ 1,362,216	$ 75,609	$ 1,437,825

See accompanying notes to financial statements.

Exhibit B-1

BEVERLY CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 547,113	$ -	$ -	$ -	$ 547,113
Capital reserve	492,739	-	-	-	492,739
Interfund receivable	25,834	-	-	-	25,834
Receivables from State	35,981	-	-	-	35,981
Other receivables	220,598	-	-	-	220,598
Total assets	1,322,265	-	-	-	1,322,265
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	-
Interfund payable	18,521	-	-	-	18,521
Total liabilities	18,521	-	-	-	18,521
Fund Balances:					
Restricted for:					
Excess surplus - current year	175,747	-	-	-	175,747
Excess surplus - prior year- designated for Subsequent year's expenditures	152,893	-	-	-	152,893
Capital reserve account	492,739	-	-	-	492,739
Maintenance reserve account	200,000	-	-	-	200,000
Tuition reserve account	250,000	-	-	-	250,000
Debt services	-	-	-	-	-
Committed to:					
Other purposes	-	-	-	-	-
Assigned to:					
Designated by the BOE for subsequent year's expenditures	100,000	-	-	-	100,000
Unassigned:					
General fund	(67,635)	-	-	-	(67,635)
Debt service fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Permanent fund	-	-	-	-	-
Total fund balances	1,303,744	-	-	-	1,303,744
Total liabilities and fund balances	$ 1,322,265	$ -	$ -	$ -	

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 $1,210,329 and the accumulated depreciation is $1,093,276.	117,053
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	(58,581)
Net position of governmental activities	$ 1,362,216

See accompanying notes to financial statements.

Exhibit B-2

BEVERLY CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	GAAP Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	$ 2,719,959	$ -	$ -	$ -	$ 2,719,959
Tuition charges	-	-	-	-	-
Interest on investments	1,889	-	-	-	1,889
Miscellaneous	40,657	-	-	-	40,657
Total - local sources	2,762,505	-	-	-	2,762,505
State sources	4,020,271	412,210	-	-	4,432,481
Federal sources	5,722	338,288	-	-	344,010
Total revenues	6,788,498	750,498	-	-	7,538,996
EXPENDITURES					
Current:					
Regular instruction	1,199,008	482,070	-	-	1,681,078
Special education instruction	416,758	-	-	-	416,758
Other special instruction	96,892	-	-	-	96,892
School sponsored/other instructional	20,114	-	-	-	20,114
Support services and undistributed costs:					
Instruction	2,189,196	-	-	-	2,189,196
Attendance and social work services	27,360	-	-	-	27,360
Health services	60,070	-	-	-	60,070
Other support services	487,586	231,190	-	-	718,776
Improvement of instr. services	-	-	-	-	-
Educational media services	1,369	-	-	-	1,369
Instruction staff training	10,595	-	-	-	10,595
General administrative services	217,921	-	-	-	217,921
School administrative services	20,460	-	-	-	20,460
Central services	140,943	-	-	-	140,943
Admin. info. technology	13,292	-	-	-	13,292
Allowed maintenance for school facilities	70,171	-	-	-	70,171
Other operation & maintenance of plant	347,536	-	-	-	347,536
Student transportation services	399,825	-	-	-	399,825
Business and other support services	-	-	-	-	-
Unallocated employee benefits	608,747	-	-	-	608,747
Non-budgeted expenditures	352,779	-	-	-	352,779
Special schools	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	28,671	-	-	-	28,671
Total expenditures	6,709,293	713,260	-	-	7,422,553
Excess (deficiency) of revenues over expenditures	79,205	37,238	-	-	116,443
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	79,205	37,238	-	-	116,443
Fund balance—July 1	1,224,539	(37,238)	-	-	1,187,301
Fund balance—June 30	$ 1,303,744	$ -	$ -	$ -	$ 1,303,744

See accompanying notes to financial statements.

Exhibit B-3

BEVERLY CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2)		**$ 116,443**
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	(40,024)	
Capital outlays	17,086	(22,938)
In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.		
Accumulated depreciation on capital assets sold or retired during the fiscal year ended June 30, 2014	154,822	
Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2014	(155,542)	(720)
In the Statement of Activities, the principal payments on pension liability are recorded as a reduction in the long-term liability . In the governmental funds, the payments is an expenditure.		1,036
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) 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, essentially, the amounts actually paid. This year, sick leave was decreased.		55,588
Change in net position of governmental activities		**$ 149,409**

See accompanying notes to financial statements.

Exhibit B-4

BEVERLY CITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 13,969
Interfund receivable	18,521
Receivable from state	303
Receivable from federal	23,546
Inventories	3,118
Total current assets	59,457
Noncurrent assets:	
Restricted cash and cash equivalents	-
Furniture, machinery and equipment	58,094
Less accumulated depreciation	(41,942)
Total noncurrent assets	16,152
Total assets	75,609
LIABILITIES	
Current liabilities:	
Accounts payable	-
Compensated absences	-
Total current liabilities	-
Noncurrent Liabilities:	
Compensated absences	-
Total noncurrent liabilities	-
Total liabilities	-
NET POSITION	
Invested in capital assets net of related debt	16,152
Restricted for:	
Capital projects	-
Unrestricted	59,457
Total net position	75,609
Total liabilities and net position	$ 75,609

See accompanying notes to financial statements.

Exhibit B-5

BEVERLY CITY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Fund
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	$ 14,714
Daily sales - non-reimbursable programs	8,795
Miscellaneous	-
Total operating revenues	23,509
Operating expenses:	
Cost of sales	61,994
Salaries	83,157
Employee benefits	9,886
Other purchased professional services	10,650
General supplies	13,751
Depreciation	4,126
Total Operating Expenses	183,564
Operating income (loss)	(160,055)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	1,729
Federal sources:	
National school lunch program	83,916
National school breakfast program	43,529
Food distribution program	14,204
Interest and investment revenue	-
Miscellaneous expense	-
Total nonoperating revenues (expenses)	143,378
Change in net position	(16,677)
Total net position—beginning	92,286
Total net position—ending	$ 75,609

See accompanying notes to financial statements.

Exhibit B-6

BEVERLY CITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

		Business-type Activities - Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	23,509
Payments to employees		(93,043)
Payments to suppliers		(71,153)
Net cash provided by (used in) operating activities		(140,687)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources		1,494
Federal sources		109,823
Interest income		-
Net cash provided by (used in) non-capital financing activities		111,317
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from revenue anticipation loan		-
Payments of revenue anticipation loan		-
Purchases of capital assets		-
Net cash provided by (used for) capital and related financing activities		-
Net increase (decrease) in cash and cash equivalents		(29,370)
Balances—beginning of year		43,339
Balances—end of year	$	13,969
Reconciliation of operating loss to net cash used in operating activities:		
Operating income	$	(160,055)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		4,126
Federal commodities		14,204
Decrease in interfund receivable, net		-
Decrease in accounts receivable, net		-
Increase in inventories		1,038
Decrease in interfund payable		-
Increase in accounts payable		-
Total adjustments		19,368
Net cash provided by (used in) operating activities	$	(140,687)

See accompanying notes to financial statements.

Exhibit B-7

BEVERLY CITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2014

	Student Activity	Agency Fund	Total Fund
ASSETS			
Cash and cash equivalents	$ 7,734	$ 34,102	$ 41,836
Interfund receivable	-	-	-
Total assets	7,734	34,102	41,836
LIABILITIES			
Accounts payable	-	-	-
Payroll deductions and withholdings	-	8,268	8,268
Payable to student groups	7,734	-	7,734
Interfund payable	-	25,834	25,834
Other current liabilities	-	-	-
Total liabilities	7,734	34,102	41,836
NET POSITION			
Held in trust for unemployment claims and other purposes	-	-	-
Total net position	-	-	-
Total liabilities and net position	$ 7,734	$ 34,102	$ 41,836

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Beverly City Board of Education is a Type II district located in the county of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is compromised of eight members elected to three-year staggered terms. The purpose of the District is to educate students in grades PreK-8. The Beverly City Board of Education had an approximate enrollment of 295 students at June 30, 2014.

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

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

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

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (cont'd):

Basis of Presentation

The School District adopted the newly implemented Governmental Accounting Standard requiring the reporting of deferred outflows, deferred inflows, and net position. The term Net Assets will no longer be used and will be replaced with Net Position. The Statement of Net Position includes the reporting of assets, deferred outflows, liabilities and deferred inflows. The deferred outflows are reported under assets and deferred inflows are reported under liabilities on the Statement of Net Position. Items previously classified as assets and liabilities but not meeting that definition have then been reviewed for categorization as deferred outflows or deferred inflows. Items not classified as either an asset, deferred outflow, liability or deferred inflow have been charged to the Statement of Revenues, Expenses, and Changes in Net Position in the current year.

GASB to be Implemented in the 2015 Fiscal Year: In June, 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27("GASB No. 68). The primary 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 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. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The requirements of this Statement are effective for financial statements for periods ending on or after June 30, 2015. the district has not completed the process of evaluating the impact that will result from adopting GASB No. 68.

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

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

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

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Fund Financial Statements provide information about the District's funds, including its fiduciary funds. Separate statements for each Fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each governmental fund as a major fund. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

As required by the the NJDOE, the District includes budgeted capital outlay in this Fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated Fund Balance. Expenditures are those that result in the acquisition of or additions to Fixed Assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

Special Revenue Fund - The Special Revenue Fund is used to account for all proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

The District reports the following proprietary funds:

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e., expenses including depreciation and indirect costs) of providing primarily through user charges.

The District reports the following fund types:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expandable Trust Fund - An Expandable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund and the Scholarship Account.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting

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

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Property Taxes: Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable".

1. Summary of Significant Accounting Policies (Cont'd)

C. Budgets/Budgetary Control: Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting, except for Special Revenue Fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C 6:20-2A.2(m)1. All budget amendments/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year.

Appropriations, except remaining project appropriations, encumbrances, and unexpected grant appropriation, lapse at the end of each fiscal year. The Capital Project Fund presents the remaining project appropriations compared to current-year expenditures.

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2014, there was a reconciling difference of $ 79,690 between the budgetary basis and GAAP basis in the General Fund and of $37,238 in the Special Revenue Fund.

1. Summary of Significant Accounting Policies (Cont'd)

D. Encumbrance Accounting:

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances are reflected in the Balance Sheet as deferred revenues at fiscal year-end.

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

E. Assets, Liabilities, and Equity:

Interfund Transactions:

Transfers between Governmental and Business-Type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

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

Deferred Outflows/Inflows of Resources:

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

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

1. Summary of Significant Accounting Policies (Cont'd)

E. Assets, Liabilities, and Equity (Cont'd):

Capital Assets:

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Building and Improvements	7-60 years
Machinery and Equipment	3-20 years
Infrastructure	30 years

Compensated Absences:

The Districts accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Board. A liability for Compensated Absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and the employee is accrued as the employees earn the rights to the benefits.

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

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

The liability for vested compensated absences of the proprietary fund-types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, no liability existed for compensated absences in the Food Service Fund.

1. Summary of Significant Accounting Policies (Cont'd)

E. Assets, Liabilities, and Equity (Cont'd):

Unearned/Deferred Revenue:

Unearned/deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2014 operations, have been recorded as Unearned/deferred revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as Unearned/deferred Revenue.

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

Fund Balance Reserves:

The District reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent year's expenditures.

1. Summary of Significant Accounting Policies (Cont'd)

E. Assets, Liabilities, and Equity (Cont'd):

Revenues - Exchange and Nonexchange Transactions:

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

Nonexchange Transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Nonexchange Transactions must also by available before it can be recognized.

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

Operating Revenues and Expenses:

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

1. Summary of Significant Accounting Policies (Cont'd)

E. Assets, Liabilities, and Equity (Cont'd):

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

2. Capital Reserve Account

A Capital Reserve Account was established by the Beverly City Board of Education by inclusion of $1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to Capital Projects in the District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a District may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board Resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C 6:23A-5.1(d)7, the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

The activity of the Capital Reserve for the June 30, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance June 30, 2013	$ 392,739
Add:	
Increase per Resolution	100,000
Interest Earnings	-
Less:	
Withdrawals	-
Ending Balance, June 30, 2014	$ 492,739

3. Maintenance Reserve Account

A maintenance Reserve Account was established by the Beverly City Board of Education for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Maintenance Reserve Account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2014.

The activity of the Maintenance Reserve for the June 30, 2013 to June 30, 2014 fiscal year is as follows:

Balance, June 30, 2013	$ 200,000
Add:	
Board Contribution	-
Less:	
Withdrawals	-
Balance, June 30, 2014	$ 200,000

4. Tuition Reserve Account

A tuition reserve account may be established in accordance with N.J.A.C.6a:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief. The District's tuition reserve account balance of $250,000 as of June 30, 2014 is comprised of $150,000 established during 2013/2014 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2015 and $100,000 established during 2012/2013 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2014.

5. Transfers to Capital Outlay

During the year ending June 30, 2014, the District transferred $24,725 to the Capital Outlay Account.

6. Deposits and Investments

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Type	Carrying Value
Deposits	
Demand Deposits	$ 1,095,657
Total Deposits	$ 1,095,657

The District's Cash & Cash Equivalents are Reported as Follows:

Governmental Activities	$ 1,039,852
Business-Type Activities	13,969
Fiduciary Funds	41,836
Total Cash & Cash Equivalents	$ 1,095,657

Deposits

The Board's deposits are insured through the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the Risk that, in the event of a blank failure, the Board's deposit might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first $ 250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Board relative to the happening of a future condition. All of the School District's bank balances of $1,742,406 as of June 30, 2014 were insured and collateralized.

7. Receivables

Receivables at June 30, 2014, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial Statements	District-Wide Financial Statements
Property Taxes	$ 220,598	$ 220,598
State Aid	35,981	36,284
Federal Aid	-	23,546
Other	-	-
Interfunds	25,834	44,355
	282,413	324,783
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	$ 282,413	$ 324,783

8. Interfund Balances and Transfers

Balances due to/from other funds at June 30, 2014 consist of the following:

$ 25,834	Due to General Fund from Trust & Agency Fund representing cash advance.
18,521	Due to Enterprise Fund from General Fund representing cash advance.
$ 44,355	

9. Inventory

As of June 30, 2014, the District had the following inventory:

Food	$ 2,247
Supplies	871
	$ 3,118

10. Capital Assets

The following schedule is a summarization of the general fixed assets by source for the fiscal year ended June 30, 2014:

Governmental Activities:	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets Being Depreciated				
Site Improvements	84,750	-	-	84,750
Building and Building Improvements	903,125	9,100	-	912,225
Machinery and Equipment	360,910	7,986	(155,542)	213,354
Totals at Historical Cost	1,348,785	17,086	(155,542)	1,210,329
Less Accumulated Depreciation for:				
Site Improvements	(84,306)	(444)	-	(84,750)
Building and Building Improvements	(822,560)	(18,245)	-	(840,805)
Machinery and Equipment	(301,208)	(21,335)	154,822	(167,721)
Total Accumulated Depreciation	(1,208,074)	(40,024)	154,822	(1,093,276)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	140,711	(22,938)	(720)	117,053
Government Activity Capital Assets, Net	140,711	(22,938)	(720)	117,053
Business-Type Activities:				
Capital Assets Being Depreciated:				
Building Improvements	-	-	-	-
Equipment	58,094	-	-	58,094
Less Accumulated Depreciation	(37,816)	(4,126)	-	(41,942)
Enterprise Fund Capital Assets, Net	$ 20,278	$ (4,126)	$ -	$ 16,152

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at $2,000.

Depreciation expense was charged to functions as follows:

Other operation and maintenance of plant	$ 40,024
Total	$ 40,024

11. Long-Term Obligations

A. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2014, are as follows:

Governmental Activities:	Balance June 30, 2013	Increases/ Decreases	Balance June 30, 2014	Amounts Due Within One Year
Compensated Absences Payable	$ 112,438	$ (55,588)	$ 56,850	$ 10,000
Pension Payable	2,767	(1,036)	1,731	1,036
	$ 115,205	$ (56,624)	$ 58,581	$ 11,036

Compensated absences and capital leases, if applicable, have been liquidated in the General Fund.

A. Unfunded Pension Liability

The School District approved an "Early Retirement Incentive Program" permitted by State Legislation during 1993 for certain members of the Teachers Pension and Annuity Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1994 to be eligible. The District selected a thirty-year payment program and is assessed annually by the State Division of Pensions for their contribution to fund this program.

B. Capital Leases

As of June 30, 2014 the School District has no future capital lease obligations.

C. Bonds Authorized But Not Issued

As of June 30, 2014 the School District had no authorized but not issued bonds.

12. Operating Leases

As of June 30, 2014, the District had various operating leases.

13. Pension Plans

Description of Plans

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

Teachers' Pension and Annuity Fund ("TPAF")

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

Public Employees' Retirement System ("PERS")

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

13. Pension Plans (Cont'd)

Description of Plans (Cont'd)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by the N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years or service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Significant Legislation

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market-related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

13. Pension Plans (Cont'd)

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution included funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	$ 36,984	100 %	$ -
2013	35,332	100 %	-
2012	37,760	100 %	-

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

Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	$ 205,067	100 %	$ -
2013	246,474	100 %	-
2012	144,326	100 %	-

During the year ended June 30, 2014, the State of New Jersey contributed $77,688 to the TPAF for NCGI premiums and $127,379 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A 18A: 66-66, the State of New Jersey reimbursed the District $147,712 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the general purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with governmental accounting standards.

14. Post-Retirement Benefits

Legislation enacted during 1991 provides early retirement incentives for certain member of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional $500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their district.

P.L. 1987, c 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2013 , there were 100,134 retirees eligible for post-retirement medical benefits, and the State contributed $1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums 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 of 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 of county college with 25 years of service. The State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

15. Deferred Compensation

The Board offers its employees a choice of Deferred Compensation Plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the Plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan administrator is as follows:

Prudential

16. Risk Management

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

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

17. Contingent Liabilities

Grant Programs

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

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

18. Deficit Fund Balances

P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, Governmental accounting rules require that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes as asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to P.L. 2003, c.97 any negative unreserved, undesignated fund balance that is reported a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements in the General Fund of ($67,635) is equal to less than the last state payments.

19. Fund Balance Appropriated

Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable Fund Balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- 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.
- Committed Fund Balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance - amounts a District intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned Fund Balance - amounts that are available for any purpose; these amounts are reported only in the General Fund.

19. Fund Balance Appropriated (cont'd)

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposed are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

Classification Totals

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Fund Balances:					
Restricted	1,271,379	-	-	-	1,271,379
Committed	-	-	-	-	-
Assigned	100,000	-	-	-	100,000
Unassigned	(67,635)	-	-	-	(67,635)
	1,303,744	-	-	-	1,303,744

20. Calculation of Excess Surplus

The Designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is $175,747.

21. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2014. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open year prior to June 30, 2011.

22. Subsequent Events

Management has evaluated subsequent events through November 3, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

Exhibit C-1

BEVERLY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 2,719,959	$ -	$ 2,719,959	$ 2,719,959	$ -
Tuition - residents	-	-	-	-	-
Tuition - non-residents	-	-	-	-	-
Interest	-	-	-	1,889	1,889
Interest earned on capital reserve funds	-	-	-	-	-
Transportation fees	-	-	-	-	-
Miscellaneous	2,000	-	2,000	40,657	38,657
Total - local sources	2,721,959	-	2,721,959	2,762,505	40,546
State sources:					
Transportation aid	196,255	-	196,255	196,255	-
Special education aid	167,839	-	167,839	167,839	-
Equalization aid	2,397,552	-	2,397,552	2,397,552	-
Extraordinary aid	10,000	-	10,000	35,981	25,981
Categorical Security	86,245	-	86,245	86,245	-
Adjustment Aid	863,310	-	863,310	863,310	-
TPAF pension (on-behalf - Non-budgeted)		-	-	205,067	205,067
TPAF social security (reimbursed - Non-budgeted)	-	-	-	147,712	147,712
Total state sources	3,721,201	-	3,721,201	4,099,961	378,760
Federal Sources					
Medicaid reimbursement	10,455	-	10,455	5,722	(4,733)
Total Federal Sources	10,455	-	10,455	5,722	(4,733)
Total revenues	6,453,615	-	6,453,615	6,868,188	414,573
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of teachers	174,419	-	174,419	169,732	4,687
Grades 1-5 - Salaries of teachers	540,254	60,000	600,254	585,643	14,611
Grades 6-8 - Salaries of teachers	319,464	(60,000)	259,464	230,270	29,194
Regular Programs - Home Instruction:					
Salaries of teachers	5,000	-	5,000	4,256	744
Purchased professional-educational services	3,000	-	3,000	-	3,000
Regular Programs - Undistributed Instruction					
Other salaries for instruction	146,587	(15,800)	130,787	47,088	83,699
Purchased professional-educational services	15,000	(9,450)	5,550	5,522	28
Purchased technical services	29,421	8,700	38,121	38,070	51
Other purchased services (400-500 series)	28,000	(1,700)	26,300	26,206	94
General supplies	75,385	28,200	103,585	86,771	16,814
Textbooks	31,161	(27,290)	3,871	3,860	11
Other objects - misc. exp.	6,000	(4,400)	1,600	1,590	10
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,373,691	(21,740)	1,351,951	1,199,008	152,943
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	97,814	26,915	124,729	124,571	158
Other salaries for instruction	-	67,610	67,610	67,597	13
General supplies	1,000	(725)	275	-	275
Total Learning and/or Language Disabilities	98,814	93,800	192,614	192,168	446
Resource Room/Resource Center:					
Salaries of teachers	224,935	1,400	226,335	224,505	1,830
General supplies	3,800	(2,740)	1,060	85	975
Total Resource Room/Resource Center	228,735	(1,340)	227,395	224,590	2,805
TOTAL SPECIAL EDUCATION - INSTRUCTION	327,549	92,460	420,009	416,758	3,251
Basic Skills/Remedial - Instruction					
Salaries of teachers	62,561	-	62,561	46,718	15,843
Total Basic Skills/Remedial - Instruction	62,561	-	62,561	46,718	15,843
Bilingual Education - Instruction					
Salaries of teachers	50,174	-	50,174	50,174	-
Total Bilingual Education - Instruction	50,174	-	50,174	50,174	-
School Sponsored Co-curricular-Instruction					
Salaries	5,500	9,045	14,545	14,464	81
Purchased Services (300-500) Series	1,500	(460)	1,040	1,040	-
Other Objects	-	500	500	500	-
Total School Sponsored Co-curricular-Instruction	7,000	9,085	16,085	16,004	81
School-Spon. Athletics - Instruction					
Salaries	3,800	310	4,110	4,110	-
Supplies and materials	2,000	(1,935)	65	-	65
Total School-Spon. Athletics - Instruction	5,800	(1,625)	4,175	4,110	65
Total Instruction	1,826,775	78,180	1,904,955	1,732,772	172,183

Exhibit C-1

BEVERLY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state-regular	$ 882,665	$ 164,230	$ 1,046,895	$ 1,046,078	$ 817
Tuition to other LEAs within the state - special	419,568	(127,935)	291,633	291,107	526
Tuition to County Voc. School Dist-regular	146,880	(24,334)	122,546	122,400	146
Tuition to CSSD & Reg. Day Schools	706,032	(87,560)	618,472	612,186	6,286
Tuition to private schools for the handicapped - Within state	61,615	59,100	120,715	117,425	3,290
Tuition - Other	35,720	(33,950)	1,770	-	1,770
Total Undistributed Expenditures - Instruction:	2,252,480	(50,449)	2,202,031	2,189,196	12,835
Undist. Expend. - Attend & Social Work					
Salaries	25,591	-	25,591	25,591	-
Purchased professional and technical services	2,000	-	2,000	1,769	231
Total Undistributed Expenditures - Attend & Social Work	27,591	-	27,591	27,360	231
Undist. Expend. - Health Services					
Salaries	49,453	6,800	56,253	55,919	334
Purchased professional and technical services	3,000	(560)	2,440	1,781	659
Supplies and materials	2,500	-	2,500	2,370	130
Other objects	500	-	500	-	500
Total Undistributed Expenditures - Health Services	55,453	6,240	61,693	60,070	1,623
Undist. Expend. - Speech Services					
Salaries of other professional staff	64,950	540	65,490	65,487	3
Purchased professional - educational services	20,000	16,183	36,183	36,183	-
Supplies and materials	2,000	(2,000)	-	-	-
Total Undist. Expend.-Speech Srvs	86,950	14,723	101,673	101,670	3
Undist. Expend. - Other Support Services - Students - Extraordinary Services					
Salaries	13,720	(10,633)	3,087	-	3,087
Purchased professional - educational services	8,000	(8,000)	-	-	-
Total Undist. Expend.-Othr Sprt Srvcs Students-Extraordinary Sr	21,720	(18,633)	3,087	-	3,087
Undist. Expend.- Other Support Services Students-Regular					
Salaries of secretarial and clerical assistants	14,054	13,900	27,954	23,700	4,254
Purchased professional - educational services	3,500	2,300	5,800	5,591	209
Total Undist. Expend. - Other Support Services - Students-Regul	17,554	16,200	33,754	29,291	4,463
Undist. Expend. - Other Support Services - Students-Special					
Salaries of other professional staff	143,782	3,880	147,662	118,746	28,916
Salaries of secretarial and clerical assistants	19,914	120	20,034	20,025	9
Purchased professional - educational services	63,000	(20,160)	42,840	35,080	7,760
Other purchased professional services	71,000	(45,500)	25,500	13,249	12,251
Supplies and materials	2,800	-	2,800	2,391	409
Other objects	1,780	(400)	1,380	127	1,253
Total Undist. Expend. - Other Support Services - Students-Speci	302,276	(62,060)	240,216	189,618	50,598
Undist. Expend. - Improvement of Instruction Services					
Salaries of supervisor of instruction	137,451	(39,100)	98,351	96,629	1,722
Salaries of other professional staff	8,000	-	8,000	6,480	1,520
Salaries of secretarial and clerical assist.	2,500	60	2,560	2,558	2
Other salaries	6,000	(5,999)	1	-	1
Other purchased professional and technical services		78,699	78,699	61,340	17,359
Supplies and materials	2,600	(2,600)	-	-	-
Total Undist. Expend. - Improvement of Instruction Services	156,551	31,060	187,611	167,007	20,604
Undist. Expend. - Educational Media Services/School Library					
Purchased professional and technical services	1,420	-	1,420	1,000	420
Other purchased services (400-500 series)	1,500	-	1,500	-	1,500
Supplies and materials	1,000	-	1,000	369	631
Other objects	1,000	-	1,000		1,000
Total Undist. Expend. - Educational Media Services/School Libra	4,920	-	4,920	1,369	3,551
Undist. Expend. - Instruction Staff Training Services					
Purchased professional- Ed Services	-	2,000	2,000	1,550	450
Purchased professional and technical services	500	1,000	1,500	1,499	1
Other purchased services (400-500 series)	6,000	1,800	7,800	7,546	254
Total Undist. Expend. - Instruction Staff Training Services	6,500	4,800	11,300	10,595	705
Undist. Expend. - Support Service - General Administration					
Salaries	126,342	(11,890)	114,452	114,434	18
Legal services	27,000	30,934	57,934	57,934	-
Audit fees	18,000	(2,800)	15,200	15,200	-
Other purchased professional services	4,000	950	4,950	4,890	60
Purchased technical services	2,000	(2,000)	-	-	-
Communications/Telephone - Bus	3,000	6,335	9,335	9,332	3
BOE other purchased prof. svc.	1,000	(1,000)	-	-	-
Other purchased services (400-500 series)	5,000	(425)	4,575	4,489	86
General supplies	4,000	670	4,670	4,670	-
BOE membership dues and fees	5,000	2,000	7,000	6,920	80
Miscellaneous expenditures	-	60	60	52	8
Miscellaneous expenditures - Board of Ed	3,000	(3,000)	-	-	-
Total Undist. Expend. - Support Service - General Administratio	198,342	19,834	218,176	217,921	255

Exhibit C-1

BEVERLY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Service - School Administration					
Salaries of secretarial and clerical assistants	$ 14,844	$ 1,025	$ 15,869	$ 15,866	$ 3
Supplies and materials	3,500	600	4,100	4,094	6
Other objects	500	-	500	500	-
Total Undist. Expend. - Support Service - School Administration	18,844	1,625	20,469	20,460	9
Undist. Expend. - Central Services					
Salaries	136,725	1,200	137,925	129,189	8,736
Purchased technical services	9,000	(3,450)	5,550	3,634	1,916
Misc. Pur Serv (400-500 series)	4,000	(780)	3,220	-	3,220
Supplies and materials	4,000	600	4,600	4,581	19
Miscellaneous Expenditures	3,200	400	3,600	3,539	61
Total Undist. Expend. - Central Services	156,925	(2,030)	154,895	140,943	13,952
Undist. Expend. - Admin. Info. Technology					
Purchased technical services	12,000	1,380	13,380	13,292	88
Total Undist. Expend - Admin. Info. Technology	12,000	1,380	13,380	13,292	88
Undist. Expend. - Required Maintenance for School Facilities					
Cleaning, repair and maintenance services	76,000	(29,000)	47,000	46,964	36
General supplies	23,100	200	23,300	23,207	93
Total Undist. Expend. - Allowed Maintenance for School Faciliti	99,100	(28,800)	70,300	70,171	129
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries - Custodians	88,701	(5,240)	83,461	61,918	21,543
Salaries - Café./Playground Aides	10,459	1,885	12,344		12,344
Purchased professional and technical services	20,000	26,440	46,440	45,739	701
Cleaning, repair and maintenance services - up keep	26,000	105,400	131,400	131,083	317
Rental of land and building other than lease	18,000	(16,600)	1,400	-	1,400
Other purchased property services	4,000	-	4,000	1,810	2,190
Insurance	23,914	15,000	38,914	38,657	257
Miscellaneous purchased services	5,000	(3,500)	1,500	1,312	188
General supplies	4,000	(3,000)	1,000	-	1,000
Energy (Heat and Electricity)	65,000	(22,600)	42,400	42,305	95
Other objects	2,500	(1,900)	600	166	434
Energy (Natural Gas)	64,000	(38,865)	25,135	24,546	589
Total Undist. Expend. - Other Operation & Maintenance Of Plant	331,574	57,020	388,594	347,536	41,058
Undist. Expend. - Student Transportation Services					
Salaries for pupil transportation(between home and school)-Spe	11,892	2,099	13,991	13,872	119
Salaries for pupil trans. (other than between home and school)	11,892	2,100	13,992	13,872	120
Contract services (other than between home & school) - Vendo	10,000	19,781	29,781	29,781	-
Contract services -(between home and school)-Vendor	113,630	(106,730)	6,900	4,930	1,970
Contract services -(between home and school)-Joint	5,000	3,100	8,100	8,030	70
Contract services - (special education students) - Vendors	20,000	(13,600)	6,400	6,343	57
Contract services-(special education students)-Joint	16,000	1,000	17,000	17,000	-
Contract services-(special education students)-ESC's & CTSA's	-	83,849	83,849	83,849	-
Contract services-(regular students)ESC's & CTSA's	240,000	(32,600)	207,400	185,871	21,529
Aid in lieu of payments	40,000	-	40,000	36,277	3,723
Total Undist. Expend. - Student Transportation Services	468,414	(41,001)	427,413	399,825	27,588
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	43,099	(42,001)	1,098	-	1,098
Social security contributions	66,000	-	66,000	55,490	10,510
Other retirement contributions - PERS	-	41,075	41,075	36,984	4,091
Other retirement contributions - ERIP	1,000	(1,000)	-	-	-
Other retirement contributions - Regular	46,168	200	46,368	7,520	38,848
Unemployment Compensation	30,000	-	30,000	12,040	17,960
Workmen's compensation	32,500	(31,550)	950	-	950
Health benefits	513,690	(37,649)	476,041	460,678	15,363
Tuition reimbursement	20,000	12,201	32,201	30,210	1,991
Other employee benefits	-	5,910	5,910	5,825	85
TOTAL UNALLOCATED EMPLOYEE BENEFITS	752,457	(52,814)	699,643	608,747	90,896
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	205,067	(205,067)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	147,712	(147,712)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	352,779	(352,779)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	752,457	(52,814)	699,643	961,526	(261,883)
TOTAL UNDISTRIBUTED EXPENDITURES	4,969,651	(102,905)	4,866,746	4,947,850	(81,104)
TOTAL GENERAL CURRENT EXPENSE	6,796,426	(24,725)	6,771,701	6,680,622	91,079

Exhibit C-1

BEVERLY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Undistributed expenditures - Instruction	$ -	$ -	$ -	$ -	$ -
Undistributed expenditures - Instructional equip.	-	-	-	-	-
Undistributed expenditures - Non-Instructional equip.	4,000	4,000	8,000	7,986	14
Undistributed expenditures - Support services - Regular	-	-	-	-	-
Undistributed expenditures - Support services - Special	-	-	-	-	-
Undistributed expenditures - General administration	-	-	-	-	-
Undistributed expenditures - School administration	-	-	-	-	-
Undistributed expenditures - Operation & maint. of plant serv:	-	-			-
Undistributed expenditures - Student transportation	-	-	-	-	-
Undistributed expenditures - Business/Other support services	-	-	-	-	-
Total Equipment	4,000	4,000	8,000	7,986	14
Facilities Acquisition and Construction Services					
Construction services	-	2,960	2,960	2,955	5
Other Purchases Prof. & Tech Servives	-	17,765	17,765	17,730	35
Total Facilities Acquisition and Construction Services	-	20,725	20,725	20,685	40
Capital reserve - Transfer to	-	-	-	-	-
TOTAL CAPITAL OUTLAY	4,000	24,725	28,725	28,671	54
TOTAL EXPENDITURES	6,800,426	-	6,800,426	6,709,293	91,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	(346,811)	-	(346,811)	158,895	505,706
Other Financing Uses:					
Operating Transfer Out	-	-	-	-	-
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(346,811)	-	(346,811)	158,895	505,706
Fund Balance, July 1	1,498,465	-	1,498,465	1,498,465	-
Fund Balance, June 30	$ 1,151,654	$ -	$ 1,151,654	$ 1,657,360	$ 505,706

Recapitulation:	
Restricted Fund Balance:	
Capital reserve	492,739
Maintenance reserve	200,000
Tuition reserve	250,000
Excess surplus - Designated for subsequent year's expenditures	152,893
Excess surplus - Current year	175,747
Committed Fund Balance:	
Year-end encumbrances	-
Assigned Fund Balance:	
Designated for subsequent year's expenditures	100,000
Unassigned Fund Balance	285,981
Reconciliation to governmental funds statements (GAAP)	
Last state aid payment not recognized on GAAP basis	(353,616)
Fund balance per governmental funds (GAAP)	(67,635)

Exhibit C-2

BEVERLY CITY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	$ -	$ -	$ -	$ -	$ -
State sources	374,972	-	374,972	374,972	-
Federal sources	245,466	92,822	338,288	338,288	-
Total Revenues	620,438	92,822	713,260	713,260	-
EXPENDITURES					
Instruction:					
Salaries of teachers	263,353	24,913	288,266	288,266	-
Other salaries for instruction	61,064	(935)	60,129	60,129	-
Purchased professional services	-	-	-	-	-
General supplies	18,006	(4,954)	13,052	13,052	-
Tuition	90,262	30,361	120,623	120,623	-
Total instruction	432,685	49,385	482,070	482,070	-
Support services:					
Salaries of program director	11,480	3,600	15,080	15,080	-
Personal services		-	-	-	-
Purchased professional - educational services	-	-	-	-	-
Other purchased professional services	73,541	35,700	109,241	109,241	-
Purchased technical services	-	-	-	-	-
Travel	-	-	-	-	-
Employee Benefits	90,441	3,459	93,900	93,900	-
Miscellaneous purchased services (400-500 series)	12,291	678	12,969	12,969	-
Miscellaneous expenditures	-	-	-	-	-
Supplies & materials	-	-	-	-	-
Total support services	187,753	43,437	231,190	231,190	-
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total expenditures	620,438	92,822	713,260	713,260	-
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
	-	-	-	-	-
Total outflows	620,438	92,822	713,260	713,260	-
Excess (deficiency) of revenues Over (under) expenditures	$ -	$ -	$ -	$ -	$ -

Reconciliation to governmental funds statements (GAAP)	
Last state aid payment not recognized on GAAP basis	-
Fund balance per governmental funds (GAAP)	$ -

Exhibit C-3

BEVERLY CITY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2014

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	**[C-1]**	$ 6,868,188	**[C-2]**	$ 713,260
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year		(353,616)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes		273,926		37,238
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	**[B-2]**	$ 6,788,498	**[B-2]**	$ 750,498
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 6,709,293	**[C-2]**	$ 713,260
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.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	**[B-2]**	$ 6,709,293	**[B-2]**	$ 713,260

OTHER SUPPLEMENTARY INFORMATION

Exhibit E-1

BEVERLY CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

	IDEA PRESCHOOL 13/14	IDEA Basic 13/14	TITLE I 13/14
Revenues:			
Local sources	$ -	$ -	$ -
State sources	-	-	-
Federal sources	3,139	117,484	186,092
Total revenues	3,139	117,484	186,092
Expenditures:			
Instruction:			
Salaries of teachers	-	-	104,913
Other salaries/instruction	-	-	-
Purchased professional services	-	-	-
General supplies	-	-	-
Tuition	3,139	117,484	-
Textbooks	-	-	-
Miscellaneous expenses	-	-	-
Total instruction	3,139	117,484	104,913
Support services:			
Other support services - students - special:			
Other professional staff salaries	-	-	-
Personal Services	-	-	-
Purchased professional services	-	-	57,049
Other purchased professional services	-	-	-
Purchased technical services	-	-	-
Employee benefits	-	-	24,130
Travel	-	-	-
General supplies	-	-	-
Miscellaneous expenses	-	-	-
Total other support services - students - special	-	-	81,179
Total support services	-	-	81,179
Equipment:			
Regular programs instruction	-	-	-
Non-instructional equipment	-	-	-
Total equipment	-	-	-
Total expenditures	$ 3,139	$ 117,484	$ 186,092

Exhibit E-1

BEVERLY CITY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

(Continued from prior page)

	Preschool Edu. Aid 13/14	Title II Part D 13/14	Total 2014
Revenues:			
Local sources	$ -	$ -	$ -
State sources	374,972	-	374,972
Federal sources	-	31,573	338,288
Total revenues	374,972	31,573	713,260
Expenditures:			
Instruction:			
Salaries of teachers	183,353	-	288,266
Other salaries/instruction	60,129	-	60,129
Purchased professional services	-	-	-
General supplies	13,052	-	13,052
Tuition	-	-	120,623
Textbooks	-	-	-
Miscellaneous expenses	-	-	-
Total instruction	256,534	-	482,070
Support services:			
Other support services - students - special:			
Other professional staff salaries	15,080	-	15,080
Personal Services	-	-	-
Purchased professional services	20,619	31,573	109,241
Other purchased professional services	-	-	-
Purchased technical services	-	-	-
Employee benefits	69,770	-	93,900
Travel	-	-	-
General supplies	-	-	-
Miscellaneous expenses	12,969	-	12,969
Total other support services - students - special	118,438	31,573	231,190
Total support services	118,438	31,573	231,190
Equipment:			
Regular programs instruction	-	-	-
Non-instructional equipment	-	-	-
Total equipment	-	-	-
Total expenditures	$ 374,972	$ 31,573	$ 713,260

Exhibit E-2

BEVERLY CITY SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2014

	Budget	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	$ 183,353	$ 183,353	$ -
Other Salaries for Instruction	60,129	60,129	-
General Supplies	13,052	13,052	-
Total instruction	256,534	256,534	-
Support services:			
Salaries of Other Professional Staff	15,080	15,080	-
Personal Services - Employee Benefits	69,770	69,770	-
Other Purchased Professional Services	20,619	20,619	-
Other Objects	12,969	12,969	-
Total support services	118,438	118,438	-
Facilities acquisition and cont. serv:			
Instructional equipment	-	-	-
Noninstructional Equipment	-	-	-
Total Facilities acquisition and cont. serv.	-	-	-
Total Expenditures	$ 374,972	$ 374,972	$ -

CALCULATION OF BUDGET & CARRYOVER

Total 2013-14 PreK/ECPA Aid Allocation	$ 374,972
Add: Actual PreK/ECPA Aid Carryover June 30, 2013	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2013-14 Budget	374,972
Less: 2013-14 Budgeted PreK/ECPA (Including prior year budgeted carryover)	374,972
Available & Unbudgeted Funds as of June 30, 2014	-
Add: June 30, 2014 Unexpended PreK Aid	-
2014- Actual Carryover - PreK Aid	$ -
2013-14 PreK Aid Carryover Budgeted in 2015-FY	$ -

Exhibit G-1

BEVERLY CITY SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2014

	Food Services
Assets:	
Current assets:	
Cash and cash equivalents	$ 13,969
Accounts receivable:	
State	303
Federal	23,546
Interfunds	18,521
Inventories	3,118
Total current assets	59,457
Fixed assets:	
Equipment	58,094
Accumulated depreciation	(41,942)
Total fixed assets	16,152
Total assets	75,609
Liabilities and Net Position:	
Liabilities:	
Accounts payable	-
Revenue anticipation loan	-
Total liabilities	-
Net position:	
Invested in capital assets, net of related debt	16,152
Restricted for other purposes	-
Unrestricted net position	59,457
Total net position	75,609
Total liabilities and net position	$ 75,609

Exhibit G-2

BEVERLY CITY SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position
for the Fiscal Years ended June 30, 2014

	Food Services
Operating revenues:	
Local sources:	
Daily sales-reimbursable programs:	
School breakfast program	$ 1,577
School lunch program	13,137
Total-daily sales-reimbursable programs	14,714
Daily sales-non-reimbursable programs:	
Adult & Ala carte	8,443
Special functios	352
Total-daily sales-non-reimbursable programs	8,795
Total operating revenues	23,509
Operating expenses:	
Salaries	83,157
Benefits & payroll taxes	9,886
Supplies and materials	13,751
Management fee	10,650
Depreciation	4,126
Cost of sales	61,994
Total operating expenses	183,564
Operating loss	(160,055)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	1,729
Federal sources:	
National school lunch program	83,916
National school breakfast program	43,529
Food distribution program	14,204
Interest income	-
Total nonoperating revenues	143,378
Change in net position	(16,677)
Total net position beginning	92,286
Total net position ending	$ 75,609

Exhibit G-3

BEVERLY CITY SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 23,509
Payments to employees	(83,157)
Payments for employee benefits	(9,886)
Payments to suppliers	(71,153)
Net cash provided by (used in) operating activities	(140,687)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	1,494
Federal sources	109,823
Interest income	-
Net cash provided by (used in) non-capital financing activities	111,317
Net increase (decrease) in cash and cash equivalents	(29,370)
Balances—beginning of year	43,339
Balances—end of year	$ 13,969
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (160,055)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,126
Federal commodities	14,204
Decrease in interfund receivable, net	-
Decrease in accounts receivable, net	-
Increase in inventories	1,038
Decrease in interfund payable	-
Increase in accounts payable	-
Total adjustments	19,368
Net cash provided by (used in) operating activities	$ (140,687)

Exhibit H-1

BEVERLY CITY SCHOOL DISTRICT
Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2014

	Agency Fund	Student Activity	Total
ASSETS			
Cash and cash equivalents	$ 34,102	$ 7,734	$ 41,836
Investments	-	-	-
Intergovernmental accounts receivable	-	-	-
Interfund receivable	-	-	-
Total assets	34,102	7,734	41,836
LIABILITIES			
Accounts payable	-	-	-
Payroll deductions and withholdings	8,268	-	8,268
Payable to student groups	-	7,734	7,734
Interfund payable	25,834	-	25,834
Other current liabilities	-	-	-
Total liabilities	34,102	7,734	41,836
NET POSITION			
Held in trust for unemployment claims and other purposes	-	-	-
Total net position	-	-	-
Total liabilities and net position	$ 34,102	$ 7,734	$ 41,836

Exhibit H-3

BEVERLY CITY SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2014

	Balance July 1, 2013	Receipts	Disbursements	Balance June 30, 2014
Class funds	$ 5,180	$ 15,787	$ (13,233)	$ 7,734
Total all schools	$ 5,180	$ 15,787	$ (13,233)	$ 7,734

Exhibit H-4

BEVERLY CITY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
ASSETS:				
Cash and cash equivalents	$ 34,194	$ 3,044,153	$ 3,044,245	$ 34,102
Total assets	34,194	3,044,153	3,044,245	34,102
LIABILITIES:				
Payroll deductions and withholdings	8,360	1,267,012	1,267,104	8,268
Accrued salaries and wages	-	1,777,141	1,777,141	-
Interfund payable	25,834	-	-	25,834
Other current liabilities	-	-	-	-
Total liabilities	$ 34,194	$ 3,044,153	$ 3,044,245	$ 34,102

STATISTICAL SECTION

BEVERLY CITY School District
Statistical Section

Contents **Page**

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time. **72-76**

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax. **77-80**

Debt Capacity

These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future. **81-84**

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place. **85-86**

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs. **87-91**

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.*

Exhibit J-1

BEVERLY CITY SCHOOL DISTRICT
Net Assets/Position by Component
Last Ten Fiscal Years
UNAUDITED

(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	$ 2,853,271	$ 2,879,430	$ 2,936,588	$ 3,250,516	$ 3,436,653	$ 3,540,631	$ 3,577,656	$ 3,536,657	$ 3,422,237	$ 117,053
Restricted	262,410	214,425	329,546	386,314	270,313	326,738	514,354	609,483	703,620	1,371,379
Unrestricted	49,699	48,441	209,310	241,055	305,235	352,727	266,459	218,594	203,807	(126,216)
Total governmental activities net assets/position	$ 3,165,380	$ 3,142,296	$ 3,475,444	$ 3,877,885	$ 4,012,201	$ 4,220,096	$ 4,358,469	$ 4,364,734	$ 4,329,664	$ 1,362,216
Business-type activities										
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ 929,255	$ 1,065,639	$ 1,049,925	$ 1,023,860	$ 998,028	$ 16,152
Restricted	-	-	-	919,950	-	-	-	-	-	-
Unrestricted	-	-	720,598	238,132	175,795	149,352	250,461	347,752	352,044	59,457
Total business-type activities net assets/position	$ -	$ -	$ 720,598	$ 1,158,082	$ 1,105,050	$ 1,214,991	$ 1,300,386	$ 1,371,612	$ 1,350,072	$ 75,609
District-wide										
Invested in capital assets, net of related debt	$ 2,853,271	$ 2,879,430	$ 2,936,588	$ 3,250,516	$ 4,365,908	$ 4,606,270	$ 4,627,581	$ 4,560,517	$ 4,420,265	$ 133,205
Restricted	262,410	214,425	329,546	1,306,264	270,313	326,738	514,354	609,483	703,620	1,371,379
Unrestricted	49,699	48,441	929,908	479,187	481,030	502,079	516,920	566,346	555,851	(66,759)
Total district net assets/position	$ 3,165,380	$ 3,142,296	$ 4,196,042	$ 5,035,967	$ 5,117,251	$ 5,435,087	$ 5,658,855	$ 5,736,346	$ 5,679,736	$ 1,437,825

Exhibit J-2

BEVERLY CITY SCHOOL DISTRICT
Changes in Net Assets/Position
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
Instruction										
Regular	$ 1,019,224	$ 1,035,717	$ 1,142,415	$ 1,227,542	$ 1,179,181	$ 1,245,862	$ 1,189,107	$ 1,268,103	$ 1,225,160	$ 1,681,078
Special education	36,963	120,082	124,760	130,033	244,326	250,424	302,575	393,262	306,228	416,758
Other special education	81,999	59,994	75,064	68,764	72,998	81,184	78,568	102,281	122,798	117,006
Support Services:										
Instruction	694,060	810,496	762,759	1,054,712	1,064,404	984,230	804,778	691,863	886,691	2,189,196
Attendance and social work	9,771	20,316	22,239	23,240	24,614	25,521	26,011	12,872	15,771	27,360
Health services	46,949	48,396	53,319	55,357	61,977	69,609	70,854	65,843	56,396	60,070
Improvement of instr. services	26,278	42,097	43,351	44,375	46,527	48,189	48,989	74,344	62,311	-
Educational media services	61,170	55,979	55,413	57,775	47,097	52,726	62,768	47,951	26,272	1,369
Instruction staff training	1,626	1,022	2,074	16,100	2,369	2,368	4,730	7,013	4,088	10,595
School Administrative services	90,426	61,540	62,846	72,778	72,917	75,887	77,057	78,339	73,385	20,460
General administration	153,271	125,315	123,348	127,431	120,072	133,957	132,716	133,846	128,399	217,921
Central Services	105,532	84,982	86,362	74,593	78,434	82,949	81,526	68,584	78,454	140,943
Plant operations and maintenance	384,220	373,443	398,748	377,125	418,970	473,632	444,318	410,104	402,545	469,316
Administrative information technology	5,000	5,235	2,798	3,723	2,926	3,028	3,074	2,615	3,186	13,292
Pupil transportation	61,003	90,890	80,266	69,360	82,133	75,314	121,464	114,042	138,189	399,825
Other support services	208,507	249,731	236,714	167,406	276,234	253,007	301,520	298,351	312,466	718,776
Special Schools	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	36,478	32,628	28,603	24,163	19,350	14,280	8,879	3,280	-	-
Unallocated employee benefits	344,863	415,565	434,332	482,588	490,731	467,394	460,508	470,213	474,693	552,123
Total governmental activities expenses	3,367,340	3,633,428	3,735,411	4,077,065	4,305,260	4,339,561	4,219,442	4,242,906	4,317,032	7,036,088
Business-type activities:										
Enterprise fund	-	-	-	437,484	(188,128)	(109,211)	(84,511)	(70,916)	21,802	16,677
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	-	-	-	437,484	(188,128)	(109,211)	(84,511)	(70,916)	21,802	16,677
Total district expenses	$ 3,367,340	$ 3,633,428	$ 3,735,411	$ 4,514,549	$ 4,117,132	$ 4,230,350	$ 4,134,931	$ 4,171,990	$ 4,338,834	$ 7,052,765
Net (Expense)/Revenue							-			
Governmental activities	(3,367,340)	(3,633,428)	(3,735,411)	(4,077,065)	(4,305,260)	(4,339,561)	(4,219,442)	(4,242,906)	(4,317,032)	(7,036,088)
Business-type activities	-	-	-	(437,484)	188,128	109,211	84,551	70,916	(21,802)	(16,677)
Total district-wide net expense	$ (3,367,340)	$ (3,633,428)	$ (3,735,411)	$ (4,514,549)	$ (4,117,132)	$ (4,230,350)	$ (4,134,891)	$ (4,171,990)	$ (4,338,834)	$ (7,052,765)
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes,	$ 3,087,712	$ 3,187,567	$ 3,473,180	$ 3,732,953	$ 3,872,939	$ 3,940,715	$ 4,019,640	$ 3,939,365	$ 4,012,243	$ 2,719,959
Taxes levied for debt service	143,204	147,628	148,603	99,163	149,350	149,280	45,383	-	-	-
Unrestricted grants and contributions	190,100	193,755	197,151	223,030	291,260	277,649	66,030	81,716	103,951	3,667,492
State aid - restricted	-	63,360	59,459	57,047	59,021	78,886	70,919	78,837	53,999	756,220
Tuition Received	-	-	-	-	-	-	-	-	-	-
Investment earnings	13,440	17,790	30,364	20,902	3,551	591	740	-	40	1,889
Miscellaneous income	11,668	244	159,802	346,411	63,455	100,335	155,103	149,253	111,729	39,937
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	3,446,124	3,610,344	4,068,559	4,479,506	4,439,576	4,547,456	4,357,815	4,249,171	4,281,962	7,185,497
Business-type activities:										
Investment earnings	-	-	-	-	8,840	730	844	310	262	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	8,840	730	844	310	262	-
Total district-wide	$ 3,446,124	$ 3,610,344	$ 4,068,559	$ 4,479,506	$ 4,448,416	$ 4,548,186	$ 4,358,659	$ 4,249,481	$ 4,282,224	$ 7,185,497
Change in Net Assets/Position										
Governmental activities	78,784	(23,084)	333,148	402,441	134,316	207,895	138,373	6,265	(35,070)	149,409
Business-type activities	-	-	-	-	196,968	109,941	85,395	71,226	(21,540)	(16,677)
Total district	$ 78,784	$ (23,084)	$ 333,148	$ 402,441	$ 331,284	$ 317,836	$ 223,768	$ 77,491	$ (56,610)	$ 132,732

Exhibit J-3

BEVERLY CITY SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	$ 209,490	$ 163,380	$ 107,137	$ 130,686	$ 183,809	$ 313,242	$ 514,354	$ 609,483	$ 703,620	$ 1,371,379
Unreserved	87,499	87,786	243,984	258,564	355,204	387,905	296,905	245,565	242,559	(67,635)
Total general fund	$ 296,989	$ 251,166	$ 351,121	$ 389,250	$ 539,013	$ 701,147	$ 811,259	$ 855,048	$ 946,179	$ 1,303,744
All Other Governmental Funds										
Reserved	$ 56,194	$ 54,319	$ 45,661	$ 99,796	$ 5,985	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	176,748	165,832	80,519	13,496	-	-	-	-
Debt service fund	(3,274)	(3,274)	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 52,920	$ 51,045	$ 222,409	$ 265,628	$ 86,504	$ 13,496	$ -	$ -	$ -	$ -

#

Exhibit J-4

BEVERLY CITY SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax levy	3,230,916	3,335,195	3,621,783	3,832,116	4,022,289	4,089,995	4,065,023	3,939,365	4,012,243	2,719,959
Tuition charges	-	-	-	51,700	79,700	130,954	137,100	144,117	107,743	-
Interest earnings	13,440	17,790	30,364	20,902	3,551	591	740	-	40	1,889
Miscellaneous	11,668	244	159,802	244,711	3,101	1,381	18,003	5,136	3,986	40,657
State sources	409,002	421,879	428,108	559,435	508,673	497,333	286,917	363,281	445,603	4,432,481
Federal sources	59,868	58,859	58,958	57,047	59,021	78,886	70,919	78,837	53,999	344,010
Total revenue	3,724,894	3,833,967	4,299,015	4,765,911	4,676,335	4,799,140	4,578,702	4,530,736	4,623,614	7,538,996
Expenditures										
Instruction										
Regular Instruction	996,274	1,035,717	1,142,415	1,227,542	1,179,181	1,245,862	1,189,107	1,268,103	1,225,160	1,681,078
Special education instruction	36,963	120,082	124,760	130,033	244,326	250,424	302,575	393,262	306,228	416,758
Other special instruction	81,999	59,994	75,064	68,764	72,998	81,184	78,568	102,281	122,798	117,006
Support Services:										
Tuition	694,060	810,496	762,759	1,054,712	1,064,404	984,230	804,778	691,863	886,691	2,189,196
Student & inst. related services	313,383	167,810	176,396	196,847	182,584	198,413	213,352	208,023	164,838	99,394
General administration	153,271	123,440	123,348	127,431	120,072	133,957	132,716	133,846	128,399	217,921
School administrative services	90,426	61,540	62,846	72,778	72,917	75,887	77,057	78,339	73,385	20,460
Central services	105,532	84,982	86,362	74,593	78,434	82,949	81,526	68,584	78,454	140,943
Admin. information technology	5,000	5,235	2,798	3,723	2,926	3,028	3,074	2,615	3,186	13,292
Plant operations and maintenance	297,835	275,405	295,596	316,305	310,126	334,255	310,399	274,311	280,173	417,707
Pupil transportation	61,003	90,890	80,266	69,360	82,133	75,314	121,464	114,042	138,189	399,825
Other Support Services	-	249,731	236,714	167,406	276,234	253,007	301,520	298,351	312,466	718,776
Employee benefits	343,908	637,643	669,459	826,158	685,684	701,869	686,127	755,253	804,564	961,526
Special Schools	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	110,000	115,000	120,000	125,000	130,000	135,000	140,000	82,000	-	-
Interest and other charges	36,478	32,628	28,603	24,163	19,350	14,280	8,879	3,280	-	-
Capital outlay	-	-	-	249,748	184,327	108,355	30,944	12,794	7,952	28,671
Total expenditures	3,326,132	3,870,593	3,987,386	4,734,563	4,705,696	4,678,014	4,482,086	4,486,947	4,532,483	7,422,553
Excess (Deficiency) of revenues over (under) expenditures	398,762	(36,626)	311,629	31,348	(29,361)	121,126	96,616	43,789	91,131	116,443
Other Financing sources (uses)										
Transfers in	-	-	-	80,000	-	501	103,496	-	-	-
Transfers out	-	-	-	(30,000)	-	(32,501)	(103,496)	-	-	-
Total other financing sources (uses)	-	-	-	50,000	-	(32,000)	-	-	-	-
Net change in fund balances	398,762	(36,626)	311,629	81,348	(29,361)	89,126	96,616	43,789	91,131	116,443
Debt service as a percentage of noncapital expenditures	0.033	0.030	0.030	0.079	0.067	0.052	0.038	0.021	0.002	0.004

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

Exhibit J-5

BEVERLY CITY SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Nine Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Transportation Fees	Special Revenue Interfund	Refunds	Miscellaneous	Annual Totals
2006	16,143	-	8,643	-	-	174,212	198,998
2007	15,141	8,654	10,287	-	-	54,802	88,884
2008	12,128	-	8,915	-	-	19,063	40,106
2009	5,810	-	7,644	-	-	33,269	46,723
2010	1,619	-	-	-	-	17,252	18,871
2011	4,360	-	-	-	-	29,233	33,593
2012	668	-	-	-	-	10,187	10,855
2013	4,486	-	-	82,777	-	22,191	109,454
2014	1,889	-	-	-	3,171	37,486	42,546

Source: District records

Exhibit J-6

BEVERLY CITY SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Nine Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities [a]	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [b]
2006	661,100	74,892,500	4,544,800	1954100	800400	82,852,900	103,532	82,956,432	119,496,353	2.894
2007	709,500	75,064,400	4,595,300	2130200	800400	83,299,800	95,244	83,395,044	135,328,369	3.031
2008	906,100	75,458,000	4,436,900	2130200	400000	83,331,200	90,800	83,422,000	151,158,917	3.103
2009	960,300	75,849,800	4,268,200	1932700	800400	83,811,400	177,817	83,989,217	154,948,050	3.191
2010	851,300	76,204,300	4,128,100	1932700	800400	83,916,800	96,041	84,012,841	149,985,344	3.215
2011	878,000	76,366,500	4,105,900	1932700	712000	83,995,100	87,019	84,082,119	151,039,336	3.206
2012	1,157,900	111,855,100	5,939,400	2419900	960800	122,333,100	109,860	122,442,960	130,814,824	2.219
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-

Source: Municipal Tax Assessor

Exhibit J-7

BEVERLY CITY SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
UNAUDITED
(rate per $100 of assessed value)

	BEVERLY CITY School District Direct Rate	Overlapping Rates				
Fiscal Year Ended June 30,	Local School	City Of Beverly	Burlington County	County Open Space	Fire District	Total Direct and Overlapping Tax Rate
2005	2.654	1.423	0.530	0.051	0.161	4.819
2006	2.894	1.433	0.578	0.058	0.161	5.124
2007	3.031	1.437	0.617	0.065	0.160	5.310
2008	3.103	1.422	0.629	0.072	0.159	5.385
2009	3.191	1.444	0.706	0.075	0.159	5.575
2010	3.215	1.542	0.731	0.077	0.159	5.724
2011	3.206	1.700	0.609	0.072	0.162	5.749
2012	2.219	1.217	0.405	0.043	0.114	3.998
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-

Source: Municipal Tax Collector

R = Reevaluation

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-8

BEVERLY CITY SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago
UNAUDITED

	2014			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Taxpayer 1	$ -		0.00%	$ -		0.00%
Taxpayer 2	-		0.00%	-		0.00%
Taxpayer 3	-		0.00%	-		0.00%
Taxpayer 4	-		0.00%	-		0.00%
Taxpayer 5	-		0.00%	-		0.00%
Taxpayer 6	-		0.00%	-		0.00%
Taxpayer 7	-		0.00%	-		0.00%
Taxpayer 8	-		0.00%	-		0.00%
Taxpayer 9	-		0.00%	-		0.00%
Taxpayer 10	-		0.00%	-		0.00%
Total	$ -		0.00%	$ -		0.00%

Source: Municipal Tax Assessor

Exhibit J-9

BEVERLY CITY SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Nine Fiscal Years
UNAUDITED

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy [a]		Collections in Subsequent Years
		Current Tax Collections	Percentage of Levy	
2006	2,295,831	2,295,831	100.00%	-
2007	2,504,756	2,504,756	100.00%	-
2008	2,550,119	2,550,119	100.00%	-
2009	2,652,124	2,652,124	100.00%	-
2010	2,702,584	2,702,584	100.00%	
2011	2,699,728	2,699,728	100.00%	-
2012	2,744,959	2,744,959	100.00%	-
2013	-	-	0.00%	-
2014	-	-	0.00%	-

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

Exhibit J-10

BEVERLY CITY SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	Business-Type Activities			
	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2006	171,500	171,500	-	-
2007	140,367	140,367	-	-
2008	102,755	102,755	-	-
2009	70,064	70,064	-	-
2010	35,836	35,836	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-

Exhibit J-11

BEVERLY CITY SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
UNAUDITED

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2005	-	-	-	0.0000%	-
2006	-	-	-	0.0000%	-
2007	-	-	-	0.0000%	-
2008	-	-	-	0.0000%	-
2009	-	-	-	0.0000%	-
2010	-	-	-	0.0000%	-
2011	-	-	-	0.0000%	-
2012	-	-	-	0.0000%	-
2013	-	-	-	0.0000%	-
2014	-	-	-	0.0000%	-

Exhibit J-12

BEVERLY CITY SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
County of Burlington	$ 395,252,496	0.295%	$ 1,165,995
Subtotal, overlapping debt			1,165,995
Total direct and overlapping debt			$ 1,165,995

Sources: Burlington County 2008 Abstract of Ratables, Beverly City, County of Burlington

BEVERLY CITY SCHOOL DISTRICT
Legal Debt Margin Information,
Last Nine Fiscal Years
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2014

		Equalized valuation basis	
		2014	-
		2013	-
		2012	160,773,835
		[A]	160,773,835
Average equalized valuation of taxable property	**[A/3]**	$ 53,591,278	
Debt limit (3% of average equalization value)	**[B]**	1,607,738	**a**
Total Net Debt Applicable to Limit	**[C]**	-	
Legal debt margin	**[B-C]**	$ 1,607,738	

	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 3,198,566	$ 3,584,433	$ 4,022,905	$ 4,382,701	$ 4,382,701	$ 4,364,726	$ 4,460,875	$ -	$ -
Total net debt applicable to l	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 3,198,566	$ 3,584,433	$ 4,022,905	$ 4,382,701	$ 4,382,701	$ 4,364,726	$ 4,460,875	$ -	$ -
Total net debt applicable to the limit as a percentage of debt	0.00%	0.00%	0.00%	0.00%	0.63%	0.46%	0.00%	0.00%	0.00%

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

Exhibit J-14

BEVERLY CITY SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED

Year	Population [a]	Burlington County Per Capita Personal Income [c]	Unemployment Rate [d]
2005	2,670	42,161	4.1%
2006	2,651	44,717	9.5%
2007	2,590	46,505	NA
2008	2,569	47,985	NA
2009	2,572	47,582	19.1%
2010*	2,577	47,849	NA
2011	2,580	49,626	NA
2012	2,582	51,079	NA
2013	2,573	51,079	NA
2014	2,565	51,079	14.1%

Source:
* 2010 Census
[a] Population information provided by the NJ Dept of Labor and Workforce Development
b Personal income estimated
[c] Per capita information provided by the US Department of Commerce, Bureau of Economic Analysis of Economic Analysis.
[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

BEVERLY CITY SCHOOL DISTRICT
Principal Employers,
Current Year and Nine Years Ago
UNAUDITED

	2014			2005		
Employer	**Employees**	**Rank [Optional]**	**Percentage of Total Municipal Employment**	**Employees**	**Rank [Optional]**	**Percentage of Total Municipal Employment**
Information not available						
	-		0.00%	-		0.00%

Source:

Exhibit J-16

BEVERLY CITY SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Eight Fiscal Years
UNAUDITED

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014
Instruction								
Regular	13.0	15.0	15.0	14.00	14.00	17.00	18.00	18.00
Special education	5.0	7.0	7.0	7.0	7.0	6.0	5.0	5.0
Other special education	5.0	5.0	5.0	4.0	4.0	3.0	5.0	5.0
Vocational								
Other instruction								
Nonpublic school programs								
Adult/continuing education programs								
Support Services:								
Student & instruction related services	5.0	7.0	5.0	11.0	11.0	14.0	6.0	6.0
School Administrative Services	1.0	2.0	2.0	3.0	3.0	6.0	2.0	2.0
General administration	1.0	2.0	2.0	3.0	3.0	3.0	5.0	5.0
Plant operations and maintenance	1.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Pupil transportation								
Business & Other support services		2.0	3.0	5.0	5.0	3.0	4.0	4.0
Special Schools								
Food Service								
Child Care								
Total	31.0	42.0	41.0	49.0	49.0	55.0	48.0	48.0

Source: District Personnel Records

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-17

BEVERLY CITY SCHOOL DISTRICT
Operating Statistics,
Last Eight Fiscal Years
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	223	7,092,266	31,804	22.16%	24.00	9/1	223.5	209.0	-18.80%	93.51%
2008	220	6,750,407	30,684	-3.52%	22.00	10/1	220.1	201.9	-1.60%	91.73%
2009	219	6,437,662	29,396	-4.20%	23.00	10/1	221.1	207.4	0.50%	93.80%
2010	237	6,569,841	27,721	-5.70%	25.00	9.5/1	227.8	213.5	3.20%	93.72%
2011	298	6,668,780	22,378	-19.27%	25.00	12/1	251.6	215.4	11.10%	85.61%
2012	305	7,092,266	23,253	3.91%	27.00	11.3/1	295.5	277.2	20.40%	93.81%
2013	310	7,288,059	23,510	5.06%	27.00	11.3/1	308.0	289.0	4.50%	93.83%
2014	295	6,709,293	22,743	5.06%	27.00	11.3/1	0.0	0.0	4.50%	0.00%

Sources: District records

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-18

BEVERLY CITY SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
UNAUDITED

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary										
BEVERLY CITY Elementary										
Square Feet	38,112	38,112	38,112	38,112	38,112	38,112	38,112	38,112	38,112	38,112
Capacity (students)	286	286	286	286	286	286	286	286	286	286
Enrollment	289	271	223	220	219	234	298	305	310	295

Number of Schools at June 30, 2014:
Elementary = 1

Source: District Facilities Office

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

Exhibit J-19

BEVERLY CITY SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years
UNAUDITED

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

* School Facilities Project # (s)	BEVERLY CITY Elementary School	Total
2005	41,500	41,500
2006	55,686	55,686
2007	44,123	44,123
2008	31,954	31,954
2009	25,945	25,945
2010	45,160	45,160
2011	51,374	51,374
2012	45,836	45,836
2013	155,048	155,048
2014	70,171	70,171
Total School Facilities	$ 566,797	$ 566,797

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

Exhibit J-20

BEVERLY CITY SCHOOL DISTRICT
Insurance Schedule
June 30, 2014
UNAUDITED

			Coverage	Deductible
Commercial package policy - SAIF				
Building, Contents, Extra Expense Valuable Papers		$	5,304,000	-
	(Blanket Aggregate)			
Liability (General & Auto			5,000,000	-
Automobile Liability			5,000,000	-
Crime			500,000	-
Student Accident - Bollinger			1,000,000	-
				-
School board legal liability - SAIF			5,000,000	-
				-
Worker's compensation - NJSBAIG	Statutory Plus Supplement		2,000,000	-
				-
Public Official Bonds - Selective Insurance Company:				
Treasurer of School Monies			200,000	
Board Secretary/Business Administrato			175,000	
Excess Liability - SAIF			5,000,000	
Pollution Liability - SAIF			1,000,000	

Source: District Records

SINGLE AUDIT SECTION

JUMP, PERRY AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
12 LEXINGTON AVENUE · TOMS RIVER, NJ · 08753 · PHONE (732) 240-7377 · FAX (732) 505-8307 · WEBSITE: jumpcpa.com

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

Honorable President and
Members of the Board of Education
Beverly City Board of Education
County of Burlington
Beverly, New Jersey 08010

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beverly City Board of Education in the County of Burlington, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise of the Beverly City Board of Education basic financial statements, and have issued our report thereon dated November 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Beverly City Board of Education in the County of Burlington, State of New Jersey'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 Beverly City Board of Education in the County of Burlington, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Beverly City 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 School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 Beverly City 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 Division of Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully Submitted

Jump, Perry and Company, L.L.P.
Toms River, NJ

Kathy Perry

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, NJ
November 3, 2014

JUMP, PERRY AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
Beverly City Board of Education
County of Burlington
Beverly, New Jersey 08010

Report on Compliance for Each Major Federal and State Program

We have audited Beverly City Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB Circular 04-04* that could have a direct and material effect on each of Beverly City Board of Education's major federal and state programs for the year ended June 30, 2014. Beverly City 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 Beverly City 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 and the New Jersey OMB Circular 04-04 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 and state programs occurred. An audit includes examining, on a test basis, evidence about Beverly City 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 Beverly City Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Beverly City 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 year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Beverly City 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 Beverly City 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 programs 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 OMB Circular A-133 and the New Jersey OMB 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 Beverly City 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 and 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 and 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 and 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.

Purpose Report

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 OMB Circular A-133 and New Jersey State OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Jump, Perry and Company, L.L.P.
Toms River, NJ

Kathryn Perry,Partner
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, NJ
November 3, 2014

Exhibit K-3

BEVERLY CITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, Schedule A

for the Fiscal Year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2013	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2014 Accounts Receivable	Balance at June 30, 2014 Deferred Revenue	Balance at June 30, 2014 Due to Grantor
U.S. Department of Education													
General Fund:													
Medical Assistance Program	93.778	5,722	9/1/13	8/31/14	$ -	$ -	$ 5,722	$ (5,722)	$ -	$ -	$ -	$ -	$ -
U.S. Department of Agriculture					-	-	5,722	(5,722)	-	-	-	-	-
Passed-through State Department of Education:													
Food Service Fund:													
Food Distribution Program	10.550	14,204	9/1/13	8/31/14	-	-	14,204	(12,688)	-	-	-	1,516	-
Food Distribution Program	10.550	14,948	9/1/12	8/31/13	1,327	-	-	(1,327)	-	-	-	-	-
National School Lunch Program	10.555	83,916	9/1/13	8/31/14	-	-	69,158	(83,916)	-	-	(14,758)	-	-
National School Lunch Program	10.555	86,557	9/1/12	8/31/13	(3,251)	-	3,251	-	-	-	-	-	-
National School Breakfast Program	10.553	43,529	9/1/13	8/31/14	-	-	34,741	(43,529)	-	-	(8,788)	-	-
National School Breakfast Program	10.553	39,479	9/1/12	8/31/13	(2,673)	-	2,673	-	-	-	-	-	-
Total Food Service Fund					(4,597)	-	124,027	(141,460)	-	-	(23,546)	1,516	-
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
I.D.E.A. Part B, Basic Regular	84.027	117,484	9/1/13	8/31/14	-	-	117,484	(117,484)	-	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	117,068	9/1/12	8/31/13	(117,068)	-	117,068	-	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.027	3,139	9/1/13	8/31/14	-	-	3,139	(3,139)	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.027	3,281	9/1/12	8/31/13	(3,281)	-	3,281	-	-	-	-	-	-
Title I, Part A	84.010	186,092	9/1/13	8/31/14	-	-	186,092	(186,092)	-	-	-	-	-
Title II, Part A	84.168	31,573	9/1/13	8/31/14	-	-	31,573	(31,573)	-	-	-	-	-
Race to the Top	84.413A	14,537	9/1/11	11/30/15	(7,643)	-	7,643	-	-	-	-	-	-
Total Special Revenue Fund					(127,992)	-	466,280	(338,288)	-	-	-	-	-
					$ (132,589)	$ -	$ 596,029	$ (485,470)	$ -	$ -	$ (23,546)	$ 1,516	$ -

See accompanying notes to schedules of expenditures.

Schedule K-4

BEVERLY CITY SCHOOL DISTRICT

Schedule of Expenditures of State Awards, Schedule B

for the Fiscal Year ended June 30, 2014

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2013 Deferred Revenue (Accts Receivable)	Balance at June 30, 2013 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2014 (Accounts Receivable)	Balance at June 30, 2014 Deferred Revenue/ Interfund Payable	Balance at June 30, 2014 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund:															
Transportation Aid	14-495-034-5120-014	196,255	7/1/13	6/30/14	$ -	$ -	$ -	$ 196,255	$ (196,255)	$ -	$ -	$ -	$ -	$ -	$ 196,255
Special Education Aid	14-495-034-5120-012	167,839	7/1/13	6/30/14	-	-	-	167,839	(167,839)	-	-	-	-	-	167,839
Equalization Aid	14-495-034-5120-078	2,397,552	7/1/13	6/30/14	-	-	-	2,043,936	(2,397,552)	-	-	-	-	353,616	2,397,552
Extraordinary Aid	14-495-034-5120-044	35,981	7/1/13	6/30/14	-	-	-	-	(35,981)	-	(35,981)	-	-	-	35,981
Extraordinary Aid	13-495-034-5120-044	22,404	7/1/12	6/30/13	(22,404)	-	-	22,404	-	-	-	-	-	-	-
Security Aid	14-495-034-5120-084	86,245	7/1/13	6/30/14	-	-	-	86,245	(86,245)	-	-	-	-	-	86,245
Adjustment Aid	14-495-034-5120-085	863,310	7/1/13	6/30/14	-	-	-	863,310	(863,310)	-	-	-	-	-	863,310
Non-Public Transportation	13-495-034-5120-014	5,916	7/1/12	6/30/13	(5,916)			5,916	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	14-495-034-5095-022	147,606	7/1/12	6/30/13	(7,312)	-	-	7,312	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	14-495-034-5095-022	147,712	7/1/13	6/30/14	-	-	-	147,712	(147,712)	-	-	-	-	-	147,712
Total General Fund					(35,632)	-	-	3,540,929	(3,894,894)	-	(35,981)	-	-	353,616	3,894,894
Special Revenue Fund:															
Preschool Education Aid	14-495-034-5120-086	374,972	7/1/13	6/30/14	-	-	-	374,972	(374,972)	-	-	-	-	-	374,972
Preschool Education Aid	13-495-034-5120-086	372,378	7/1/13	6/30/14	(37,238)	-	-	37,238	-	-	-	-	-	-	-
Early Childhood Program Aid	07-495-034-5120-025	247,915	7/1/06	6/30/07	5,012	-	-	-	-	(5,012)	-	-	-	-	-
Early Childhood Program Aid	08-495-034-5120-025	247,915	7/1/07	6/30/08	13,212	-	-	-	-	(13,212)	-	-	-	-	-
Demonstrably Effective Program Aid	06-495-034-5064-022	122,815	7/1/05	6/30/06	730	-	-	-	-	(730)	-	-	-	-	-
Demonstrably Effective Program Aid	08-495-034-5064-022	122,815	7/1/07	6/30/08	10,022	-	-	-	-	(10,022)	-	-	-	-	-
Distance Learning Network Aid	03-100-034-5120-348	18,142	7/1/02	6/30/03	3,508	-	-	-	-	(3,508)	-	-	-	-	-
Targeted At Risk Aid	08-495-034-5120-005	83,000	7/1/07	6/30/08	8,521	-	-	-	-	(8,521)	-	-	-	-	-
Teacher Mentor Aid	05-495-034-5120-052	3,027	7/1/04	6/30/05	1,145	-	-	-	-	(1,145)	-	-	-	-	-
Teacher Mentor Aid	06-495-034-5120-052	321	7/1/05	6/30/06	321	-	-	-	-	(321)	-	-	-	-	-
Teacher Mentor Aid	07-495-034-5120-052	592	7/1/06	6/30/07	592	-	-	-	-	(592)	-	-	-	-	-
Character Education Aid	07-495-034-5120-071	4,000	7/1/04	6/30/05	2,600	-	-	-	-	(2,600)	-	-	-	-	-
Character Education Aid	08-495-034-5120-071	4,000	7/1/01	6/30/02	1,570	-	-	-	-	(1,570)	-	-	-	-	-
Dollar General Youth Literacy Grant	N/A	3,000	7/1/10	6/30/11	60	-	-	-	-	(60)	-	-	-	-	-
Drug Free Teach Grant	N/A	3,550	7/1/10	6/30/11	(3,550)	-	-	-	-	3,550	-	-	-	-	-
Initiative for the Development of Early Achievement in Literacy	07-100-034-5063-H300-2	50,000	7/1/06	6/30/07	66	-	-	-	-	(66)	-	-	-	-	-
Total Special Revenue Fund					6,571	-	-	412,210	(374,972)	(43,809)	-	-	-	-	374,972
Food Service Fund:															
National School Lunch Program (State Sha:	13-100-010-3360-067	1,864	7/1/12	6/30/13	(68)			68							
National School Lunch Program (State Sha:	14-100-010-3360-067	1,729	7/1/13	6/30/14	-			1,426	(1,729)		(303)				
Total Food Services Fund					(68)	-	-	1,494	(1,729)	-	(303)	-	-	-	-
Total State Financial Assistance					$ (29,129)	$ -	$ -	$ 3,954,633	$ (4,271,595)	$ (43,809)	$ (36,284)	$ -	$ -	$ 353,616	$ 4,269,866

See accompanying notes to schedules of expenditures.

Beverly City Board of Education

Notes to Schedules of Awards and Financial Assistance

June 30, 2014

1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Beverly City Board of Education. The Board of Education is defined in Note 1(A) to the Board's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

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 are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($79,690) for the general fund and $37,238 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	TPAF Pension	Total
General Fund	$ 5,722	$ 4,020,271	$ (205,067)	$ 3,820,926
Special Revenue Fund	338,288	412,210	-	750,498
Food Service Fund	141,649	1,729	-	143,378
Total awards and financial assistance	$ 485,659	$ 4,434,210	$ (205,067)	$ 4,714,802

4. Relationship to Federal and State Financial Reports

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

5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2014.

Beverly City Board of Education

Schedule of Findings and Questioned Cost

June 30, 2014

Section I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes __X__no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _X__none reported

Noncompliance material to general-purpose financial statements noted? _____ yes _X__no

Federal Awards Section **N/A**

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes ____no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes ____none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes _____no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? _____yes _____ no

Section I – Summary of Auditor's Results (continued)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? No

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

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes __X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes __X__ None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? _____ yes __X__ No

Identification of major programs:

GMIS Number(s)	Name of State Program
State Aid-Public Cluster	
495-034-5020-078	Equalization Aid
495-034-5020-085	Adjustment Aid
495-034-5020-089	Special Education Categorical Aid
495-034-5020-084	Security Aid

Section II – Financial Statement Findings

No matters were reported for the period ended June 30, 2014.

Section III – State Award Findings and Questioned Costs

No matters were reported for the period ended June 30, 2014.

Beverly City Board of Education

Summary Schedule of Prior Audit Findings

June 30, 2014

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.

Condition:

It was noted during the audit that the District was not properly tracking capital assets and failed to reconcile capital outlay expenditures during the 2013 fiscal year to the additions in the District's capital asset register.

Current Status:

This has been corrected by Management for the Fiscal Year Ended June 30, 2014.